

Annual Comprehensive Financial Report

Albert Lea, Minnesota
Year Ended December 31, 2020



The
City of
Albert
Lea



CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada
Published June 15, 2021

The
City of
Albert
Lea



City of Albert Lea, Minnesota
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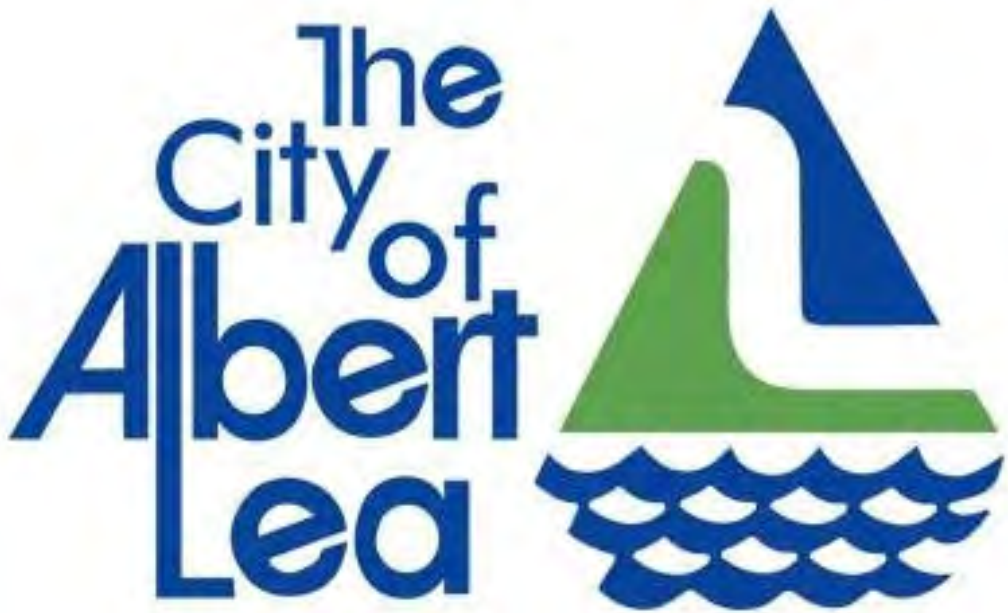
The
City of
Albert
Lea



INTRODUCTORY SECTION

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020





Honorable Mayor and
Members of the City Council

State statutes require that within six months of the close of the fiscal year the City publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BerganKDV, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Albert Lea’s financial statements for the year ended December 31, 2020. The independent auditors’ report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. The analysis complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Albert Lea, incorporated in 1878, is located at the cross roads of interstate highways I-90 and I-35. It is a diversified regional industrial, agricultural, retail, medical, and tourism center. The community is historic by Minnesota standards including a downtown designated as a National Commercial Historic District, with approximately 115 buildings in the District. We are approximately 100 miles south of the Twin Cities and only ten miles from the Iowa border. We are referred to as the “land between the lakes” as we are surrounded by several beautiful lakes. Our city currently occupies over 13 square miles and serves a growing population of 18,165 (Minnesota State Demographer’s Office Estimate, 2018). The City of Albert Lea is empowered to levy a property tax on both real and personal property located within its boundaries. These boundaries continue to increase through annexations as the City continues to develop.

The City of Albert Lea, a charter city since 1932, operates under a council-manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of a mayor and six other members, all elected on a non-partisan basis. The Council appoints the manager, who in turn appoints the heads of the various departments. Council members serve four-year terms, with three members elected every two years. The mayor is elected for a four-year term. The mayor is elected at large, and the members of the Council are elected by ward.

The City provides a full range of services. These services include police and fire protection; the construction and maintenance of streets and other infrastructure; and other recreational and cultural activities. The City also provides water and sewer services along with the operation of a transfer station. The financial reporting entity (the City) includes all the funds of the primary government (i.e., the City of Albert Lea as legally defined), as well as its component units. A component unit is a legally separate entity for which the primary government is financially accountable. The Albert Lea Port Authority and Albert Lea Housing and Redevelopment Authority are included as discretely presented component units.

The Council is required to hold a Truth in Taxation meeting in early December of each year. Following this meeting, they are required to adopt a budget and certify their levy by December 28 of each year. This annual budget serves as the foundation for the City of Albert Lea's financial planning and control. The budget is prepared by fund, function (i.e. public works) and department (i.e. snow & ice removal). Department heads may transfer resources within a department as they see fit. Transfers between funds, however, need special approval from the Council.

Local Economy

Much of our local economy is based in agriculture, including food processing and renewable fuels, but is substantially more diversified compared to a few decades ago. In addition, the City's historic downtown has experienced revitalization and has become an economic hub for the community. The City proudly was accepted into the Main Street Program in 2019. Improvements to water quality and other community assets are also resulting in more tourism as evidenced by multi-year increases in revenues from a local option sales tax and lodging tax.

Other signs of economic growth are seen in the recent addition of Mercy Medical Center in the North Bridge Mall and the installation Skyflats apartments at the Skyline Mall, both with planned openings in 2021. More recently investors have purchased or leased buildings in an effort to convert them into new restaurants. The construction of a 48 unit apartment complex at the Blazing Start site and recent zoning change requests to allow for new adaptive uses is currently underway in 2021. In December of 2020 Vortex Cold Storage announced Albert Lea would be the site of their cold storage facility creating new jobs and the potential to bring in more agricultural based growth starting in 2022.

Long-term Financial Planning

In the past few years, the City has become proactive in its approach and has made changes in fund accounting, fund balance policies, and long-term planning (including a Financial Management Plan and Facilities Master Plan) that are resulting in stronger financial sustainability. The City has well-prepared itself for any possible reductions from the state or other revenue sources, which could potentially negatively impact the City's abilities to meet service demands. Due to strong long-term financial planning, the City has kept its operating tax levy relatively flat for nine consecutive years to which increases in tax revenues have come from increases in growth and value.

Unrestricted fund balance in the general fund is within the recommendation by the Office of the State Auditor. It is recommended that the city maintain a balance between thirty and fifty percent of next year's expenditures. The City has always chosen to be conservative in the levels of assigned and unassigned fund balance it maintains and strives to be at a total forty-five percent of next year's expenditures in these categories. The City intends to continue that approach until it is once again maintaining fund balance levels in excess of the recommendation of the Office of the State Auditor. Included as part of the City's mission, vision and values is the value of integrity. The City will adhere to the highest standards of fiscal responsibility and ethical conduct in a manner that inspires public confidence and trust.

Major Initiatives

The City continued to upgrade its infrastructure through neighborhood improvement projects. Bridge Avenue was reconstructed in 2020 with the northern half being completed in 2021. The City received bonding from the state to address stormwater and flooding along HWY 65. This project will begin in 2022.

Staff are working with state regulators on a workable plan and schedule to improve the waste water treatment facility and reduce the amount of phosphorus in the Shell Rock River. This project is estimated

between \$50 and \$60 million dollars in construction. The new Fire Station was finished and operations were moved to the new facility in 2020.

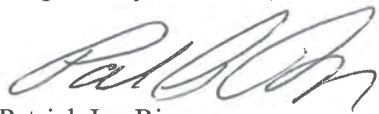
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albert Lea for its comprehensive annual financial report for the year ended December 31, 2019. This is the thirty-seventh consecutive year (1983-2019) that the City of Albert Lea has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I express my sincere appreciation to all the members of the Finance Department who assisted and contributed to the preparation of this report. Credit is also due to the auditing firm of BerganKDV for their valuable contributions and advice. I would also like to thank the Mayor and City Council for their continued leadership and commitment to long-term financial planning and for supporting annual operations in a responsible and progressive manner.

