FINAL OFFICIAL STATEMENT DATED DECEMBER 4, 2023

NEW ISSUE
NOT BANK QUALIFIED

BOOK ENTRY ONLY
STANDARD & POOR'S UNDERLYING RATING "A+"
STANDARD & POOR'S INSURED RATING "AA"

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

SANITARY SEWER BOARD OF THE ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA

$15,375,000

General Obligation Facilities Bonds, Series 2023

Dated Date: Date of Delivery (December 15, 2023)

Interest Due: Each February 1 and August 1 Commencing August 1, 2024

Maturity	*Amount*	*Rate*	*Yield*	*Price*	*Maturity*	*Amount*	*Rate*	*Yield*	*Price*
2/1/2025	$395,000	5.000%	3.24%	101.929	2/1/2035	$780,000	5.000%	3.30%	113.300*
2/1/2026	505,000	5.000	3.14	103.795	2/1/2036	820,000	4.000	3.74	101.991*
2/1/2027	530,000	5.000	3.08	105.679	2/1/2037	850,000	4.000	3.92	100.605*
2/1/2028	555,000	5.000	3.02	107.626	2/1/2038	885,000	4.000	4.00	100.000
2/1/2029	580,000	5.000	3.06	109.138	2/1/2039	920,000	4.000	4.06	99.322
2/1/2030	610,000	5.000	3.10	110.526	2/1/2040	960,000	4.000	4.11	98.708
2/1/2031	640,000	5.000	3.13	111.860	2/1/2041	995,000	4.000	4.16	98.049
2/1/2032	675,000	5.000	3.15	113.171	2/1/2042	1,035,000	4.000	4.21	97.351
2/1/2033	705,000	5.000	3.17	114.402	2/1/2043	1,075,000	4.125	4.26	98.241
2/1/2034	740,000	5.000	3.20	114.146*	2/1/2044	1,120,000	4.125	4.31	97.522

The General Obligation Facilities Bonds, Series 2023 (the "Bonds" or the "Issue") are being issued by the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota (the "Board" or the "Issuer") pursuant to Minnesota Statutes, Chapters 475, and the laws of Minnesota 1971, Chapter 869, as amended. Proceeds of the Bonds will be used to (i) finance improvements to the Board's sanitary sewer district disposal system, including its treatment plant and (ii) pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the Board for which the Board pledges its full faith and credit and power to levy direct general ad valorem taxes; however, the Board does not anticipate the need to levy taxes for repayment of the Bonds. The Board will pledge sums receivable to the District from other governmental units in accordance with the Laws of 1971, Chapter 869, as amended; user rates and charges; and wastewater treatment expansion fees for repayment of the Bonds. Collections of the user rates, charges, and fees will be sufficient to pay 105% of the debt service on the Bonds each year. See *Security/Sources and Uses of Funds* herein for additional information.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. ("AGM").**

The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2025. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing August 1, 2024. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be U.S. Bank Trust Company, National Association, St. Paul, Minnesota.

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* Priced to par call.

Municipal Advisor:

GOVERNMENT CAPITAL SECURITIES

Underwriter:

NORTHLAND SECURITIES

DEBT SERVICE AND CUSIP NUMBERS*

Sanitary Sewer Board of the Alexandria Lake Area Sanitary Sewer District, Minnesota
$15,375,000 General Obligation Facilities Bonds, Series 2023

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total	CUSIP Base 015091
12/15/2023	-	-	-	-	-	
08/01/2024	-	-	429,961.08	429,961.08	-	
02/01/2025	395,000.00	5.000%	342,446.88	737,446.88	1,167,407.96	CU3
08/01/2025	-	-	332,571.88	332,571.88	-	
02/01/2026	505,000.00	5.000%	332,571.88	837,571.88	1,170,143.76	CV1
08/01/2026	-	-	319,946.88	319,946.88	-	
02/01/2027	530,000.00	5.000%	319,946.88	849,946.88	1,169,893.76	CW9
08/01/2027	-	-	306,696.88	306,696.88	-	
02/01/2028	555,000.00	5.000%	306,696.88	861,696.88	1,168,393.76	CX7
08/01/2028	-	-	292,821.88	292,821.88	-	
02/01/2029	580,000.00	5.000%	292,821.88	872,821.88	1,165,643.76	CY5
08/01/2029	-	-	278,321.88	278,321.88	-	
02/01/2030	610,000.00	5.000%	278,321.88	888,321.88	1,166,643.76	CZ2
08/01/2030	-	-	263,071.88	263,071.88	-	
02/01/2031	640,000.00	5.000%	263,071.88	903,071.88	1,166,143.76	DA6
08/01/2031	-	-	247,071.88	247,071.88	-	
02/01/2032	675,000.00	5.000%	247,071.88	922,071.88	1,169,143.76	DB4
08/01/2032	-	-	230,196.88	230,196.88	-	
02/01/2033	705,000.00	5.000%	230,196.88	935,196.88	1,165,393.76	DC2
08/01/2033	-	-	212,571.88	212,571.88	-	
02/01/2034	740,000.00	5.000%	212,571.88	952,571.88	1,165,143.76	DD0
08/01/2034	-	-	194,071.88	194,071.88	-	
02/01/2035	780,000.00	5.000%	194,071.88	974,071.88	1,168,143.76	DE8
08/01/2035	-	-	174,571.88	174,571.88	-	
02/01/2036	820,000.00	4.000%	174,571.88	994,571.88	1,169,143.76	DF5
08/01/2036	-	-	158,171.88	158,171.88	-	
02/01/2037	850,000.00	4.000%	158,171.88	1,008,171.88	1,166,343.76	DG3
08/01/2037	-	-	141,171.88	141,171.88	-	
02/01/2038	885,000.00	4.000%	141,171.88	1,026,171.88	1,167,343.76	DH1
08/01/2038	-	-	123,471.88	123,471.88	-	
02/01/2039	920,000.00	4.000%	123,471.88	1,043,471.88	1,166,943.76	DJ7
08/01/2039	-	-	105,071.88	105,071.88	-	
02/01/2040	960,000.00	4.000%	105,071.88	1,065,071.88	1,170,143.76	DK4
08/01/2040	-	-	85,871.88	85,871.88	-	
02/01/2041	995,000.00	4.000%	85,871.88	1,080,871.88	1,166,743.76	DL2
08/01/2041	-	-	65,971.88	65,971.88	-	
02/01/2042	1,035,000.00	4.000%	65,971.88	1,100,971.88	1,166,943.76	DM0
08/01/2042	-	-	45,271.88	45,271.88	-	
02/01/2043	1,075,000.00	4.125%	45,271.88	1,120,271.88	1,165,543.76	DN8
08/01/2043	-	-	23,100.00	23,100.00	-	
02/01/2044	1,120,000.00	4.125%	23,100.00	1,143,100.00	1,166,200.00	DP3
Total	**$15,375,000.00**	**-**	**$7,972,445.64**	**$23,347,445.64**	**-**	

* CUSIP numbers shown above have been assigned by a separate organization not affiliated with the Issuer. The Issuer has not selected nor is responsible for selecting the CUSIP numbers assigned to the Bonds nor do they make any representation as to the correctness of such CUSIP numbers on the Bonds or as indicated above.

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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS DECEMBER 15, 2023.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERS MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE BOARD OR THE UNDERWRITER(S). NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOARD SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE BOARD AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER(S).

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

SUMMARY OF OFFERING

Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota
$15,375,000
General Obligation Facilities Bonds, Series 2023
(Book-Entry Only)

AMOUNT - $15,375,000

ISSUER - Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota (the "Board" or the "Issuer")

AWARD DATE - November 30, 2023

MUNICIPAL ADVISOR - Government Capital Securities Corporation (the "Municipal Advisor"), 559 Silicon Drive, Suite 102, Southlake, TX 76092; telephone: 817-722-0215

UNDERWRITER - Northland Securities, Inc. (the "Underwriter"), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920

TYPE OF ISSUE - General Obligation Facilities Bonds, Series 2023 (the "Bonds" or the "Issue")

AUTHORITY, PURPOSE & SECURITY - The General Obligation Facilities Bonds, Series 2023 (the "Bonds") are being issued by the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota (the "Board") pursuant to Minnesota Statutes, Chapters 475, and the laws of Minnesota 1971, Chapter 869, as amended. Proceeds of the Bonds will be used to (i) finance improvements to the Board's sanitary sewer district disposal system, including its treatment plant and (ii) pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the Board for which the Board pledges its full faith and credit and power to levy direct general ad valorem taxes; however, the Board does not anticipate the need to levy taxes for repayment of the Bonds. The Board will pledge sums receivable to the District from other governmental units in accordance with the Laws of 1971, Chapter 869, as amended; user rates and charges; and wastewater treatment expansion fees for repayment of the Bonds. Collections of the user rates, charges, and fees will be sufficient to pay 105% of the debt service on the Bonds each year. See *Authority and Purpose* as well as *Security/Sources and Uses of Funds* herein for additional information.

DATE OF ISSUE - Date of Delivery (December 15, 2023)

INTEREST PAID - Semiannually on each February 1 and August 1, commencing August 1, 2024, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

MATURITIES -

2/1/25	$395,000	2/1/30	$610,000	2/1/35	$780,000	2/1/40	$960,000
2/1/26	505,000	2/1/31	640,000	2/1/36	820,000	2/1/41	995,000
2/1/27	530,000	2/1/32	675,000	2/1/37	850,000	2/1/42	1,035,000
2/1/28	555,000	2/1/33	705,000	2/1/38	885,000	2/1/43	1,075,000
2/1/29	580,000	2/1/34	740,000	2/1/39	920,000	2/1/44	1,120,000

REDEMPTION - The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. See *Description of the Bonds* herein for additional information.

BOOK-ENTRY - The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.

PAYING AGENT/REGISTRAR - U.S. Bank Trust Company, National Association, St. Paul, Minnesota

TAX DESIGNATIONS - NOT Private Activity Bonds - The Bonds are not "private activity bonds" as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

Not Bank Qualified Tax-Exempt Obligations - The Board will not designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

LEGAL OPINION - Dorsey & Whitney LLP, Minneapolis, Minnesota ("Bond Counsel")

BOND RATING - The Board received an underlying rating of "A+" from S&P Global Ratings ("S&P"). In addition, S&P has assigned an insured rating of "AA" (stable outlook) to the Bonds, based upon the issuance and delivery of the Policy by Assured Guaranty Municipal Corp. at the delivery of the Bonds. See *Bond Rating* herein for additional information.