Respectfully submitted,



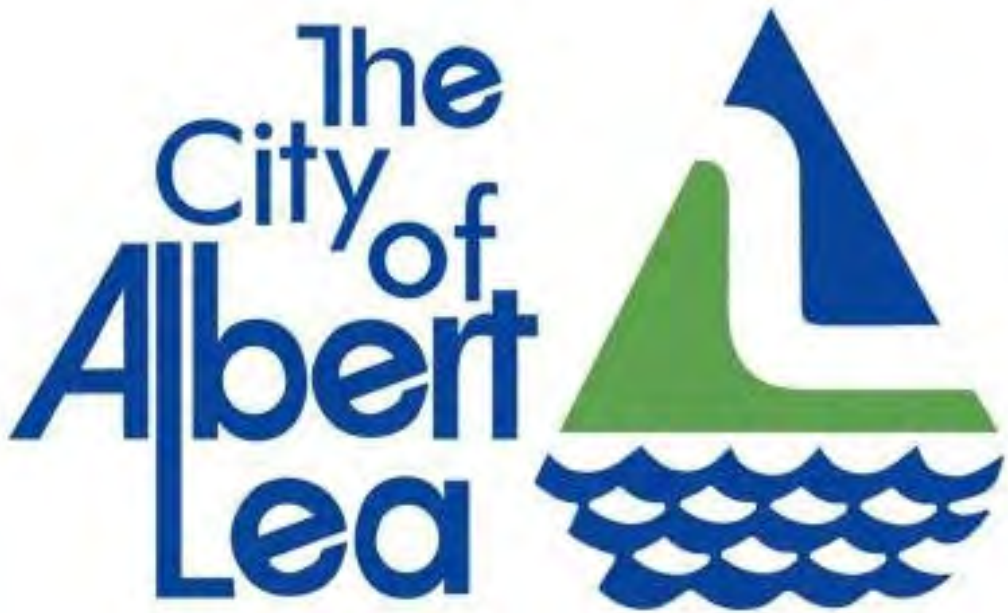
Patrick Ian Rigg
City Manager



**City of Albert Lea, Minnesota
Elected Officials and Administration
December 31, 2020**

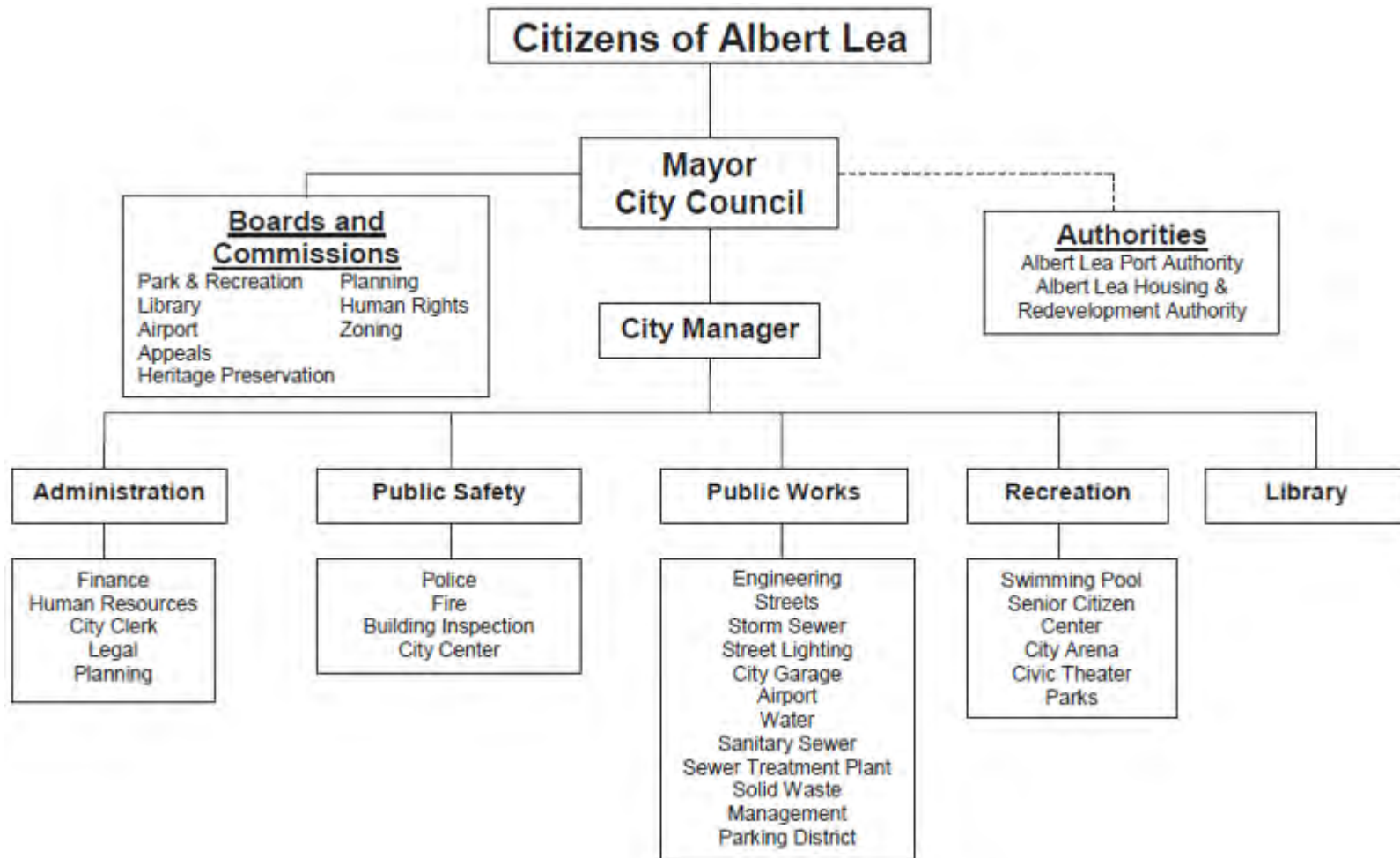
<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Vern Rasmussen Jr.	Mayor	December 31, 2022
Rich Murray	Council Member - Ward 1	December 31, 2020
Larry Baker	Council Member - Ward 2	December 31, 2022
Jason Howland	Council Member - Ward 3	December 31, 2020
Reid Olson	Council Member - Ward 4	December 31, 2022
Robert Rasmussen	Council Member - Ward 5	December 31, 2020
Al Brooks	Council Member - Ward 6	December 31, 2022

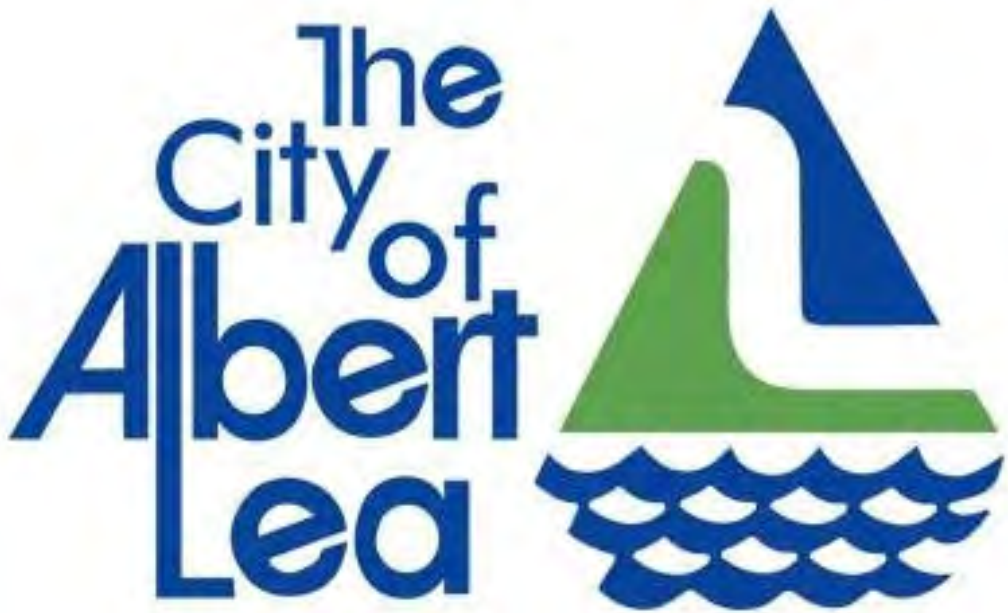
<u>Administration</u>	<u>Position</u>
Ian Rigg	City Manager
Kristi Brutlag	Finance Director
JD Carlson	Director of Public Safety
Peggy Havener	Library Director
Steven Jahnke	Public Works Director/City Engineer
Kelly Martinez	City Attorney
Mike Zelenak	Human Resources Director





Organization Chart City of Albert Lea, Minnesota





City of Albert Lea, Minnesota
GFOA Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

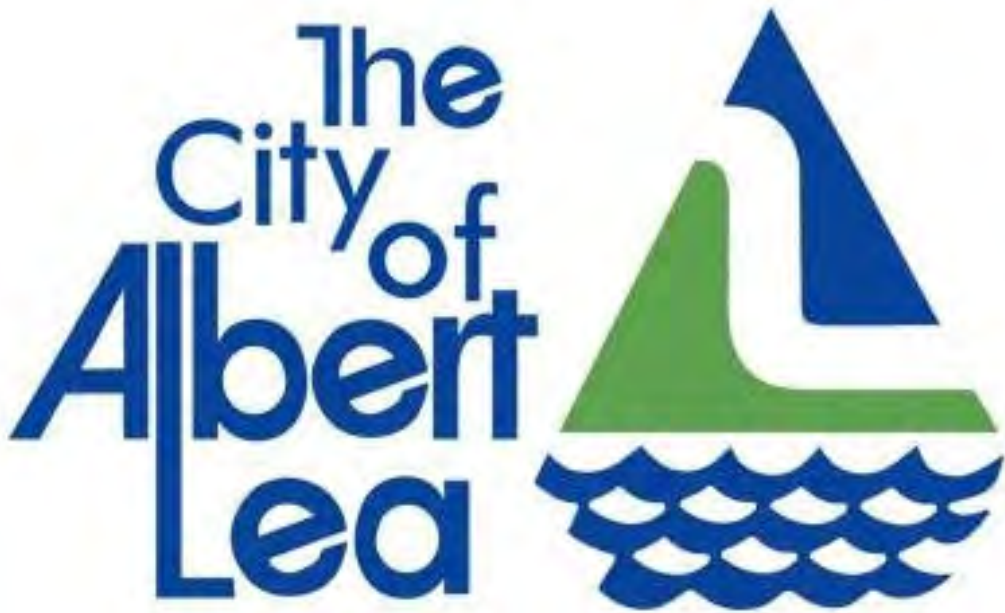
**City of Albert Lea
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION
CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Albert Lea
Albert Lea, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents. We have also audited the Housing and Redevelopment Authority of the City of Albert Lea, which is a discretely presented component unit of the City, as of and for the year ended March 31, 2020. We did not audit the financial statements of the Port Authority of the City of Albert Lea, which is a discretely presented component unit of the City.