CLOSING - December 15, 2023

PRIMARY CONTACTS - Scott Gilbertson, Executive Director, Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota 320-762-1135
Gail Robertson, Vice President, Government Capital Securities Corporation, 651-323-4918

SANITARY SEWER BOARD OF THE ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA

PRINCIPAL BOARD OFFICIALS

Elected Officials — **Board of Directors**

Name	*Position*	*Term Expires*
Roger Thalman	Chairman	12/31/24
Rod Eldevik	Vice Chairman	12/31/25
Rebecca Sternquist	Secretary	12/31/25
Jeffrey Tvrdik	Director	12/31/24
Joel Dahlheimer	Director	12/31/23
Greg Bowen	Director	12/31/23
Mike Schmitz	Director	12/31/23
Thomas Hayes	Director	12/31/24
Gaylen Lerohl	Director	12/31/23
Charles Nettestad	Director	12/31/25
Daniel Diedrich	Director	12/31/26
Dwayne Waldorf	Director	12/31/24

Primary Contacts

Scott Gilbertson	Executive Director
Jo Kluver	Office Manager

BOND COUNSEL

Dorsey & Whitney LLP
Minneapolis, Minnesota

MUNICIPAL ADVISOR

Government Capital Securities Corporation
Southlake, Texas

UNDERWRITER

Northland Securities, Inc.
Minneapolis, Minnesota

AUTHORITY AND PURPOSE

The General Obligation Facilities Bonds, Series 2023 (the "Bonds" or the "Issue") are being issued by the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota (the "Board") pursuant to Minnesota Statutes, Chapters 475, and the laws of Minnesota 1971, Chapter 869, as amended. Proceeds from issuance of the Bonds will be used to (i) finance improvements to the Board's sanitary sewer district disposal system, including its treatment plant and (ii) pay costs associated with issuance of the Bonds.

SECURITY/SOURCES AND USES OF FUNDS

Security

The Bonds are valid and binding general obligations of the Board for which the Board pledges its full faith and credit and power to levy direct general ad valorem taxes; however, the Board does not anticipate the need to levy taxes for repayment of the Bonds. The Board will pledge sums receivable to the District from other governmental units in accordance with the Laws of 1971, Chapter 869, as amended; user rates and charges; and wastewater treatment expansion fees for repayment of the Bonds. Collections of the user rates, charges, and fees will be sufficient to pay 105% of the debt service on the Bonds each year.

Sources and Uses of Funds

Following are the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds	
Par Amount of Bonds	$ 15,375,000
Reoffering Premium	600,515
Total Sources of Funds:	$ 15,975,515
Uses of Funds	
Deposit to Project Fund	$ 15,762,482
Costs of Issuance/Underwriter's Discount/Insurance Prem.	213,033
Total Uses of Funds:	$ 15,975,515

BONDHOLDERS' RISKS

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

Ratings Loss

S&P Global Ratings has assigned an underlying rating of "A+" to the Bonds. In addition, S&P has assigned an insured rating of "AA" (stable outlook) to the Bonds, based upon the issuance and delivery of the Policy by Assured

Guaranty Municipal Corp. at the delivery of the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the rating will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

Tax Exemption and Loss of Tax Exemption

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

Pending Federal and State Tax Legislation

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Tax Levy Procedures

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions

of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

Factors Beyond Issuer's Control

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

Cybersecurity

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance

markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and related entities. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At September 30, 2023:

- The policyholders' surplus of AGM was approximately $2,569 million.
- The contingency reserve of AGM was approximately $908 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,048 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (filed by AGL with the SEC on November 8, 2023).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

DESCRIPTION OF THE BONDS

Details of Certain Terms

The Bonds will be dated, as originally issued, as of the date of delivery (December 15, 2023), and will be issued as fully registered Bonds in the denominations of $5,000 or any integral multiple thereof. Principal will be payable annually February 1, commencing February 1, 2025. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing August 1, 2024. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof ("Authorized Denominations"). Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical

delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the "Record Date").

Registration, Transfer and Exchange

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

Optional Redemption

The Bonds maturing on February 1, 2034 and thereafter are subject to redemption, in whole or in part, on February 1, 2033 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the Board. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

Book-Entry System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC

is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtcc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Board or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District takes no responsibility for the accuracy thereof.

ORIGINAL ISSUE PREMIUM

The Bonds maturing in certain years are being issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire Bonds at a premium, even Bonds that were not initially offered at a premium, must, from time to time, reduce their federal and Minnesota tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and Minnesota income and franchise tax purposes on the basis of a Bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, Bondholders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or Minnesota income tax purposes. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.

ORIGINAL ISSUE DISCOUNT

Certain maturities of the Bonds (the "Discount Bonds") are being sold at a discount from the principal amount payable on such Bonds at maturity. The difference between the price at which a substantial amount of the Discount Bonds is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under Section 1288 of the Code is excluded from gross income for federal income tax purposes to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under Section 1288 is added to the owner's tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

Interest in the form of original issue discount accrues under Section 1288 pursuant to a constant yield method that reflects semiannual compounding on days that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bond (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bond, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Discount Bond the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is to be apportioned in equal amounts among the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of (1) the Issue Price, plus (2) accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Discount Bond.

No opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law. Holders of Discount Bonds should consult their tax advisors for advice with respect to the state and local tax consequences of owning Discount Bonds.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership of the Discount Bonds. Prospective purchasers or holders of Discount Bonds should consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Discount Bonds, including without

limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability for corporations.

FULL CONTINUING DISCLOSURE

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to a Continuing Disclosure Certificate, the Board has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, relating to the Board to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB (the "Undertaking"). The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Undertaking in substantially the form attached hereto as Appendix B.

To the best of its knowledge, the Board has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the Board to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

UNDERWRITING

The Bonds are being purchased from the Board by Northland Securities, Inc. (the "Underwriter"). The Underwriter will receive total compensation of $76,875 in connection with the purchase of the Bonds assuming all Bonds are sold at the rates and yields set forth on the cover page of this Official Statement, which compensation is 0.50% of the par value. The obligation to make such purchase is subject to certain terms and conditions, the approval of certain legal matters by counsel and certain other conditions.

On May 1, 2023, First National Nebraska, Inc. ("FNNI"), acquired Northland Capital Holdings, Inc., parent company of Northland Securities, Inc. ("NSI") and its subsidiaries. As a result of such common control, FNNI, First National Capital Markets, First National Bank of Omaha and NSI are now affiliated.

FUTURE FINANCING

The Board does not anticipate the need to issue any additional general obligation debt within the next three months.

BOND RATING

The Board received an underlying rating of "A+" from S&P Global Ratings ("S&P"). In addition, S&P has assigned an insured rating of "AA" (stable outlook) to the Bonds, based upon the issuance and delivery of the Policy by Assured Guaranty Municipal Corp. at the delivery of the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of S&P and any explanation of the significance of this rating may be obtained only from S&P. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

LITIGATION

As of the date of this Official Statement, the Board is not aware of any threatened or pending litigation that questions the organization or boundaries of the Board or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

CERTIFICATION

The Board will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The Board has always promptly met all payments of principal and interest on its indebtedness when due.

LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota ("Bond Counsel") as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The Board has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the application of the alternative minimum tax imposed on noncorporate taxpayers and applicable corporations (as defined in Section 59(k) of the Code) or the additional tax on net investment income, nor does it address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

The Bonds

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Code, (ii) is not an item of tax preference for federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. Interest on the Bonds may, however, be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and is included in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The Board has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued with original issue discount ("OID"). A Bond will be treated as issued with OID (a "Discount Bond") if its "stated redemption price at maturity" (i.e., the sum of all amounts payable on the Bond other than payments of qualified stated interest) exceeds its issue price. OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory de minimis rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its stated redemption price at maturity generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Income or loss on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations. The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

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SANITARY SEWER BOARD OF THE ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA

GENERAL INFORMATION

Location

The Alexandria Lake Area Sanitary District (the "District") is located in Douglas County in west central Minnesota, approximately 130 miles northwest of the Minneapolis/St. Paul metropolitan area. The District includes the City of Alexandria and all or part of the townships of Alexandria, Carlos, Hudson, Ida, LaGrand and Lake Mary. The District also has contract services in place with the cities of Nelson and Forada and all or part of the townships of Leaf Valley, and Miltona, Carlos State Park and two state rest areas located along I-94.

Area

67,200 acres
(105 square miles)

District Population[1]

2010	22,000	2023 District Estimate	26,500
2020	25,000		

Labor Force Data[2]

Comparative average labor force and unemployment rate figures for 2023 (through August) and year-end 2022 are listed below. Figures are not seasonally adjusted; and numbers of people are estimated by place of residence.

	August 2023		2022	
	Civilian Labor Force	*Unemployment Rate*	*Civilian Labor Force*	*Unemployment Rate*
Douglas County	21,637	3.0%	21,530	2.4%
Minnesota	3,101,977	3.2	3,077,500	2.7

Income Data[3]

Comparative income levels are listed below for Douglas County, the State of Minnesota and the United States.

	Douglas County	State of Minnesota	United States
Median Family Income	$84,773	$98,354	$85,028
Per Capita Income	38,288	41,204	37,638

District Government

The District was established in 1971 pursuant to the Laws of Minnesota, 1971, Chapter 69, as amended. The District is a public corporation and political subdivision with tax levy powers created by an order of the Minnesota Pollution Control Agency pursuant to Minnesota Statutes, Sections 115.18 through 115.37. It has a Chairman elected for a one-year term, a Vice Chairman, Secretary and nine Directors elected for one, five-year term. The Board has been granted the authority to take over, acquire, construct, better, administer, operate, and maintain any and all interceptors and treatment works needed for the collections, treatment and disposal of sewage within the boundaries of the District. The professional staff is appointed and consists of an Executive Director and Office Manager.

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[1] Source: Alexandria Lake Area Sanitary District.

[2] Source: Minnesota Department of Employment and Economic Development.

[3] Source: 2017-2021 American Community Survey, U.S. Census Bureau.