Management's Responsibility for the Financial Statements

The City of Albert Lea's 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Port Authority of the City of Albert Lea, which is a discretely presented component unit of the City. The financial statements of this entity was audited by other auditors whose report thereon has been furnished to us and our opinion, in so far as it relates to the amounts presented for this entity, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 (GASB), 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albert Lea's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the financial statements.

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

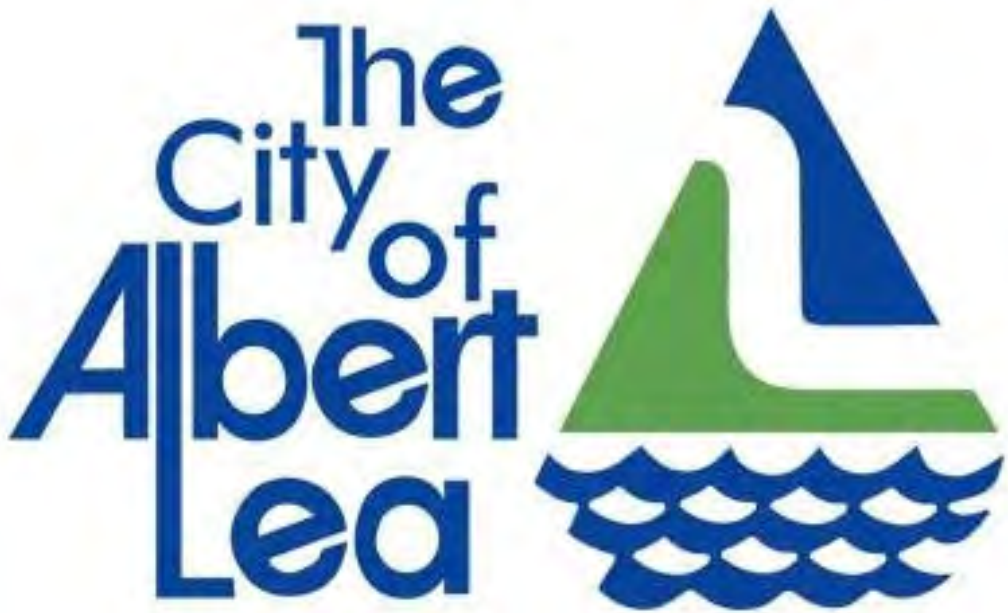
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2020, on our consideration of the City of Albert Lea'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 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 City of Albert Lea's internal control over financial reporting and compliance.



Minneapolis, Minnesota
June 15, 2021



City of Albert Lea Management's Discussion and Analysis

As management of the City of Albert Lea, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 3 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$148,135,485 (*net position*). Of this amount, \$23,601,548 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The net position of business-type activities increased by \$357,195 and net position of the governmental activities increased by \$3,060,951. This resulted in a total net position increase of \$3,418,146 for the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,016,586, an increase of \$366,064 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$9,985,667. The City's policy is to maintain a minimum of 45% of the following year's budget in unassigned fund balance. At year end, the unassigned fund balance is 63% of the 2021 budgeted General fund expenditures and transfers, \$2,809,211 more than the required amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of "combining and individual fund financial statements and schedules" that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with "combining and individual fund financial statements and schedules" that provide details about nonmajor governmental and nonmajor proprietary funds, which are added together and presented in single columns in the basic governmental financial statements and proprietary statements, respectively.

**City of Albert Lea
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The following chart shows how the various parts of this annual report are arranged and related to one another:

**Figure 1
Required Components of the City's Annual Financial Report**

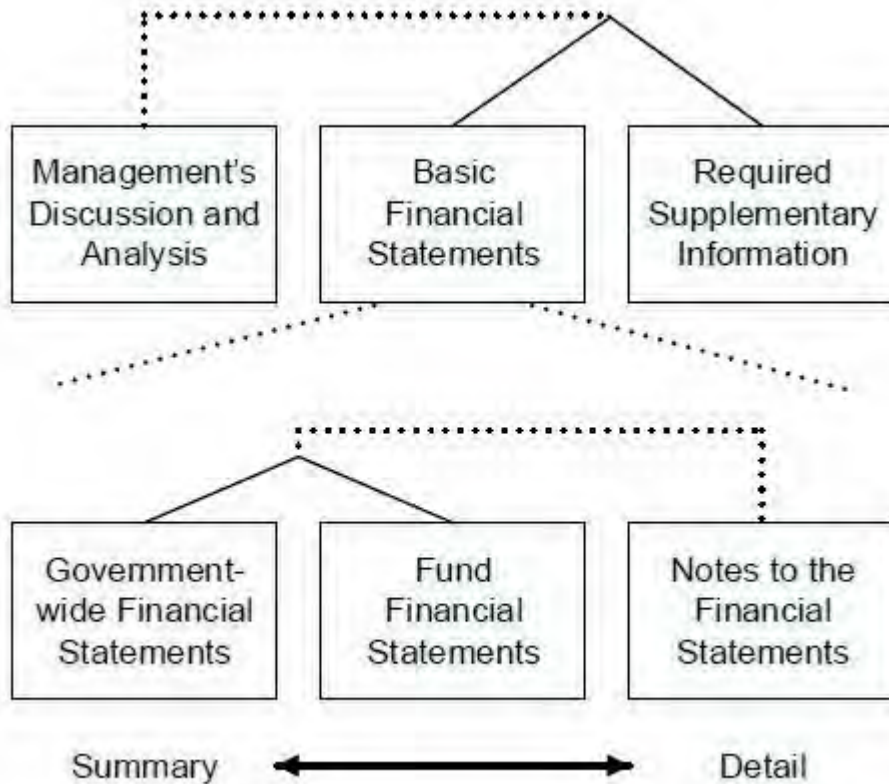


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**City of Albert Lea
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Figure 2
Major Features of the Government-wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**City of Albert Lea
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, and interest on long-term debt. The business-type activities of the City include water, sewer, and solid waste utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Port Authority and Housing and Redevelopment Authority (HRA) which are backed by the full faith and credit of the City of Albert Lea. Financial information for these *component units* are discretely presented for the primary government.

The government-wide financial statements start on page 34 of this report.

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 City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**City of Albert Lea
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances (deficits) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds, 12 of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Reserve, 2015 GO Bonds, TIF 5-13 Larson Manufacturing, TIF 5-15 Broadway Ridge Redevelopment, and 2020 CIP Projects, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General, Airport, and Senior Center Funds. A budgetary comparison statement or schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 38 of this report.

Proprietary Funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and solid waste management activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its insurance operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the Enterprise Funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 46 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 government-wide and fund financial statements. The notes to financial statements start on page 53 of this report.

**City of Albert Lea
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City of Albert Lea's share of net pension liabilities for defined benefit plans, schedule of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required Supplementary Information can be found starting on page 96 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 107 of this report.