District Wastewater Collection System

The area of the District is 105 square miles including water bodies. The District operates and maintains 236 miles of gravity sewer, 59 miles of pressure sewer and 4,864 manholes. The District has 23 full time employees who perform administration, operation, and maintenance of the District infrastructure systems, including: Wastewater Treatment Facility, 172 main lift stations, 111 residential grinder stations, and the collection conveyance system. The 2023 population estimate of the District is estimated to be 26,500.

In 2022, the District conveyed and treated 1,281,740,000 gallons of wastewater. Average influent flows to the wastewater plant was 3.51 million gallons per Day.

The operation and maintenance of the District system exceeds industry standards. The District staff perform all operational duties as well as maintenance of equipment. Operation and Maintenance staff are split into two divisions: Treatment Plant Operations and Collection System Operations. Administration oversees management of personnel, finance, accounting, customer service, human resources, and ensures organizational integrity. The District operates a certified laboratory as required for NPDES permit.

Services of the District

In 1970, area citizens and public officials became concerned about the public health, safety, and the environment. The treatment facilities of the City of Alexandria, Holiday Inn and Arrowwood Resort were all in violation of their respective operating permits. The Minnesota State Legislature determined there were serious problems of water pollution and disposal of sewage in and around in the Alexandria, Minnesota lake area which could not be effectively or economically dealt with separately by existing local government units under existing laws. In April 1971, the Minnesota State Legislature established the sanitary sewer board with the jurisdiction in the District as a political subdivision of the state:

"[F]or the protection of the public health, safety and welfare of the area, for the preservation and best use of waters and other natural resources of the state in the area, for the prevention, control and abatement of water pollution in the area, and for the efficient and economic collection, treatment and disposal of sewage, it was necessary to establish a sanitary sewer board assigned the responsibility of carrying on a continuous long range program of planning with respect thereto and given the authority to take over, acquire, construct, better, administer, operate and maintain any and all interceptors and treatment works needed for the collection, treatment and disposal of sewage in such area, as well as local sanitary sewer facilities over which the board assumes responsibility at the request of any local government unit."

The District assumed responsibility for the existing treatment facilities and collection system on July 1, 1976. The advanced wastewater treatment facility constructed by the District became operational on October 1, 1977.

Current local units of government that are District members are: The City of Alexandria and the Townships of Alexandria, Carlos, Hudson, Ida, LaGrand and Lake Mary. It should be noted that only portions of each township are located within the District's boundary. The District also provides contract collection systems and treatment services to the City of Nelson, the City of Forada, a portion of Leaf Valley Township, a portion of Miltona Township, the Carlos State Park and the two state rest areas located on Highways I-94.

Based on data from the Minnesota State Demographic Center, the population of the ALASD service area and surrounding region will continue to grow at an approximate growth rate of 1% annually over the next 30 years. Growth in the City of Alexandria over the past decade was approximately 10% (2010-2020) while growth in Douglas County over the past decade was less than 6%. Using a 1.0% annual growth rate, the District's service area population is projected to be 29,000 for 2030, 32,000 for 2040 and 35,000 for 2050. In addition to population growth, the District must consider industrial and commercial growth resulting in expansions to the wastewater system.

The District completed a major rehabilitation and capacity expansion to its wastewater treatment plant in 2008. The expansion and improvements increased the capacity of the wastewater treatment plant by one million gallons a day, or approximately 33-40%, and extended the life of the plant by 40 to 50 years. In 2013, 492 feet of public sanitary sewer was constructed serving 24 units.

The wastewater treatment facility is designed to remove 7,100 pounds of oxygen-demanding pollution material, 5,800 pounds of solids, and 240 pounds of phosphorous each day from wastewater received. Approximately 1.5 tons of sludge is produced each day, which is safe for land application and is beneficial as a soil conditioner on agricultural land.

Number of Accounts by Type

Year	Residential	Commercial	Industrial	Total
2023	9,488	1,174	7	10,669
2022	9,368	1,173	7	10,548
2021	9,312	1,195	7	10,514
2020	9,258	1,183	7	10,448
2019	9,100	1,180	7	10,287

Largest Users

Customer	Average Gallons/Mo.	Percent of Revenue
Customer 1	35,027	10.8%
Customer 2	30,848	7.1
Customer 3	14,859	1.6
Customer 4	10,064	0.9
Customer 5	9,060	0.5
Customer 6	7,622	0.9
Customer 7	6,804	0.8
Customer 8	4,963	0.3
Customer 9	4,469	0.3
Customer 10	4,388	0.3
Total:	174,464	23.5%

2022 Audited Charges for Service were $9,828,278.

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Rate History

Residential
Residential users are charged a flat fee of $37.10 per month and billed by Alexandria Light and Power.

Commercial (Metered)

Number of gallons	Charge per Month
Monthly Meter Charge (4"-6" connection)	$37.10
Monthly Meter Charge (>8" connection)	$74.80
<5,000 gallons per month	$9.00 per 1,000 gallons
>5,000 gallons per month	$7.50 per 1,000 gallons

Commercial (Non-Metered)

Number of gallons	Charge per Month
Monthly Meter Charge (4" connection)	$37.10
Monthly Meter Charge (>6" connection)	$74.80
First EDU	$45.00
Each additional EDU	$37.10

Employee Pension Programs

The District participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly "PERF") and PEPFF. That report may be obtained at www.mnpera.org, or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

The District makes annual contributions to the pension plans equal to the amount required by state statutes. The Distsrict was required to contribute 7.50% for Coordinated Plan members. District contributions have been as follows:

Year	*Amount*
2022	$123,010
2021	112,515
2020	108,316
2019	106,415
2018	102,030

Other Postemployment Benefits (OPEB)

The District does not offer other postemployment benefits.

Estimated Cash and Investment Balances as of September 30, 2023 (unaudited)

Fund	
ALASD General Fund #01	$ 1,179,957
ALASR General Operation Fund #05	305,306
ALASD Investment Reserves Fund #01	6,831,673
ALASR Investment Reserves Fund #05	3,219,335
Total Cash and Investment Balances	$11,536,271

Operating Budget Summary

	2022 Adopted Budget	2023 Adopted Budget	2024 Adopted Budget
Revenues:			
Charges for Services	$7,146,600	$ 8,905,032	$ 9,850,000
Penalty Income	30,000	30,000	30,000
Grant Income	225,000	15,000	300,000
Interest Income	65,000	20,000	80,000
New Connections	300,000	400,000	400,000
Permit & Inspection Fees-Misc.	0	0	0
Property Taxes Remitted from Underlying Governments	1,300,000	1,300,000	1,300,000
Total Revenues	$9,066,600	$10,670,032	$11,960,000

	2022 Adopted Budget	2023 Adopted Budget	2024 Adopted Budget
Expenditures:			
Operation & Maintenance*	$4,094,100	$4,109,800	$4,255,100
Professional Fees & Services	465,000	417,000	455,000
Office & Board Expenses	1,554,400	1,604,400	1,664,400
Insurance/Health	468,300	498,300	573,251
Total Expenditures	$6,581,800	$6,629,500	$6,947,751

**Operation & Maintenance totals do not include Capital Projects and/or depreciation.*

Largest Taxpayers[1]

Following are ten of the largest taxpayers within the District:

Name	*Classification*	*2022/2023 Tax Capacity*	*Percent of Total Tax Capacity ($50,855,014)*[2]
Individual	Commercial	$ 462,594	0.91%
Regency Midwest Ventures	Commercial	365,273	0.72
Western Minnesota Municipal	Utility	281,134	0.55
Williams Pipeline Company	Utility	267,488	0.53
FFALMN0 01 LLC	Commercial	200,732	0.39
Wal-Mart Real Estate	Commercial	194,840	0.38
Turning Leaf LLC	Commercial	194,709	0.38
Douglas Machine Inc	Industrial	191,348	0.38
Minnesota Gas Company	Utility	168,526	0.33
Menard Inc., a WI Corp	Commercial	165,910	0.33
		$ 2,492,554	4.90%

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[1] As reported by Douglas County.

[2] Before tax increment adjustment.

MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS

Market Value

State Law defines the "market value" of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called "estimated market value". This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

Taxable Market Value

The "taxable market value" is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

Market Value Exclusion

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For a homestead valued at $76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value. For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 minus nine percent of the valuation over $76,000. For a homestead valued at $413,800 or more, there is no valuation exclusion.

Sales Ratio

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

Economic and Indicated Market Value

"Economic market value" and "indicated market value" reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the "full value" of property for taxation, after the deduction of legislative exclusions.

Net Tax Capacity

Property taxes are calculated on the basis of the "net tax capacity value". Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

Tax Cycle

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per $100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

Levy Limits

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies "to pay the costs of the principal and interest on bonded indebtedness" and "to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota" are designated special levies and can be levied in addition to the amount allowed by levy limitations.

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The following is a partial summary of these factors:

Property Tax Classifications

		Class Rate Schedule		
Class	*Type of Property*	*2020/ 2021*	*2021/ 2022*	*2022/ 2023*
1a	Residential Homestead: First $500,000	1.00%	1.00%	1.00%
	Over $500,000	1.25	1.25	1.25
1c	Commercial seasonal-residential recreational-			
	under 250 days and includes homestead			
	First $600,000	.50	.50	.50
	$600,001-2,300,000	1.00	1.00	1.00
	Over $2,300,000†	1.25	1.25	1.25
2a	Agricultural Homestead – House, Garage, One Acre:			
	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
	Remainder of Farm* –			
	First $1,880,000			
	Over $1,880,000			
	First $1,890,000		0.50	0.50
	Over $1,890,000		1.00	1.00
	First $1,900,000	0.50		
	Over $1,900,000	1.00		
	Agricultural Homestead Land[1]	1.00	1.00	1.00
2a	Non-Homestead Agricultural Productive Land*	1.00	1.00	1.00
2b	Non-Homestead Rural Vacant Land[2]	1.00	1.00	1.00
3a	Commercial/Industrial and Public Utility			
	First $150,000†	1.50	1.50	1.50
	Over $150,000†	2.00	2.00	2.00
4a	Apartment (4+ units, incl. private for-profit hospitals)	1.25	1.25	1.25
	Residential Non-Homestead (Single Unit)			
4bb(1)	First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(1)	Seasonal Residential Recreational/Commercial†			
	(Resort): First $500,000	1.00	1.00	1.00
	Over $500,000	1.25	1.25	1.25
4c(12)	Seasonal Residential Recreational†			
	Non-Commercial (Cabin): First $500,000*	1.00	1.00	1.00
	Over $500,000*	1.25	1.25	1.25
4d	Qualifying Low-Income Rental Housing			
	First $100,000			.75
	Over $100,000			.25
	First $162,000	.75		
	Over $162,000	.25		
	First $174,000		.75	
	Over $174,000		.25	

† Subject to the state general property tax.

* Exempt from referendum market value-based taxes.

1 Homestead remainder & non-homestead; includes structures.

2 Homestead remainder & non-homestead; includes minor ancillary structures.

SANITARY SEWER BOARD OF THE ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA

ECONOMIC AND FINANCIAL INFORMATION[1]

Valuations

	Estimated Market Value 2022/2023	*Net Tax Capacity 2022/2023*
Real Property	$ 4,526,248,700	$ 50,538,685
Personal Property	16,191,100	316,329
Less Tax Increment Deduction	- - -	(1,472,738)
Less 10% of 200kV Transmission Lines	- - -	(11,978)
Total Adjusted Valuation	$ 4,542,439,800	$ 49,370,298

Valuation Trends (Real and Personal Property)

Levy Year/ Collection Year	*Estimated Market Value*	*Taxable Market Value*	*Tax Capacity Before Tax Increments*	*Tax Capacity After Tax Increments*
2022/2023	$4,542,439,800	$4,407,889,694	$50,855,014	$49,370,298
2021/2022	3,935,781,200	3,789,685,160	43,782,060	42,331,979
2020/2021	3,698,389,300	3,551,308,385	41,171,692	39,780,069
2019/2020	3,538,960,000	3,390,417,283	39,283,052	38,064,509
2018/2019	3,388,090,100	3,237,667,663	37,528,791	36,231,955

Breakdown of Valuations

2022/2023 Tax Capacity, Real and Personal Property (before tax increment and transmission line adjustments):

Residential Homestead	$ 23,515,903	46.24%
Agricultural	1,029,547	2.02
Commercial & Industrial	10,282,378	20.22
Public Utility	598,416	1.18
Railroad	75,520	0.15
Residential Non-Homestead	5,801,618	11.41
Seasonal/Recreational	9,235,303	18.16
Personal Property	316,329	0.62
Totals:	$ 50,855,014	100.00%

[1] Property valuations, tax rates, and tax levies and collections are provided by Douglas County. Economic market value and sales ratio are not provided by the Minnesota Department of Revenue.

Tax Capacity Rates

Tax capacity rates for a District resident within the City of Alexandria, for the past five-assessable/collection years have been as follows:

Levy Year/ Collection Year	*2018/19 Tax Capacity Rates*	*2019/20 Tax Capacity Rates*	*2020/21 Tax Capacity Rates*	*2021/22 Tax Capacity Rates*	*2022/23 Tax Capacity Rates*
Douglas County	46.516	46.449	45.515	44.697	40.920
City of Alexandria	40.472	40.405	39.083	40.062	37.441
ISD No. 206 Alexandria	22.758	21.379	19.506	17.714	17.664
Douglas County HRA	1.696	1.937	1.851	1.743	1.496
Totals:	111.442%	110.170%	105.955%	104.216%	97.521%
Market Value Rates:	*2018/2019*	*2019/2020*	*2020/2021*	*2021/2022*	*2022/2023*
ISD No. 206 (Alexandria)	0.11937%	0.16238%	0.16571%	0.16145%	0.13936%

Tax Levies and Collections

The District has not levied taxes since 1998. Taxes are levied through the cities and townships within the District.

SUMMARY OF DEBT AND DEBT STATISTICS

Statutory Debt Limit[1]

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of November 2, 2023:

2022/2023 Estimated Market Value	$ 4,542,439,800
Multiplied by 3%	x .03
Statutory Debt Limit	$ 136,273,194
Less outstanding debt applicable to debt limit:	
Total Debt applicable to debt limit:	$ 0
Legal debt margin	$ 136,273,194

[1] Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of $1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than $1,000,000 are not subject to the statutory debt limit.

ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS
(As of November 2, 2023)

Purpose:	G.O. PFA Note of 2008			
Dated:	08/13/07			
Original Amount:	$4,968,093			
Maturity:	20-Aug	TOTAL	TOTAL	
Interest Rates:	1.24%	PRINCIPAL:	PRIN & INT:	
2024	$271,000	$271,000	$284,689	2024
2025	274,000	274,000	284,327	2025
2026	278,000	278,000	284,929	2026
2027	280,784	280,784	284,266	2027
	$1,103,784 (1)	$1,103,784	$1,138,210	

NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM SPECIAL ASSESSMENTS WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds were purchased through a private placement agreement with the Minnesota Public Facilities Authority.

ALEXANDRIA LAKE AERA SANITARY DISTRICT, MINNESOTA
GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES
(As of November 2, 2023, Plus This Issue)

	This Issue					
Purpose:	**G.O. Disposal Facilities & Refunding Bonds Series 2008A**	**G.O. Facilities & Refunding Bonds, Series 2015A**	**G.O. Facilities Bonds, Series 2023**			
Dated:	04/15/08	06/10/15	12/15/23			
Original Amount:	$5,190,000	$13,410,000	$15,375,000			
Maturity:	1-Feb	1-Feb	1-Feb	**TOTAL**	**TOTAL**	
Interest Rates:	3.375-4.20%	2.00-5.00%	4.00-5.00%	**PRINCIPAL:**	**PRIN & INT:**	
2024	$70,000	$1,240,000	$0	$1,310,000	$2,008,516	2024
2025	75,000	1,310,000	395,000	1,780,000	2,656,886	2025
2026	75,000	1,370,000	505,000	1,950,000	2,741,161	2026
2027	80,000	1,430,000	530,000	2,040,000	2,753,219	2027
2028	85,000	170,000	555,000	810,000	1,468,629	2028
2029	0	175,000	580,000	755,000	1,378,184	2029
2030	0	185,000	610,000	795,000	1,382,694	2030
2031	0	190,000	640,000	830,000	1,380,231	2031
2032	0	195,000	675,000	870,000	1,380,859	2032
2033	0	200,000	705,000	905,000	1,374,569	2033
2034	0	210,000	740,000	950,000	1,376,269	2034
2035	0	215,000	780,000	995,000	1,375,697	2035
2036	0	225,000	820,000	1,045,000	1,381,822	2036
2037	0	0	850,000	850,000	1,149,344	2037
2038	0	0	885,000	885,000	1,149,644	2038
2039	0	0	920,000	920,000	1,148,544	2039
2040	0	0	960,000	960,000	1,150,944	2040
2041	0	0	995,000	995,000	1,146,844	2041
2042	0	0	1,035,000	1,035,000	1,146,244	2042
2043	0	0	1,075,000	1,075,000	1,143,372	2043
2044	0	0	1,120,000	1,120,000	1,143,100	2044
	$385,000	$7,115,000	$15,375,000	$22,875,000	$31,836,771	
	(1)	(1)	(1)			

NOTE: 53% OF GENERAL OBLIGATION DEBT PAYABLE FROM SEWER REVENUES WILL BE RETIRED WITHIN TEN YEARS.

(1) These bonds are payable from net revenues of the District and are additionally secured by ad valorem taxes on all taxable property within the District and without limitation of amount.

Indirect Debt*

Issuer	*2022/2023 Tax Capacity Value*[(1)]	*2022/2023 Tax Capacity Value In District*[(1)]	*Percentage Applicable in District*	*Outstanding General Obligation Debt*[(2)]	*Taxpayers' Share of Debt*
Douglas County	$78,659,557	$49,370,298	62.76%	$17,700,000	$11,108,520
City of Alexandria	22,507,674	22,507,674	100.00	13,190,000	13,190,000
ISD No. 206 (Alexandria)	64,755,011	49,370,298	76.24%	73,680,000	56,173,632
Hudson Township	2,861,174	1,560,098	54.53	781,155	425,964
Ida Township	5,147,515	4,355,801	84.62	2,700,000	2,284,740
Leaf Valley Township	1,836,186	358,383	19.52	62,215	12,144
Miltona Township	3,624,733	125,340	3.46	1,262,949	43,698
			Total Indirect Debt:		$ 83,238,698

(Remainder of page intentionally left blank)

* Only those taxing jurisdictions with general obligation debt outstanding are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(1) Tax Capacity Value is after tax increment deduction.

(2) As of November 2, 2023, unless noted otherwise.

General Obligation Debt

Bonds secured by special assessments	$ 1,103,784
Bonds secured by revenues (includes this Issue)	22,875,000
Subtotal	$ 23,978,784
Less bonds secured by water/sewer revenues	(22,875,000)
Direct General Obligation Debt	1,103,784
Add taxpayers' share of indirect debt	83,238,698
Direct and Indirect Debt	$ 84,342,482

Facts for Ratio Computations

2022/2023 Estimated Market Value (real and personal property)	$4,542,439,800
Population (2023 estimate)	26,500

Debt Ratios Excluding Revenue-Supported Debt

	Direct Debt	*Indirect Debt*	*Direct and Indirect Debt*
To Economic Market Value	.03%	1.83%	1.86%
Per Capita	$42	$3,141	$3,183

APPENDIX A

Form of Legal Opinion

Form of Legal Opinion

Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota
Alexandria, Minnesota

Northland Securities, Inc.
Minneapolis, Minnesota

Assured Guaranty Municipal Corp.
New York, New York

Re: $15,375,000 General Obligation Facilities Bonds, Series 2023
Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance and sale by the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Minnesota (the "Issuer"), of the obligations described above, dated, as originally issued, as of December 15, 2023 (the "Bonds"), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the Issuer in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates and on the basis of existing law, it is our opinion that:

1. The Bonds are valid and binding general obligations of the Issuer, enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from the collection of sums receivable to the Issuer from other governmental units in accordance with the Laws of 1971, Chapter 869, as amended, user rates and charges, and wastewater treatment expansion fees, and if necessary for payment thereof, ad valorem taxes are required by law to be levied on all such property, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on noncorporate taxpayers by Section 55 of the Code.

4. Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the compliance by the Issuer with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds.

Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that interest on the Bonds may be taken into account in determining adjusted financial statement income for purposes of the federal alternative minimum tax imposed on applicable corporations (as defined in Section 59(k) of the Code), and interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the Issuer and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities and equipment financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

We have not been asked, and have not undertaken, to review the accuracy, completeness or sufficiency of any offering materials relating to the Bonds, and, accordingly, we express no opinion with respect thereto.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this 15th day of December, 2023.

Very truly yours,

APPENDIX B

Continuing Disclosure Undertaking

CONTINUING DISCLOSURE CERTIFICATE

$15,375,000
Sanitary Sewer Board of the Alexandria Lake Area Sanitary District
General Obligation Facilities Bonds, Series 2023

December 15, 2023

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District (the "Issuer") in connection with the issuance of its General Obligation Facilities Bonds, Series 2023 (the "Bonds") in the original aggregate principal amount of $15,375,000. The Bonds are being issued pursuant to resolutions adopted by the Issuer on October 11, 2023 and November 30, 2023 (the "Resolutions"). The Bonds are being delivered to Northland Securities, Inc., in Minneapolis, Minnesota (the "Purchaser") on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means annual financial statements of the Issuer, prepared in accordance with generally accepted accounting principles for governmental units ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

"Bonds" means the General Obligation Facilities Bonds, Series 2023, issued by the Issuer in the original aggregate principal amount of $15,375,000.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the deemed final Official Statement, dated December 4, 2023, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Holder" means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

"Issuer" means the Sanitary Sewer Board of the Alexandria Lake Area Sanitary District, Douglas County, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate. An event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, VA 22314.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Purchaser" means Northland Securities, Inc.

"Repository" means EMMA, or any successor thereto designated by the SEC.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository, as soon as available, but not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2014, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and will be submitted as soon as available.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. ECONOMIC AND FINANCIAL INFORMATION; and

2. SUMMARY OF DEBT AND DEBT STATISTICS;

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered

by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the legal defeasance, the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

SANITARY SEWER BOARD OF THE ALEXANDRIA LAKE AREA SANITARY DISTRICT, MINNESOTA

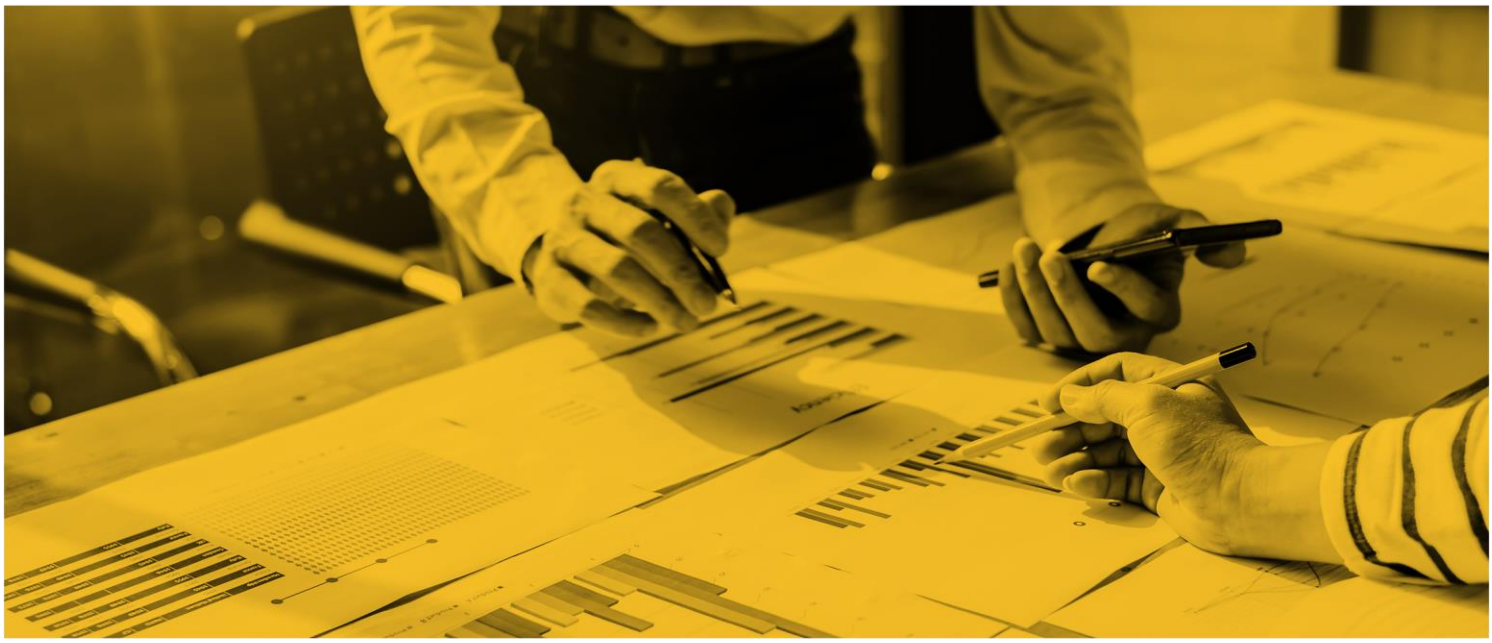
By _____
Its Chair

By _____
Its Secretary

APPENDIX C

District's Financial Statements

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2022. The complete financial report for the year 2022 and the prior two years are available for inspection at the District office and the office of Government Capital Securities Corporation. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.



Annual Financial Report

Alexandria Lake Area Sanitary District

Alexandria, Minnesota

For the year ended December 31, 2022

Abdo
Lighting the path forward

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

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

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

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Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2022

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INTRODUCTORY SECTION

ALEXANDRIA LAKE AREA SANITARY DISTRICT
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Board of Commissioners and Administration
For the Year Ended December 31, 2022

Board of Commissioners

Name	Title
Roger Thalman	Chairperson
Rod Eldevik	Vice-Chairperson
Rebecca Sternquist	Secretary
Jeffrey Tvrdik	Director
Joel Dahlheimer	Director
Ben Johnson	Director
Mike Schmitz	Director
Thomas Hayes	Director
Gaylen Lerohl	Director
Charles Nettestad	Director
Daniel Diedrich	Director
Dwayne Waldorf	Director

Administration

Scott Gilbertson	Executive Director
Kerry McInnins	Office Manager

FINANCIAL SECTION

ALEXANDRIA LAKE AREA SANITARY DISTRICT
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Alexandria Lake Area Sanitary District
Alexandria, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Alexandria Lake Area Sanitary District (the District), Alexandria, Minnesota, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District'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 financial position of the District as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in conformity 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions and the related note disclosures starting on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the District'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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Abdo
Mankato, Minnesota
June 28, 2023

Management's Discussion and Analysis

As management of the Alexandria Lake Area Sanitary District, (the District), Alexandria, Minnesota, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount may be used to meet the District's ongoing obligations to its users and creditors and provide for future rate stabilization.

- The District's total net position increased as shown in the summary of changes in net position table on the following pages. This increase is mainly due to an increase in user charges related to increased rates and users.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements. The notes explain some of the information in the financial statements and provide more detailed data. The statements are followed by a supplementary schedule that further explains and supports the information in the financial statements.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District maintains one type of fund: a proprietary fund.

> ***Proprietary Funds***. The District maintains one type of proprietary fund. The *Alexandria Lake Area Sanitary District (ALASD)* accounts for the sewage treatment for the City of Alexandria, townships and contracted entities in its service area. The *Alexandria Lake Area Service Region (ALASR)* accounts for the construction of the lateral sewer system for the townships of Alexandria, LaGrand, Carlos and Hudson in its service area.

The basic proprietary fund financial statements can be found starting on page 22 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found starting on page 25 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Districts progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 42 of this report.

Fund Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $47,593,037 at the close of the most recent fiscal year.

A large portion of the District's net position (77.5 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Alexandria Lake Area Sanitary District's Summary of Net Position

	Business-type Activities		
	2022	2021	Increase (Decrease)
Current and Other Assets	$ 11,960,785	$ 13,244,815	$ (1,284,030)
Restricted Assets	1,013,591	1,171,066	(157,475)
Capital Assets	47,353,215	44,863,159	2,490,056
Total Assets	60,327,591	59,279,040	1,048,551
Deferred Outflows of Resources			
Deferred pension resources	499,088	623,163	(124,075)
Long-term Liabilities Outstanding	12,503,239	13,257,316	(754,077)
Other Liabilities	706,654	430,625	276,029
Total Liabilities	13,209,893	13,687,941	(478,048)
Deferred Inflows of Resources			
Deferred pension resources	23,749	815,799	(792,050)
Net Investment in Capital Assets	36,862,460	32,816,807	4,045,653
Restricted	1,013,591	1,171,066	(157,475)
Unrestricted	9,716,986	11,410,590	(1,693,604)
Total Net Position	$ 47,593,037	$ 45,398,463	$ 2,194,574
Net Position as a Percent of Total			
Net Investment in Capital Assets	77.5 %	72.3 %	
Restricted	2.1	2.6	
Unrestricted	20.4	25.1	
	100.0 %	100.0 %	

The remaining balance represents unrestricted net position which may be used to meet the District's ongoing obligations to citizens and creditors.