GOVERNMENT-WIDE 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 City, assets and deferred outflows exceeded liabilities and deferred inflows by \$148,135,485 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (72.5%) 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 City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Albert Lea's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 41,910,291	\$ 43,331,311	(1,421,020)	\$ 15,914,277	\$ 13,626,494	2,287,783
Capital assets	83,641,562	80,686,636	2,954,926	47,132,406	46,883,161	249,245
Total assets	<u>125,551,853</u>	<u>124,017,947</u>	<u>1,533,906</u>	<u>63,046,683</u>	<u>60,509,655</u>	<u>2,537,028</u>
Deferred Outflows of Resources						
Deferred OPEB resources	105,544	133,407	(27,863)	18,407	24,640	(6,233)
Deferred pension resources	2,223,058	3,476,201	(1,253,143)	86,017	89,740	(3,723)
Total deferred outflows of resources	<u>2,328,602</u>	<u>3,609,608</u>	<u>(1,281,006)</u>	<u>104,424</u>	<u>114,380</u>	<u>(9,956)</u>
Liabilities						
Other liabilities	3,067,300	4,265,708	(1,198,408)	411,726	471,270	(59,544)
Noncurrent liabilities	29,959,855	29,125,707	834,148	5,680,382	3,304,505	2,375,877
Total liabilities	<u>33,027,155</u>	<u>33,391,415</u>	<u>(364,260)</u>	<u>6,092,108</u>	<u>3,775,775</u>	<u>2,316,333</u>
Deferred Inflows of Resources						
Deferred OPEB resources	505,704	533,812	(28,108)	88,193	98,594	(10,401)
Deferred pension resources	3,128,543	5,544,226	(2,415,683)	54,374	190,429	(136,055)
Total deferred inflows of resources	<u>3,634,247</u>	<u>6,078,038</u>	<u>(2,443,791)</u>	<u>142,567</u>	<u>289,023</u>	<u>(146,456)</u>
Net Position						
Net investment in capital assets	62,676,110	59,788,439	2,887,671	44,674,279	44,963,435	(289,156)
Restricted	17,183,548	18,624,347	(1,440,799)	-	-	-
Unrestricted	11,359,395	9,745,316	1,614,079	12,242,153	11,595,802	646,351
Total net position	<u>\$ 91,219,053</u>	<u>\$ 88,158,102</u>	<u>3,060,951</u>	<u>\$ 56,916,432</u>	<u>\$ 56,559,237</u>	<u>357,195</u>

An additional portion of the City's net position (11.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (15.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental Activities. Governmental activities increased the City's net position by \$3,060,951, thereby accounting for percent of the growth in the net position of the City. Key elements of this change are as follows:

**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Albert Lea's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,334,617	\$ 1,769,632	\$ (435,015)	\$ 8,168,049	\$ 7,985,050	\$ 182,999
Operating grants and contributions	1,550,687	656,566	894,121	7,570	13,711	(6,141)
Capital grants and contributions	3,004,849	2,675,884	328,965	249,325	3,118,474	(2,869,149)
General revenues						
Property taxes	6,616,537	6,285,386	331,151	-	-	-
Tax increments	386,348	367,775	18,573	-	-	-
Franchise taxes	1,657,164	1,730,997	(73,833)	-	-	-
State grants and contributions not restricted to specific programs	5,626,401	5,415,747	210,654	-	-	-
Unrestricted investment earnings	614,346	1,009,666	(395,320)	337,761	485,109	(147,348)
Gain on disposal of capital assets	197,265	31,369	165,896	-	-	-
Total revenues	<u>20,988,214</u>	<u>19,943,022</u>	<u>1,045,192</u>	<u>8,762,705</u>	<u>11,602,344</u>	<u>(2,839,639)</u>
Expenses						
General government	2,409,652	2,466,797	(57,145)	-	-	-
Public safety	7,110,586	6,853,580	257,006	-	-	-
Public works	4,783,978	4,858,591	(74,613)	-	-	-
Culture and recreation	3,622,589	4,219,744	(597,155)	-	-	-
Airport	838,465	719,033	119,432	-	-	-
Community development	741,140	597,661	143,479	-	-	-
Interest on long-term debt	681,353	597,515	83,838	-	-	-
Water	-	-	-	1,769,325	1,746,635	22,690
Sewer	-	-	-	4,233,447	4,116,664	116,783
Solid waste	-	-	-	142,238	138,355	3,883
Total expenses	<u>20,187,763</u>	<u>20,312,921</u>	<u>(125,158)</u>	<u>6,145,010</u>	<u>6,001,654</u>	<u>143,356</u>
Increase in Net Assets before transfers	800,451	(369,899)	1,170,350	2,617,695	5,600,690	(2,982,995)
Transfers	<u>2,260,500</u>	<u>2,187,000</u>	<u>73,500</u>	<u>(2,260,500)</u>	<u>(2,187,000)</u>	<u>(73,500)</u>
Changes in Net Position	3,060,951	1,817,101	1,243,850	357,195	3,413,690	(3,056,495)
Net position, January 1	<u>88,158,102</u>	<u>86,341,001</u>	<u>1,817,101</u>	<u>56,559,237</u>	<u>53,145,547</u>	<u>3,413,690</u>
Net position, December 31	<u>\$ 91,219,053</u>	<u>\$ 88,158,102</u>	<u>\$ 3,060,951</u>	<u>\$ 56,916,432</u>	<u>\$ 56,559,237</u>	<u>\$ 357,195</u>

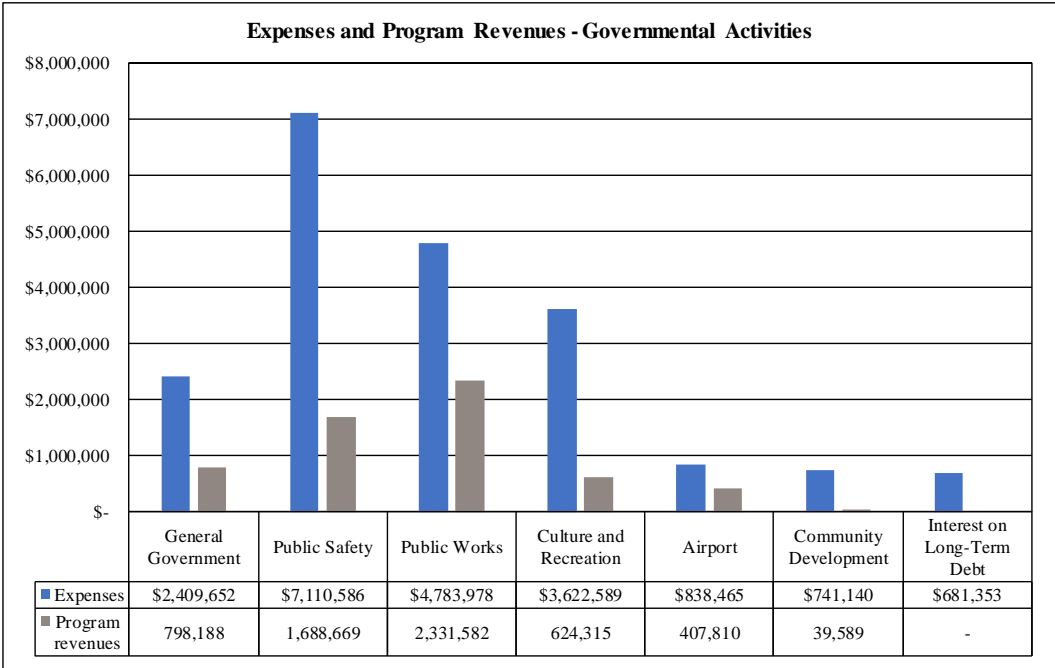
- Property taxes represent approximately 31.5% of total revenues in 2020 in governmental activities.
- The largest revenue variance was a \$894,121 increase in operating grants and contributions due to federal funding received through the Coronavirus Aid, Relief, and Economic Security Act.
- The largest expense variance was a decrease in the culture and recreation function as a result of the impact of the COVID-19 pandemic on operational expenditures during the year.

**City of Albert Lea
Management's Discussion and Analysis**

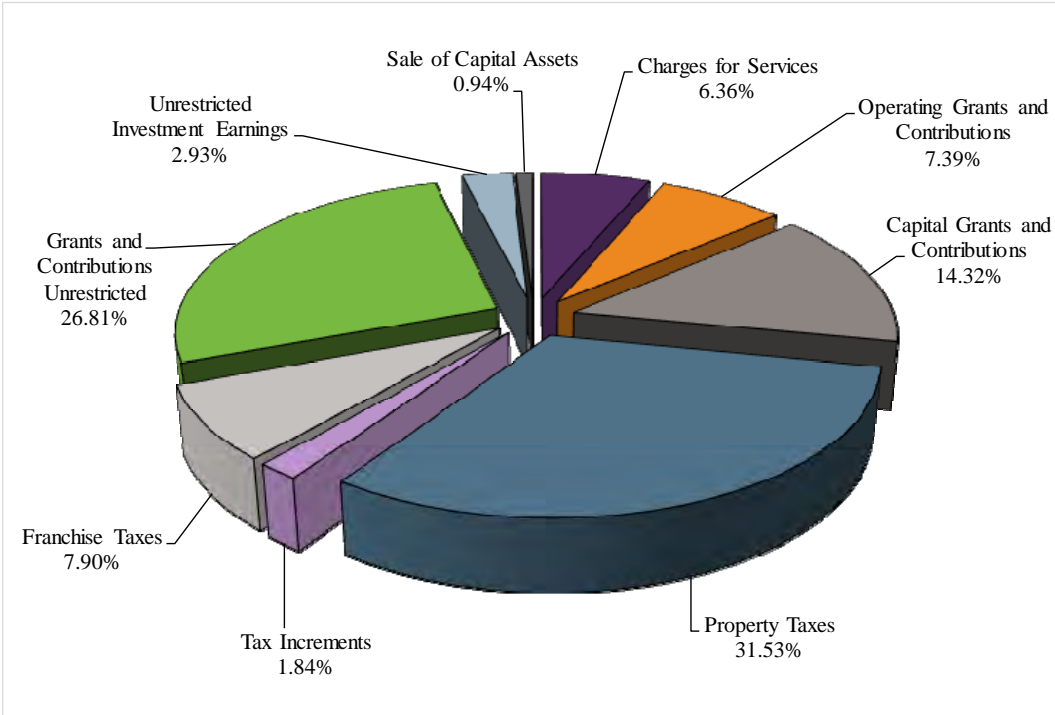
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.



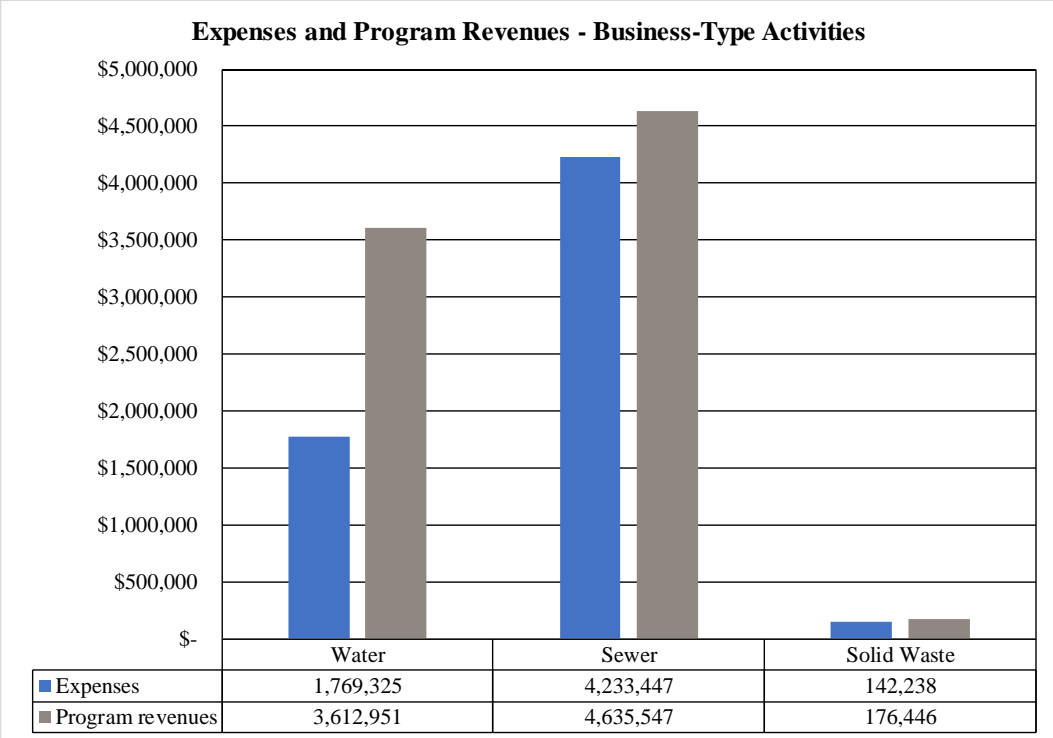
Revenues by Source – Governmental Activities



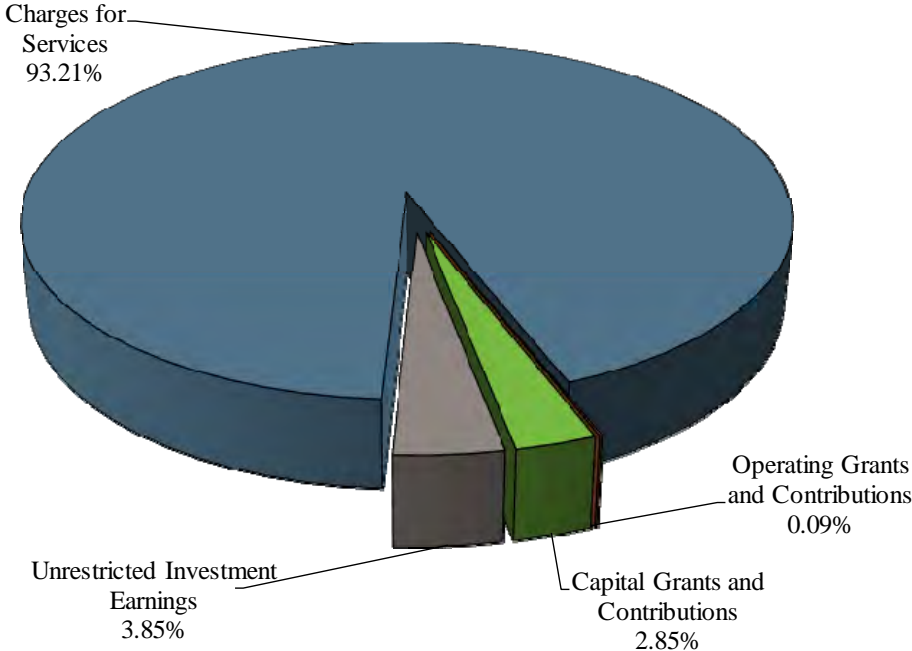
**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities. Business-type activities increased the City's net position by \$357,195 primarily due to the operating income of the Water Fund. Elements of the increase are as follows:



Revenues by Source - Business-Type Activities



**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,016,586, an increase of \$366,064 in comparison with the prior year. Approximately 24% of this total amount (\$6,893,607) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$22,122,979) is not available for new spending because it is either 1) nonspendable (\$1,695,073), 2) restricted (\$9,772,899), 3) committed (\$3,430,091), or 4) assigned (\$7,224,916) for the purposes described in the fund balance section of each balance sheet.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
General	\$ 11,680,740	\$ 10,385,419	\$ 1,295,321
The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$1,295,321. The fund had net transfers of \$175,500 during the year, which contributed to the increase.			
Debt Service Reserve	\$ 896,276	\$ 1,015,566	\$ (119,290)
The Debt Service Reserve had a total fund balance of \$896,276. Fund balance decreased \$119,290 from 2019 due to transfers out to other debt service funds.			
2015 G.O. Bonds	\$ 1,129,961	\$ 1,063,732	\$ 66,229
The 2015 G.O. Bonds Fund is a major debt service fund with a total fund balance of \$1,129,961, which increased \$66,229 from 2019. The increase in fund balance is mainly due to special assessment revenue and transfers in from other funds.			
TIF 5-13 Larson Manufacturing	\$ (1,348,931)	\$ (1,469,328)	\$ 120,397
The TIF 5-13 Fund has a total fund balance deficit of \$1,348,931. The deficit is mostly due to expenditures being greater than tax increments collected from prior years. The deficit will be funded with future tax increment revenues.			
TIF 5-15 Broadway Ridge Redevelopment	\$ (1,418,620)	\$ (1,460,466)	\$ 41,846
The TIF 5-15 Fund has a total fund balance deficit of \$1,418,620. The deficit is mostly due to expenditures being greater than tax increments collected revenues from prior years. The deficit will be funded with future tax increment revenues.			
2020 CIP Projects	\$ (71,210)	\$ -	\$ (71,210)
The 2020 CIP Project Fund is a major capital project fund with a total fund deficit of \$71,210. Fund expenditures for construction projects exceeded revenues and bond proceeds received in 2020.			

**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds (Continued)

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$12,889,028. The total increase in net position for the funds was \$374,880.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for no change in fund balance. The General fund had an actual increase of \$1,295,321 in 2020. Some of the larger variances are as follows:

- Revenues were over budget by \$490,851 with intergovernmental revenue being over budget by \$925,910. Charges for services and taxes were under budget by \$275,259 and \$190,411, respectively. Expenditures were under budget by \$1,604,470, primarily due to culture and recreation being under budget by \$793,341.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$130,773,968 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

- New fire station
- Water tower construction and rehabilitation
- Horseshoe sliplining
- Purchases of motor grader, toolcat, tractor, and other vehicles
- Various street improvement projects
- Council chamber upgrades
- Purchase of chiller replacement

**City of Albert Lea's Capital Assets
(Net of Accumulated Depreciation)**

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 6,660,088	\$ 6,660,088	\$ -	\$ 300,463	\$ 300,463	\$ -
Construction in progress	3,521,980	12,908,731	9,386,751	3,968,211	4,661,358	693,147
Buildings	18,356,120	7,220,815	(11,135,305)	16,656,453	17,437,928	781,475
Improvements other than buildings	48,919,852	47,713,142	(1,206,710)	25,022,162	23,194,542	(1,827,620)
Equipment	6,183,522	6,183,860	338	1,185,117	1,288,870	103,753
Total	\$ 83,641,562	\$ 80,686,636	\$ (2,954,926)	\$ 47,132,406	\$ 46,883,161	\$ (249,245)

**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Additional information on the City's capital assets can be found in Note 7 starting on page 66 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$22,965,000. While all of the City's bonds have revenue streams, they are also all backed by the full faith and credit of the City.