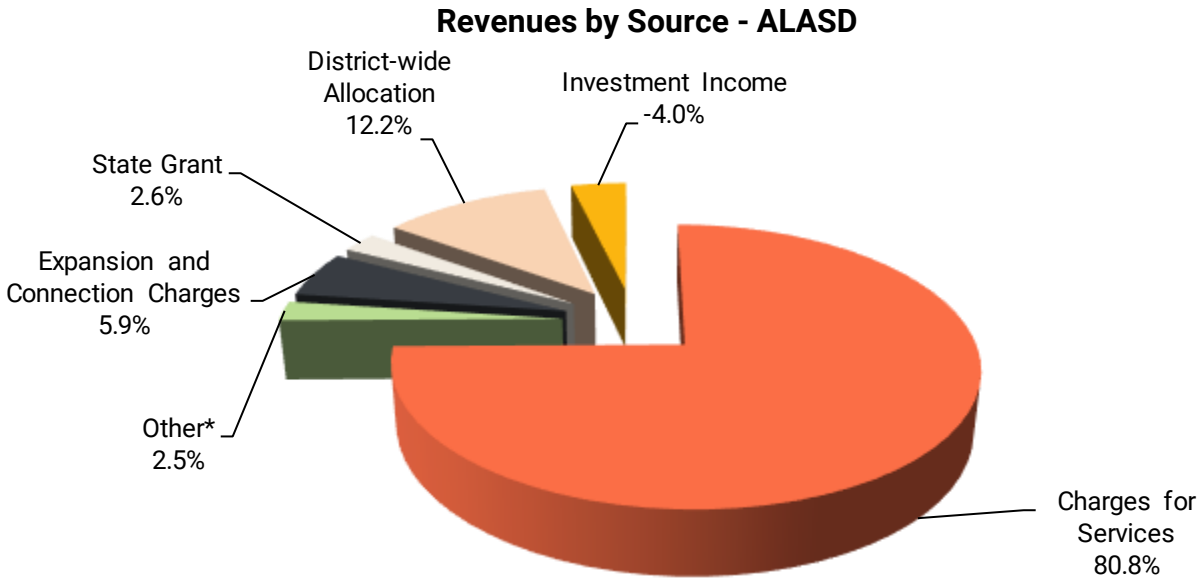
At the end of the current fiscal year, the District is able to report positive balances in all categories of net position.

Alexandria Lake Area Sanitary District's Changes in Net Position

The District's net position increased during the current fiscal year. Key elements of this increase are as follows:

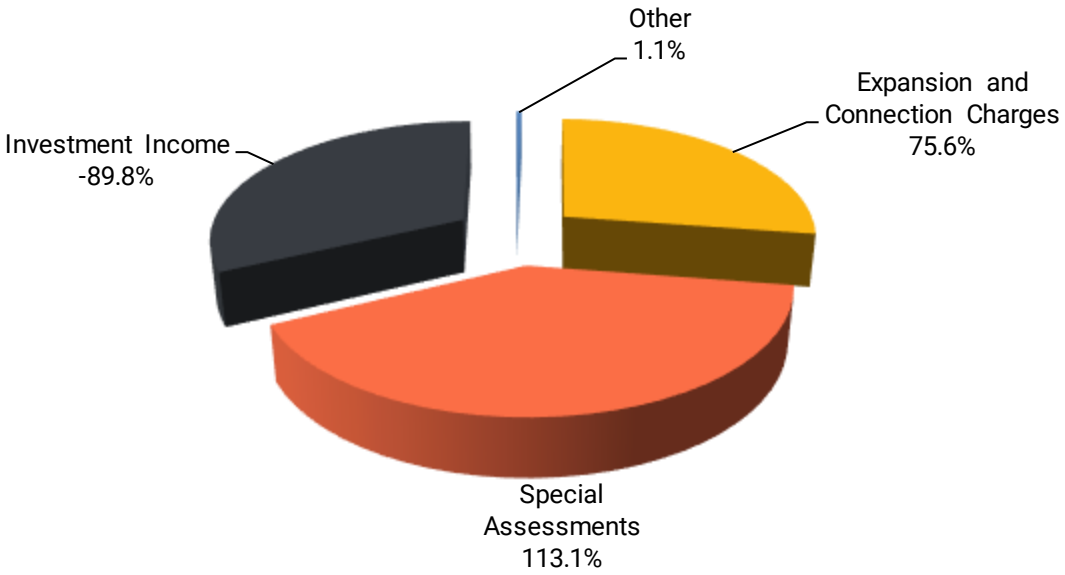
	Business-type Activities		
	2022	2021	Increase (Decrease)
Revenues			
Program revenues			
Charges for services	$ 8,538,789	$ 7,330,024	$ 1,208,765
District wide allocation	1,289,489	1,300,000	(10,511)
General revenues			
Investment income (loss)	(463,731)	(81,327)	(382,404)
Capital grants and contributions	1,015,873	864,810	151,063
Other	458,322	166,400	291,922
Total Revenues	10,838,742	9,579,907	1,258,835
Expenses			
Operating	8,254,853	6,808,548	1,446,305
Non-operating	389,315	448,863	(59,548)
Total Expenses	8,644,168	7,257,411	1,386,757
Change in Net Position	2,194,574	2,322,496	(127,922)
Net Position - January 1	45,398,463	43,075,967	2,322,496
Net Position - December 31	$ 47,593,037	$ 45,398,463	$ 2,194,574

The following graphs show revenues by source and fund for 2022:



* The other revenues consists of the following: Amortization of bond premiums, Miscellaneous Income, Ganin on sale of capital assets and special assessments.

Revenues by Source – ALASR



Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2022, amounts to $47,353,215 (net of accumulated depreciation). This investment in capital assets includes land, buildings and distribution District. The total increase in the District's investment in capital assets for the current fiscal year was 5.6 percent.

The major capital asset events during the current fiscal year included the following:

- Construction related to LS 73 & Force main replacement - $1,525,256
- Construction related to 18th Avenue project - $873,420
- Construction related to I94/27 Force main realignment - $739,884

Alexandria Lake Area Sanitary District's Capital Assets
(Net of Depreciation)

	2022	2021	Increase (Decrease)
Land	$ 1,301,713	$ 1,301,713	$ -
Construction in Progress	3,514,923	995,044	2,519,879
Wastewater Treatment Facilities	16,188,371	16,526,025	(337,654)
Buildings	3,048,547	3,163,996	(115,449)
Interceptor Sewer and Lines	20,855,388	20,624,225	231,163
Vehicles	937,487	775,596	161,891
Machinery and Equipment	1,359,362	1,436,952	(77,590)
Office Equipment	147,424	39,608	107,816
Total	$ 47,353,215	$ 44,863,159	$ 2,490,056
Percent increase (decrease)			5.6%

Additional information on the District's capital assets can be found in Note 2B starting on page 33 of this report.

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt outstanding of $10,111,784 . All of which is revenue debt. While all of the District's bonds have revenue streams, they are all backed by the full faith and credit of the District.

Alexandria Lake Area Sanitary District's Outstanding Debt

	2022	2021	Increase (Decrease)
Revenue Bonds	$ 10,111,784	$ 11,555,784	$ (1,444,000)
Percent increase (decrease)			-12.5%

Note: The amount of Revenue Bonds above is the combined amount for ALASR and ALASD.

The District's total debt decreased the current fiscal year attributed to regularly scheduled debt service payments.

Additional information of the District's long-term debt can be found on Note 2C starting on page 34 of this report.

Factors Bearing on the Districts Future

The Board and management of the District considered many factors when setting the fiscal year 2023 budget, user fees and charges. One of those factors is the local economy and the impact the rates have on the major industries. By maintaining competitive rates, the District believes it can help keep its customers competitive in their respective markets.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Alexandria Lake Area Sanitary District's office, 2201 Nevada Street, Alexandria, MN 56308.

FUND FINANCIAL STATEMENTS
ENTERPRISE FUND

ALEXANDRIA LAKE AREA SANITARY DISTRICT
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Statement of Net Position
December 31, 2022

	ALASD	ALASR	Total
Assets			
Current Assets			
Cash and temporary investments	$ 7,226,452	$ 3,373,592	$ 10,600,044
Receivables			
Interest	27,374	20,648	48,022
Accounts	120	2,586	2,706
Due from other governments	997,569	2,819	1,000,388
Inventories	271,025	-	271,025
Restricted receivables			
Special assessment - current portion	32,471	137,970	170,441
Prepaid items	38,600	-	38,600
Total Current Assets	8,593,611	3,537,615	12,131,226
Noncurrent Assets			
Restricted assets			
Special assessments	18,071	825,079	843,150
Capital assets			
Nondepreciable	3,951,873	864,763	4,816,636
Depreciable, net	35,647,587	6,888,992	42,536,579
Total capital assets	39,599,460	7,753,755	47,353,215
Total Noncurrent Assets	39,617,531	8,578,834	48,196,365
Total Assets	48,211,142	12,116,449	60,327,591
Deferred Outflows of Resources			
Deferred pension resources	499,088	-	499,088
Liabilities			
Current Liabilities			
Accounts payable	208,561	-	208,561
Due to other governments	257,501	-	257,501
Accrued salaries payable	83,497	-	83,497
Accrued interest payable	150,960	6,135	157,095
Compensated absences payable	86,973	-	86,973
Current portion of long-term liabilities	1,240,000	268,000	1,508,000
Total Current Liabilities	2,027,492	274,135	2,301,627
Noncurrent Liabilities			
Compensated absences payable - net of current portion	278,144	-	278,144
Bonds payable - net of current portion	7,878,971	1,103,784	8,982,755
Net pension liability	1,647,367	-	1,647,367
Total Noncurrent Liabilities	9,804,482	1,103,784	10,908,266
Total Liabilities	11,831,974	1,377,919	13,209,893
Deferred Inflows of Resources			
Deferred pension resources	23,749	-	23,749
Net Position			
Net investment in capital assets	30,480,489	6,381,971	36,862,460
Restricted			
Debt service	50,542	963,049	1,013,591
Unrestricted	6,323,476	3,393,510	9,716,986
Total Net Position	$ 36,854,507	$ 10,738,530	$ 47,593,037

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

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

	ALASD	ALASR	Total
Operating Revenues			
Charges for sales and services			
Consumers	$ 8,538,789	$ -	$ 8,538,789
District wide allocation	1,289,489	-	1,289,489
Total Operating Revenues	9,828,278	-	9,828,278
Operating Expenses			
Personal services	1,199,287	1,018	1,200,305
Administrative	590,640	33,645	624,285
Treatment plant	1,499,124	-	1,499,124
Collection	1,144,635	-	1,144,635
Repairs and maintenance	1,926,474	-	1,926,474
Depreciation	1,506,188	353,842	1,860,030
Total Operating Expenses	7,866,348	388,505	8,254,853
Operating Income (Loss)	1,961,930	(388,505)	1,573,425
Nonoperating Revenues (Expenses)			
Interest income (loss)	(420,935)	(42,796)	(463,731)
Amortization of bond premium	111,597	-	111,597
Miscellaneous income	97,330	490	97,820
Intergovernmental	222,405	-	222,405
Interest expense	(370,212)	(19,103)	(389,315)
Gain (loss) on sale of capital assets	26,500	-	26,500
Total Nonoperating Revenues (Expenses)	(333,315)	(61,409)	(394,724)
Income (Loss) Before Contributions	1,628,615	(449,914)	1,178,701
Capital Grants and Contributions			
Expansion and connection charges	618,730	36,000	654,730
Special assessments	30,894	53,943	84,837
Intergovernmental	276,306	-	276,306
Change in Net Position	2,554,545	(359,971)	2,194,574
Net Position, January 1	34,299,962	11,098,501	45,398,463
Net Position, December 31	$ 36,854,507	$ 10,738,530	$ 47,593,037