City of Albert Lea's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
PRI Assessment Bonds	\$ 19,655,000	\$ 19,670,000	\$ 15,000	\$ -	\$ -	\$ -
Equipment certificate	555,000	700,000	145,000	115,000	150,000	35,000
Notes payable	148,769	163,700	14,931	-	-	-
Revenue Bonds	-	-	-	2,640,000	560,000	(2,080,000)
PFA Loans	-	-	-	1,162,783	1,214,286	51,503
Total	\$ 20,358,769	\$ 20,533,700	\$ 174,931	\$ 3,917,783	\$ 1,924,286	\$ (1,993,497)

The City's bond rating is AA- from Standards and Poor's. Additional information on the City's long-term debt can be found in Note 8 starting on page 69 of this report.

Economic Factors and Next Year's Budgets and Rates

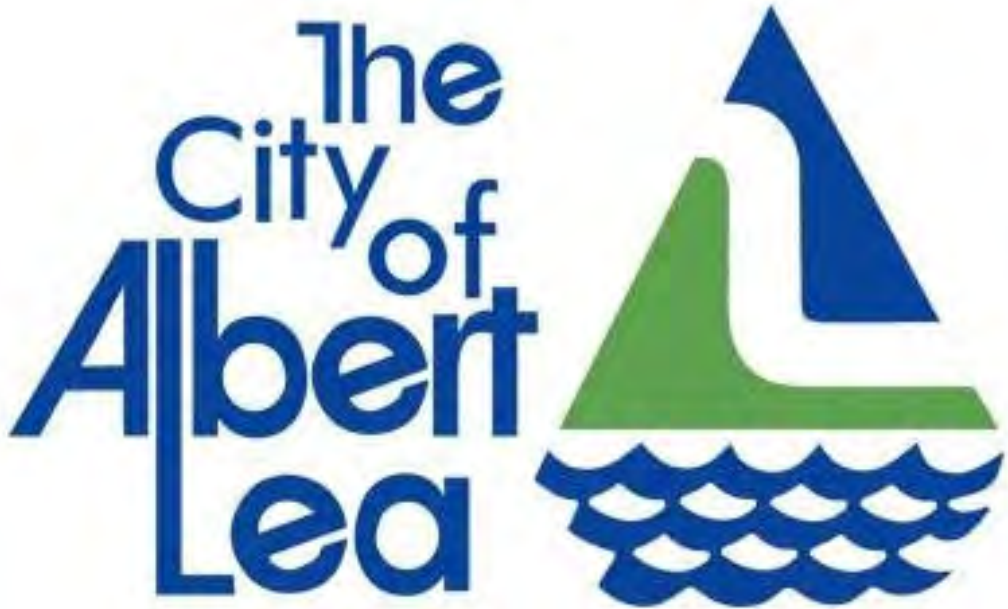
- The City approved a balanced budget for 2021.
- The City's General fund property tax levy for 2021 increased \$67,547 to \$4,826,000.
- The City updates annually a long-range financial plan to use as a tool for managing the City's tax levy, tax rate and debt load.

Continue to evaluate the water and sewer rates to ensure sufficient cash for upcoming capital projects as well as reaching a sufficient fund balance.

- The City's net tax capacity increased 2.96% for the 2021 tax calculation. The tax rate for 2021 decreased .09% - from 60.064 to 60.008.
- The City is in a stable position with an unassigned fund balance in the General Fund of 63% of the 2021 budgeted expenses at the end of 2020.
- The City is expecting approximately \$2 million from the American Rescue Plan Act and is reviewing the options for the best use of the funds.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the finance department, City of Albert Lea, 221 East Clark Street, Albert Lea, Minnesota 56007.



BASIC FINANCIAL STATEMENTS

**City of Albert Lea
Statement of Net Position
December 31, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Assets					
Cash and investments	\$ 27,644,883	\$ 13,405,870	\$ 41,050,753	\$ 1,513,324	\$ 818,245
Restricted cash	-	-	-	-	58,804
Taxes receivable	329,348	-	329,348	-	-
Accounts receivable	467,640	1,293,478	1,761,118	78,909	124,607
Interest receivable	43,268	-	43,268	1,170	-
Loans receivable	2,439,116	51,183	2,490,299	1,522,532	-
Contract for deed receivable	-	-	-	280,917	-
Special assessments receivable	7,899,823	1,618,970	9,518,793	-	-
Due from other governments	1,228,025	17,744	1,245,769	125,000	-
Due from primary government	-	-	-	1,360,664	-
Internal balances	626,422	(626,422)	-	-	-
Inventory	39,680	107,197	146,877	-	-
Property held for resale	-	-	-	4,300,680	-
Prepaid items	1,192,086	-	1,192,086	2,760	14,278
Patronage equity	-	46,257	46,257	2,178	-
Capital assets not being depreciated					
Land	6,660,088	300,463	6,960,551	262,933	177,998
Construction in progress	3,521,980	3,968,211	7,490,191	-	76,834
Capital assets being depreciated					
Buildings and structures	31,254,249	36,117,982	67,372,231	9,862,127	6,786,748
Improvements other than buildings	86,856,483	43,489,941	130,346,424	-	2,231,886
Equipment	16,688,170	4,186,508	20,874,678	-	398,199
Less accumulated depreciation	(61,339,408)	(40,930,699)	(102,270,107)	(5,187,549)	(7,037,438)
Total assets	<u>125,551,853</u>	<u>63,046,683</u>	<u>188,598,536</u>	<u>14,125,645</u>	<u>3,650,161</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to OPEB	105,544	18,407	123,951	-	-
Deferred outflows of resources related to pensions	2,223,058	86,017	2,309,075	-	-
Total deferred outflows of resources	<u>2,328,602</u>	<u>104,424</u>	<u>2,433,026</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 127,880,455</u>	<u>\$ 63,151,107</u>	<u>\$ 191,031,562</u>	<u>\$ 14,125,645</u>	<u>\$ 3,650,161</u>

**City of Albert Lea
Statement of Net Position
December 31, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Liabilities					
Accounts payable	\$ 639,217	\$ 151,272	\$ 790,489	\$ 17,856	\$ 5,838
Salaries and benefits payable	209,586	22,299	231,885	4,191	9,153
Deposits payable	54,743	10,000	64,743	-	36,511
Contracts payable	145,840	172,080	317,920	-	-
Due to other governments	386,148	18,290	404,438	12,871	58,919
Due to component unit	1,306,254	-	1,306,254	-	-
Unearned revenue	-	-	-	11,631	11,487
Other accrued liabilities	-	-	-	-	230
Interest payable					
Payable within one year	325,512	37,785	363,297	12,042	21
Payable after one year	-	-	-	10,000	-
Net bonds payable					
Payable within one year	2,885,000	230,000	3,115,000	-	-
Payable after one year	17,931,683	2,771,730	20,703,413	-	-
Loans/notes payable					
Payable within one year	15,000	55,000	70,000	-	-
Payable after one year	133,769	1,107,783	1,241,552	-	-
Notes and mortgages payable					
Payable within one year	-	-	-	175,012	2,118
Payable after one year	-	-	-	4,607,414	343,460
Compensated absences payable					
Payable within one year	736,730	118,860	855,590	-	11,859
Payable after one year	387,594	77,219	464,813	6,965	7,022
Net pension liability					
Payable after one year	6,883,082	1,147,660	8,030,742	-	-
Total OPEB liability					
Payable after one year	986,997	172,130	1,159,127	-	-
Total liabilities	33,027,155	6,092,108	39,119,263	4,857,982	486,618
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	505,704	88,193	593,897	-	-
Deferred inflows of resources related to pensions	3,128,543	54,374	3,182,917	-	-
Property taxes levied for subsequent years	-	-	-	-	81,750
Total deferred inflows of resources	3,634,247	142,567	3,776,814	-	81,750
Net Position					
Net investment in capital assets	62,676,110	44,674,279	107,350,389	1,667,617	2,288,649
Restricted for					
Fire and police operations	2,174,814	-	2,174,814	-	-
Capital improvements	180,955	-	180,955	-	-
Airport improvements	435,269	-	435,269	-	-
Economic development	865,448	-	865,448	-	-
Debt service	13,527,062	-	13,527,062	-	-
Public housing	-	-	-	-	22,104
Unrestricted	11,359,395	12,242,153	23,601,548	7,600,046	771,040
Total net position	91,219,053	56,916,432	148,135,485	9,267,663	3,081,793
Total liabilities, deferred inflows of resources, and net position	\$ 127,880,455	\$ 63,151,107	\$ 191,031,562	\$ 14,125,645	\$ 3,650,161

**City of Albert Lea
Statement of Activities
Year Ended December 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,409,652	\$ 134,210	\$ 133,836	\$ 530,142
Public safety	7,110,586	551,141	1,132,106	5,422
Public works	4,783,978	253,635	284,745	1,793,202
Culture and recreation	3,622,589	318,690	-	305,625
Community development	741,140	39,589	-	-
Airport	838,465	37,352	-	370,458
Interest on long-term debt	681,353	-	-	-
Total governmental activities	<u>20,187,763</u>	<u>1,334,617</u>	<u>1,550,687</u>	<u>3,004,849</u>
Business-type activities				
Water	1,769,325	3,528,741	-	84,210
Sewer	4,233,447	4,462,862	7,570	165,115
Solid waste	142,238	176,446	-	-
Total business-type activities	<u>6,145,010</u>	<u>8,168,049</u>	<u>7,570</u>	<u>249,325</u>
Total primary governmental	<u>\$ 26,332,773</u>	<u>\$ 9,502,666</u>	<u>\$ 1,558,257</u>	<u>\$ 3,254,174</u>
Component Units				
Port Authority	1,059,223	935,083	75,168	-
Housing Redevelopment Authority	1,832,658	613,780	1,194,662	76,834
Total component units	<u>\$ 2,891,881</u>	<u>\$ 1,548,863</u>	<u>\$ 1,269,830</u>	<u>\$ 76,834</u>
General revenues				
Property taxes				
Franchise fees				
Tax increments				
Unrestricted investment income				
Grants and contributions not restricted to specific programs				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

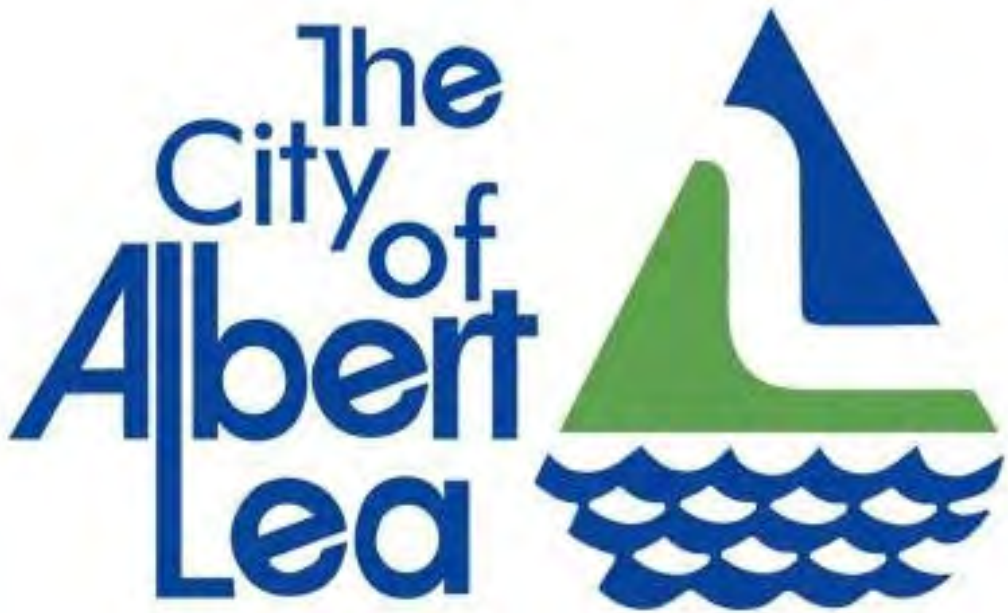
Net (Expense) Revenues and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
\$ (1,611,464)	\$ -	\$ (1,611,464)	\$ -	\$ -
(5,421,917)	-	(5,421,917)	-	-
(2,452,396)	-	(2,452,396)	-	-
(2,998,274)	-	(2,998,274)	-	-
(701,551)	-	(701,551)	-	-
(430,655)	-	(430,655)	-	-
(681,353)	-	(681,353)	-	-
<u>(14,297,610)</u>	<u>-</u>	<u>(14,297,610)</u>	<u>-</u>	<u>-</u>
-	1,843,626	1,843,626	-	-
-	402,100	402,100	-	-
-	34,208	34,208	-	-
-	<u>2,279,934</u>	<u>2,279,934</u>	<u>-</u>	<u>-</u>
<u>(14,297,610)</u>	<u>2,279,934</u>	<u>(12,017,676)</u>	<u>-</u>	<u>-</u>
-	-	-	(48,972)	-
-	-	-	-	<u>52,618</u>
-	-	-	(48,972)	<u>52,618</u>
6,616,537	-	6,616,537	-	-
1,657,164	-	1,657,164	-	-
386,348	-	386,348	-	-
614,346	337,761	952,107	27,944	7,673
5,626,401	-	5,626,401	-	-
197,265	-	197,265	-	-
2,260,500	(2,260,500)	-	-	-
<u>17,358,561</u>	<u>(1,922,739)</u>	<u>15,435,822</u>	<u>27,944</u>	<u>7,673</u>
3,060,951	357,195	3,418,146	(21,028)	60,291
<u>88,158,102</u>	<u>56,559,237</u>	<u>144,717,339</u>	<u>9,288,691</u>	<u>3,021,502</u>
<u>\$ 91,219,053</u>	<u>\$ 56,916,432</u>	<u>\$ 148,135,485</u>	<u>\$ 9,267,663</u>	<u>\$ 3,081,793</u>

City of Albert Lea
Balance Sheet - Governmental Funds
December 31, 2020

	Debt Service		
	General (101)	Debt Service Reserve (301)	2015 G.O. Bonds (312)
Assets			
Cash and investments	\$ 9,578,110	\$ 895,937	\$ 1,125,491
Taxes receivable	313,060	-	-
Taxes receivable - delinquent	-	-	-
Accounts receivable	431,916	-	-
Interest receivable	39,335	-	-
Loans receivable	130,831	-	-
Special assessments receivable	250,411	1,746,694	1,828,095
Due from other funds	-	-	-
Due from other governments	106,674	-	-
Advances to other funds	1,462,307	-	-
Inventory	39,680	-	-
Prepaid items	193,086	-	-
	Total assets	\$ 2,642,631	\$ 2,953,586
Liabilities			
Accounts payable	\$ 301,078	\$ -	\$ -
Salaries and benefits payable	209,586	-	-
Deposits payable	20,993	-	-
Contracts payable	-	-	-
Due to other funds	-	-	-
Due to other governments	90,442	-	-
Advances from other funds	-	-	-
Advances from component unit	-	-	-
	Total liabilities	-	-
Deferred Inflows of Resources			
Unavailable revenue - property taxes	235,840	-	-
Unavailable revenue - special assessments	6,731	1,746,355	1,823,625
	Total deferred inflows of resources	1,746,355	1,823,625
Fund Balances			
Nonspendable	1,695,073	-	-
Restricted	-	896,276	1,129,961
Committed	-	-	-
Assigned	-	-	-
Unassigned	9,985,667	-	-
	Total fund balances	896,276	1,129,961
	Total liabilities, deferred inflows of resources, and fund balances	\$ 2,642,631	\$ 2,953,586

Capital Projects				
TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	2020 CIP Projects (490)	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 191,670	\$ 15,202,349	\$ 26,993,557
-	3,994	-	-	317,054
-	-	-	12,294	12,294
-	-	-	35,724	467,640
-	-	-	3,933	43,268
-	-	-	2,308,285	2,439,116
-	-	-	4,074,623	7,899,823
-	-	-	156,615	156,615
-	-	-	1,121,351	1,228,025
-	-	-	-	1,462,307
-	-	-	-	39,680
-	-	-	-	193,086
<u>\$ -</u>	<u>\$ 3,994</u>	<u>\$ 191,670</u>	<u>\$ 22,915,174</u>	<u>\$ 41,252,465</u>
\$ -	\$ -	\$ 5,429	\$ 315,713	\$ 622,220
-	-	-	-	209,586
-	-	-	33,750	54,743
-	-	115,840	30,000	145,840
-	-	-	156,615	156,615
-	-	141,611	154,095	386,148
42,677	1,419,630	-	20,453	1,482,760
1,306,254	-	-	-	1,306,254
<u>1,348,931</u>	<u>1,419,630</u>	<u>262,880</u>	<u>710,626</u>	<u>4,364,166</u>
-	2,984	-	-	238,824
-	-	-	4,056,178	7,632,889
-	2,984	-	4,056,178	7,871,713
-	-	-	-	1,695,073
-	-	-	7,746,662	9,772,899
-	-	-	3,430,091	3,430,091
-	-	-	7,224,916	7,224,916
(1,348,931)	(1,418,620)	(71,210)	(253,299)	6,893,607
<u>(1,348,931)</u>	<u>(1,418,620)</u>	<u>(71,210)</u>	<u>18,148,370</u>	<u>29,016,586</u>
<u>\$ -</u>	<u>\$ 3,994</u>	<u>\$ 191,670</u>	<u>\$ 22,915,174</u>	<u>\$ 41,252,465</u>