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

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Statement of Cash Flows
For the Year Ended December 31, 2022

	ALASD	ALASR	Total
Cash Flows from Operating Activities			
Receipts from customers	$ 9,499,522	$ -	$ 9,499,522
Payments to suppliers and vendors	(5,209,639)	(38,761)	(5,248,400)
Payments to and on behalf of employees	(1,062,533)	(1,018)	(1,063,551)
Other cash receipts	97,330	1,910	99,240
Net Cash Provided (Used) by Operating Activities	3,324,680	(37,869)	3,286,811
Cash Flows from Noncapital Financing Activities			
Intergovernmental	222,405	-	222,405
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(4,079,831)	-	(4,079,831)
Proceeds from sale of capital assets	26,500	-	26,500
Expansion and connection charges	618,730	36,000	654,730
Special assessments	40,814	201,498	242,312
Capital contributions and grants	276,306	-	276,306
Principal paid on long-term debt	(1,180,000)	(264,000)	(1,444,000)
Interest and fees paid on long-term debt	(394,498)	(20,283)	(414,781)
Net Cash Used by Capital and Related Financing Activities	(4,691,979)	(46,785)	(4,738,764)
Cash Flows from Investing Activities			
Interest received (paid) on cash and investments	(426,807)	(50,290)	(477,097)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,571,701)	(134,944)	(1,706,645)
Cash and Cash Equivalents, January 1	8,798,153	3,508,536	12,306,689
Cash and Cash Equivalents, December 31	$ 7,226,452	$ 3,373,592	$ 10,600,044
Reconciliation of Operating Loss to Net			
Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 1,961,930	$ (388,505)	$ 1,573,425
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	97,330	490	97,820
Depreciation	1,506,188	353,842	1,860,030
(Increase) decrease in assets			
Accounts receivable	4,880	(2,586)	2,294
Due from other governments	(333,636)	1,420	(332,216)
Due from other funds	2,530	-	2,530
Inventories	(64,804)	-	(64,804)
Prepaid items	(17,053)	-	(17,053)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	124,075	-	124,075
Increase (decrease) in liabilities			
Accounts payable	75,870	-	75,870
Due to other governments	(45,309)	-	(45,309)
Due to other funds	-	(2,530)	(2,530)
Accrued salaries payable	3,209	-	3,209
Compensated absences payable	29,595	-	29,595
Net pension liability	771,925	-	771,925
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(792,050)	-	(792,050)
Net Cash Provided (Used) by Operating Activities	$ 3,324,680	$ (37,869)	$ 3,286,811
Schedule of Noncash Investing, Capital and Financing Activities			
Capital assets acquired on account	$ 270,255	$ -	$ 270,255
Special assessments levied	$ 32,471	$ 14,000	$ 46,471
Amortization of bond (premium) discount	$ (111,597)	$ -	$ (111,597)

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

On November 25,1975, the joint action of the local governmental units of Alexandria Township, Carlos Township, Hudson Township and LaGrand Township formed the Alexandria Lake Area Service Region (ALASR), a public corporation and political subdivision of the State of Minnesota within the meaning of the laws of Minnesota, 1971, Chapter 869, as amended. The purpose of ALASR is to construct the lateral sewer system in the townships involved.

At the same time the Alexandria Lake Area Sanitary District (ALASD) was created under these same laws. The board of ALASD has been granted the authority to take over, acquire, construct, better, administer, operate and maintain any and all interceptors and treatment works needed for the collection, treatment and disposal of sewage within the boundaries of the District. In furtherance of this purpose the ALASD now operates sanitary sewer collection and treatment facilities serving Alexandria Township, Carlos Township, Hudson Township, LaGrand Township, Ida Township, Lake Mary Township and the City of Alexandria. ALASD also provides contract service to the cities of Nelson and Forada, two State of Minnesota rest areas and Lake Carlos State Park. The ALASD population is more than 26,000 within a service area of 100 square miles. The ALASD treats and restores wastewater with an advanced, state-of-the-art treatment facility.

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

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

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

The District is accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the determination of net income is necessary or useful to sound financial administration. The intent of the governing body is that the costs of providing goods or services to the members and cities on a continuing basis be financed or recovered primarily through user charges.

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The District reports the following major proprietary funds:

The *Alexandria Lake Area Sanitary District (ALASD)* accounts for the sewage treatment for the townships and cities in its service area that are listed above.

The *Alexandria Lake Area Service Region (ALASR)* accounts for the construction of the lateral sewer system for the townships in its service area that are listed above.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise funds are charges to customers for sales and services. The Board also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and Investments

The District'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. Cash balances are invested to the extent available in various deposits and investments authorized by Minnesota State statutes. For purposes of the statement of cash flows, cash equivalents include demand deposit account balances and certificates of deposit.

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's recurring fair value measurements are listed in detail on page 31 and are valued using quoted market prices (Level 1 inputs).

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

- Government agency securities and United States Treasury Notes of $5,982,612 are valued using quoted prices in active markets (Level 1 inputs)

- Negotiable Broker Certificates and Municipal Bonds of $2,062,260 are valued using a matrix pricing model (Level 2 inputs)

Investment Policy

The District's investment policy incorporates Minnesota statutes as described above which reduces the District's exposure to credit, custodial credit and interest rate risks. Specific risk information for the District is as follows:

- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the District's investment policy limit the District's investments to the list above.

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

- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District limits investments in any one institution, other than the U.S. Government or its agencies, to not more than $2,000,000 or 30 percent of the total portfolio. The District has no concentrations greater than their own requirements in any one issuer.

- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the District requires at least 5 percent of the District's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Under the terms of an agreement with Alexandria Light and Power, they bill and collects the user charges imposed by the District. This receivable represents the billed charges which have yet to be remitted. The District has the right under Minnesota statutes to place delinquent wastewater bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary as bad debts are not material.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by the District as assets with an initial 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 estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed. Property, plant and equipment are depreciated in the proprietary fund of the District using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 50 years
Improvements	3 - 75 years
Machinery and Equipment	3 - 50 years

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

Vacation

An employee shall earn credit towards vacation at the following rate:

Service Period	Paid Vacation Accrual Rate
First five years of employment	0.834 work day per month of employment
After five years of employment	1.25 work days per month of employment
After ten years of employment	1.667 work days per month of employment
After twenty years of employment	2.083 work days per month of employment

Any employee may convert vacation days to sick days prior to exhausting all accumulate sick leave provided there is a verifiable illness. Vacation time shall not accumulate more than 1.3 times the annual accrual rate. Unused vacation time, in excess of the maximum, not converted to sick leave, shall be forfeited. There shall be no forced forfeiture by reason of refusal of the District to allow vacation at a requested time. When an employee leaves employment all accrued vacations shall be paid to MHCSP (Minnesota Health Care Savings Plan). The District shall make no cash payment of any type to the employee.

Sick leave/Severance Payable

Employees may accumulate one sick day per month and may accumulate sick leave up to a maximum of 120 days. Upon termination of employment, the employee shall have severance pay at the current rate of pay an amount equal to 75% of all accumulated sick leave up to 120 days paid to the Minnesota Health Care Savings Plan.

Accrued compensated absences payable and the estimated projected sick leave payable on December 31, 2022 was $365,117.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities. The recognition of bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

Pensions

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

The total pension expense for the General Employee Plan (GERP) is as follows is $234,173.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Net Position

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

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

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

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

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

Note 2: Detailed Notes

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all District deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Note 2: Detailed Notes (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the District's carrying amount of deposits was $1,911,856 and the bank balance was $2,052,521. At the end of the year, $500,000 was covered by FDIC insurance. The remaining balance was covered by collateral.

Note 2: Detailed Notes (Continued)

Investments

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

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Non-Pooled Investments at Amortized Costs						
Money Market Funds	N/A	less than 1 year	$ 643,315			
Non-Pooled Investments at Fair Value						
United States Treasury Notes	Aaa	less than 6 months	198,086	$ 198,086		
United States Treasury Notes	Aaa	6 months to 1 year	590,025	590,025		
United States Treasury Notes	Aaa	1 to 3 years	1,035,363	1,035,363		
United States Treasury Notes	Aaa	more than 3 years	342,963	342,963		
United States Treasury Notes	WR	less than 6 months	499,062	499,062		
Municipal Bonds	Aaa	more than 3 years	28,964	-	$ 28,964	
Municipal Bonds	Aa3	more than 3 years	167,892	-	167,892	
Municipal Bonds	Aa2	1 to 3 years	138,197	-	138,197	
Municipal Bonds	Aa2	more than 3 years	104,589	-	104,589	
Municipal Bonds	Aa1	1 to 3 years	114,813	-	114,813	
Municipal Bonds	AA	more than 3 years	56,051	-	56,051	
Municipal Bonds	AA	1 to 3 years	105,176	-	105,176	
Municipal Bonds	AA-	more than 3 years	70,550	-	70,550	
Municipal Bonds	AAA	1 to 3 years	48,679	-	48,679	
Negotiable Broker Certificates	N/A	less than 6 months	743,704	-	743,704	
Negotiable Broker Certificates	N/A	6 months to 1 year	243,476	-	243,476	
Negotiable Broker Certificates	N/A	1 to 3 years	240,169	-	240,169	
Government Agency Securities	WR	more than 3 years	94,999	94,999	-	
Government Agency Securities	Aaa	6 months to 1 year	9,830	9,830	-	
Government Agency Securities	Aaa	1 to 3 years	1,099,817	1,099,817	-	
Government Agency Securities	Aaa	more than 3 years	2,112,468	2,112,468	-	
Total Investments			$ 8,688,188	$ 5,982,613	$ 2,062,260	$ -

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

A reconciliation of cash and investments as shown on the statement of net position for the District follows:

Carrying Amount of Deposits	$ 1,911,856
Investments	8,688,188
Total	$ 10,600,044

Note 2: Detailed Notes (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 1,301,713	$ -	$ -	$ 1,301,713
Construction in progress	995,044	3,468,585	(948,706)	3,514,923
Total Capital Assets Not Being Depreciated	2,296,757	3,468,585	(948,706)	4,816,636
Capital Assets Being Depreciated				
Wastewater treatment facilities	29,453,740	285,254	-	29,738,994
Buildings	4,530,852	-	-	4,530,852
Interceptor sewer and lines	40,054,027	1,052,705	-	41,106,734
Vehicles	1,625,748	296,196	(51,404)	1,870,540
Machinery and equipment	4,893,105	78,278	-	4,971,383
Office equipment	89,456	117,772	-	207,228
Total Capital Assets Being Depreciated	80,646,928	1,830,205	(51,404)	82,425,731
Less Accumulated Depreciation for				
Wastewater treatment facilities	(12,927,715)	(622,908)	-	(13,550,623)
Buildings	(1,366,856)	(115,449)	-	(1,482,305)
Interceptor sewer and lines	(19,429,802)	(821,544)	-	(20,251,346)
Vehicles	(850,152)	(134,305)	51,404	(933,053)
Machinery and equipment	(3,456,153)	(155,868)	-	(3,612,021)
Office equipment	(49,848)	(9,956)	-	(59,804)
Total Accumulated Depreciation	(38,080,526)	(1,860,030)	51,404	(39,889,152)
Total Capital Assets Being Depreciated, Net	42,566,402	(29,825)	-	42,536,579
Total Capital Assets, Net	$ 44,863,159	$ 3,438,760	$ (948,706)	$ 47,353,215

The depreciation expense was charged to the functions/programs of the business-type activities as follows:

Business-type Activities	
ALASD	$ 1,506,188
ALASR	353,842
Total Depreciation Expense - Business-type Activities	$ 1,860,030

Note 2: Detailed Notes (Continued)

C. General Long-term Debt

General Obligation Revenue Bonds

The following bonds were used to finance sewer system improvements. They will be repaid with revenues from the District's sewer system.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2008 MN Public Facilities	$ 4,968,093	1.24 %	08/13/07	08/20/27	$ 1,371,784
G.O. Disposal Facilities and Refunding Bonds of 2008A	635,000	3.38 - 4.20	04/15/18	02/01/28	450,000
G.O. Facilities and Refunding Bonds of 2015A	13,410,000	2.00 - 5.00	06/10/15	02/01/36	8,290,000
Total Revenue Bonds					$ 10,111,784

The annual service requirements to maturity for the general obligation revenue bonds are as follows:

Year Ending December 31	Revenue Bonds Business-type Activities Principal	Interest	Total
2023	$ 1,508,000	$ 456,230	$ 1,964,230
2024	1,581,000	411,731	1,992,731
2025	1,659,000	348,640	2,007,640
2026	1,723,000	282,242	2,005,242
2027	1,790,784	212,194	2,002,978
2028 - 2032	1,000,000	393,080	1,393,080
2033 - 2036	850,000	136,234	986,234
Total	$ 10,111,784	$ 2,240,351	$ 12,352,135

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

	District
Revenues	$ 9,828,278
Principal and Interest	1,574,498
Percentage of Revenues	16.0%

The Alexandria Lakes Are Service Region has pledged revenues from special assessments and connection charges. The cash collected during the year was $201,498 and $36,000 respectively. The Region paid $284,283 for principal and interest during the year.

Note 2: Detailed Notes (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable					
Revenue Bonds	$ 11,555,784	$ -	$ (1,444,000)	$ 10,111,784	$ 1,508,000
Bond Premium	490,568	-	(111,597)	378,971	-
Compensated Absences Payable	335,522	185,897	(156,302)	365,117	86,973
Business-Type Activity Long-term Liabilities	$ 12,381,874	$ 185,897	$ (1,711,899)	$ 10,855,872	$ 1,594,973

Note 3: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

B. Benefits Provided

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

General Employee Plan Benefits

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

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the District was required to contribute 7.50 percent for Coordinated Plan members. The District's contributions to the General Employees Fund for the year ending December 31, 2022, 2021 and 2020 were $123,010, $112,515 and $108,316, respectively. The District's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the District reported a liability of $1,647,367 for its proportionate share of the General Employees Fund's net pension liability. The District's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the District totaled $48,274. 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 District's proportionate share of the net pension liability was based on the District'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 District's proportion share was 0.0208 percent at the end of the measurement period and 0.0205 percent for the beginning of the period.

District's Proportionate Share of the Net Pension Liability	$ 1,647,367
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the District	48,274
Total	$ 1,695,641

For the year ended December 31, 2022, the District recognized pension expense of $226,960 for its proportionate share of the General Employees Plan's pension expense. In addition, the District recognized $7,213 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 13,760	$ 17,306
Changes in Actuarial Assumptions	367,614	6,443
Net Difference Between Projected and Actual Earnings on Plan Investments	35,229	-
Changes in Proportion	20,104	-
Contributions Paid to PERA Subsequent to the Measurement Date	62,381	-
Total	$ 499,088	$ 23,749

The $62,381 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	$ 160,470
2024	152,980
2025	(49,472)
2026	148,980

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
Total	100.0 %	

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

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.

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. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2021 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 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund 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.

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

H. Pension Liability Sensitivity

The following presents the District'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 District'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:

	District Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	$ 2,602,102	$ 1,647,367	$ 864,337

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.

REQUIRED SUPPLEMENTARY INFORMATION

ALEXANDRIA LAKE AREA SANITARY DISTRICT
ALEXANDIRA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

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

Fiscal Year Ending	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the District (b)	Total (a+b)	District's Covered Payroll (c)	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2022	0.0208 %	$ 1,647,367	$ 48,274	$ 1,695,641	$ 1,556,350	105.8 %	76.7 %
6/30/2021	0.0205	875,442	26,701	902,143	1,476,846	59.3	87.0
6/30/2020	0.0200	1,199,091	37,125	1,236,216	1,429,315	83.9	79.0
6/30/2019	0.0196	1,083,640	33,665	1,117,305	1,386,025	78.2	80.2
6/30/2018	0.0202	1,120,613	36,824	1,157,437	1,336,858	83.8	79.5
6/30/2017	0.0204	1,302,323	16,412	1,318,735	1,338,680	97.3	75.9

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2022	$ 123,010	$ 123,010	$ -	$ 1,640,133	7.50 %
12/31/2021	112,515	112,515	-	1,500,194	7.50
12/31/2020	108,316	108,316	-	1,444,218	7.50
12/31/2019	106,415	106,415	-	1,418,870	7.50
12/31/2018	102,030	102,030	-	1,360,395	7.50
12/31/2017	100,401	100,401	-	1,338,680	7.50

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

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

OTHER REQUIRED REPORTS

ALEXANDRIA LAKE AREA SANITARY DISTRICT
ALEXANDIRA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
Alexandria Lake Area Sanitary District
Alexandria, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying financial statements of the Alexandria Lake Area Sanitary District (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

Abdo

Abdo
Mankato, Minnesota
June 28, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Alexandria Lake Area Sanitary District
Alexandria, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Alexandria Lake Area Sanitary District (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis of designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We consider the deficiency described in the accompanying Schedule of Findings and Responses as items 2022-001 to be a significant deficiency.

Compliance and Other Matters

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

The District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo
Mankato, Minnesota
June 28, 2023

Alexandria Lake Area Sanitary District
Alexandria, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2022

Finding	Description
2022-001	**Segregation of Duties**
Condition:	During our audit we reviewed internal control procedures over disbursements, cash receipts and payroll and found the District to have limited segregation of duties in these areas as noted below.
Criteria:	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
Effect:	The existence of this limited segregation of duties increases the risk of fraud.

Internal Control Over Disbursements

Cause:	As a result of the small number of staff, the District's Office Manager sets up and maintains vendors, prepares checks, mails checks to vendors, maintains the purchase journal and accounts payable records and posts transactions to the general ledger.
Recommendation:	While we recognize the number of staff is not large enough to eliminate this deficiency, we recommend that an individual, separate from the District's Office Manager, review bank reconciliations for accuracy and timeliness of preparation. It is important that the Board is aware of this condition and monitor all financial information.

Management Response:

The District has taken measures to attempt to comply even though the District is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The District Administrative Assistant performs bank reconciliations. Also, the Board has addressed this circumstance by active participation in the District's affairs. This includes approval of expenses and regular review of budget comparisons. All the expenses are also approved and reviewed by the Executive Director.

Internal Control Over Cash Receipts

Cause:	As a result of the small number of staff, the District's Administrative Assistant opens the mail, receives and endorses checks and currency, sets up and maintains customers. The Office Manager maintains receipts journal, accounts receivable records and posts transactions to the general ledger.
Recommendation:	While we recognize the number of staff is not large enough to eliminate this deficiency it is important that the Board is aware of this condition and monitors all financial information. Additional controls might include obtaining and reviewing monthly receipt information and reviewing the bank reconciliation.

Management Response:

The District has taken measures to attempt to comply even though the District is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The District Administrative Assistant performs bank reconciliations. Also, the Board has addressed this circumstance by active participation in the District's affairs. This includes approval of revenues and regular review of budget comparisons. The Executive Director also reviews and approves all revenues.

Finding	Description
2022-001	**Segregation of Duties (Continued)**

Internal Control Over Payroll

Cause: As a result of the small number of staff, the District's Office Manager sets up and maintains employee records, prepares payroll tax returns and maintains the payroll records. The Administrative Assistant and Office Manager split the following duties: run the payroll, prepares payroll checks, posts activity to the general ledger, issues checks to employees.

Recommendation: We recommend that in addition to approving payroll disbursements and wage rates the District Board review amounts earned and accrued for compensated absences on an annual basis to compensate for control deficiencies with respect to payroll accruals. Additional controls might include review of payroll registers, earnings records, payroll reports, etc.

Management Response:

The District has taken measures to attempt to comply even though the District is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The District Administrative Assistant performs bank reconciliations. Also, the Board has addressed this circumstance by active participation in the District's affairs. This includes approval of expenses and regular review of budget comparisons. The Executive Director reviews and approves payroll transactions.

APPENDIX D

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100