City of Albert Lea
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2020

Total fund balances - governmental funds	\$ 29,016,586
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	144,980,970
Less accumulated depreciation	(61,339,408)
Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.	
	999,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(20,210,000)
Unamortized bond premiums/discounts	(606,683)
Notes payable	(148,769)
Compensated absences payable	(1,124,324)
Total OPEB liability	(986,997)
Net pension liability	(6,883,082)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	238,824
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(3,128,543)
Deferred outflows of resources related to pensions	2,223,058
Deferred outflows of resources related to OPEB	105,544
Deferred inflows of resources related to OPEB	(505,704)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	7,632,889
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(325,512)
Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities are included in the governmental activities Statement of Net Position.	
	1,281,204
Total net position - governmental activities	\$ 91,219,053

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2020

	Debt Service		
	General (101)	Debt Service Reserve (301)	2015 G.O. Bonds (312)
Revenues			
Taxes	\$ 6,490,042	\$ -	\$ 23,904
Special assessments	-	148,667	297,970
Licenses and permits	294,938	-	-
Intergovernmental	7,380,019	-	-
Charges for services	823,701	-	-
Fines and forfeitures	64,988	-	-
Miscellaneous			
Investment income	201,734	30,181	21,412
Contributions and donations	4,575	-	-
Other	47,522	-	-
Total revenues	15,307,519	178,848	343,286
Expenditures			
Current			
General government	2,054,861	-	-
Public safety	6,520,243	-	-
Public works	2,638,245	-	-
Culture and recreation	2,845,543	-	-
Community development	113,875	-	-
Airport	-	-	-
Debt service			
Principal	14,931	-	365,000
Interest and other charges	-	917	112,057
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Airport	-	-	-
Total expenditures	14,187,698	917	477,057
Excess of revenues over (under) expenditures	1,119,821	177,931	(133,771)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	-
Issuance of debt	-	-	-
Bond premium	-	-	-
Transfers in	1,940,500	200,000	200,000
Transfers out	(1,765,000)	(497,221)	-
Total other financing sources (uses)	175,500	(297,221)	200,000
Net change in fund balances	1,295,321	(119,290)	66,229
Fund Balances			
Beginning of year	10,385,419	1,015,566	1,063,732
End of year	\$ 11,680,740	\$ 896,276	\$ 1,129,961

See notes to financial statements.

Capital Projects				
TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	2020 CIP Projects (490)	Nonmajor Governmental Funds	Total Governmental Funds
\$ 121,005	\$ 42,239	\$ -	\$ 1,961,006	\$ 8,638,196
-	-	-	1,031,432	1,478,069
-	-	-	-	294,938
-	-	551,885	1,092,753	9,024,657
-	-	-	50,103	873,804
-	-	-	5,348	70,336
-	-	1,212	339,668	594,207
-	-	-	255	4,830
-	-	-	51,367	98,889
<u>121,005</u>	<u>42,239</u>	<u>553,097</u>	<u>4,531,932</u>	<u>21,077,926</u>
-	-	-	32,766	2,087,627
-	-	-	131,575	6,651,818
-	-	166,442	174,032	2,978,719
-	-	-	225,765	3,071,308
608	393	-	454,426	569,302
-	-	-	236,389	236,389
-	-	-	2,370,000	2,749,931
-	-	49,346	467,002	629,322
-	-	-	362,237	362,237
-	-	-	2,180,347	2,180,347
-	-	3,252,379	873,922	4,126,301
-	-	-	197,385	197,385
-	-	-	171,838	171,838
-	-	-	14,724	14,724
<u>608</u>	<u>393</u>	<u>3,468,167</u>	<u>7,892,408</u>	<u>26,027,248</u>
120,397	41,846	(2,915,070)	(3,360,476)	(4,949,322)
-	-	-	197,265	197,265
-	-	2,575,000	-	2,575,000
-	-	282,621	-	282,621
-	-	-	3,902,595	6,243,095
-	-	(13,761)	(1,706,613)	(3,982,595)
<u>-</u>	<u>-</u>	<u>2,843,860</u>	<u>2,393,247</u>	<u>5,315,386</u>
120,397	41,846	(71,210)	(967,229)	366,064
<u>(1,469,328)</u>	<u>(1,460,466)</u>	<u>-</u>	<u>19,115,599</u>	<u>28,650,522</u>
<u>\$ (1,348,931)</u>	<u>\$ (1,418,620)</u>	<u>\$ (71,210)</u>	<u>\$ 18,148,370</u>	<u>\$ 29,016,586</u>

City of Albert Lea
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended December 31, 2020

Total change in fund balances - governmental funds \$ 366,064

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	6,985,939
Depreciation expense	(4,014,421)
Loss on disposal of capital assets	(16,592)

Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.

Amortization of prepaid lease	(27,000)
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Some expenses are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

Compensated absences payable	9,426
Total other post employment benefits (OPEB) liability	(49,313)

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.

Bond principal payments	2,735,000
Loan payments	14,931

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

(242,186)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(87,466)

Proceeds from long-term debt are recognized as another financing source in the governmental funds but have no impact on the changes in net position in the Statement of Activities.

(2,575,000)

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	435,779
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (loss) of internal service funds are reported with governmental activities.

(37,560)

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes	21,853
Special assessments	(458,503)

Change in net position - governmental activities \$ 3,060,951

See notes to financial statements.

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2020

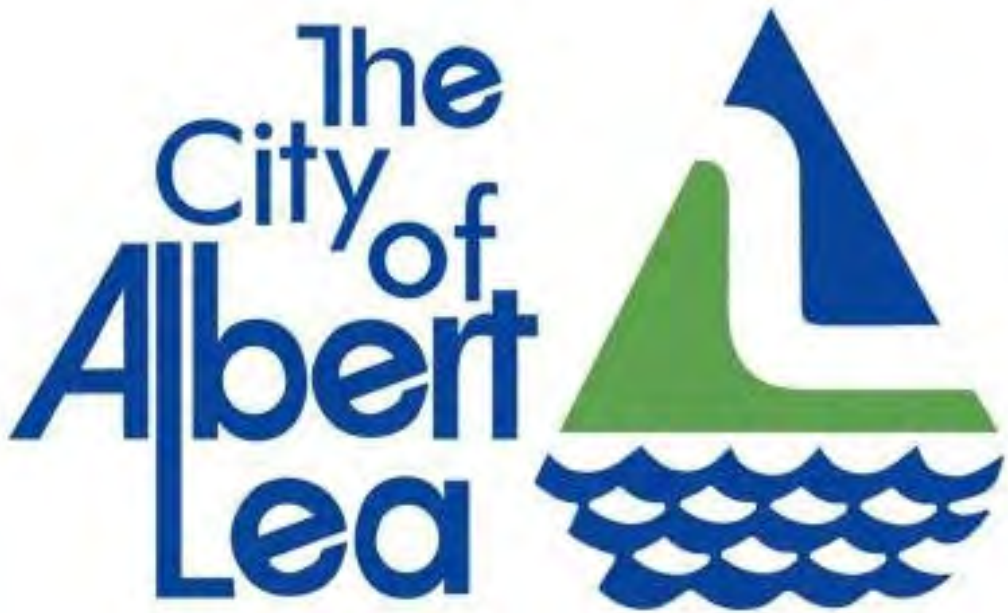
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 6,680,453	\$ 6,680,453	\$ 6,490,042	\$ (190,411)
Special assessments	11,000	11,000	-	(11,000)
Licenses and permits	274,650	274,650	294,938	20,288
Intergovernmental revenue	6,454,109	6,454,109	7,380,019	925,910
Charges for services	1,098,960	1,098,960	823,701	(275,259)
Fines and forfeitures	99,000	99,000	64,988	(34,012)
Miscellaneous revenues	198,496	198,496	253,831	55,335
Total revenues	14,816,668	14,816,668	15,307,519	490,851
Expenditures				
Current				
General government	2,391,350	2,391,350	2,054,861	(336,489)
Public safety	6,731,509	6,731,509	6,520,243	(211,266)
Public works	2,911,475	2,911,475	2,638,245	(273,230)
Culture and recreation	3,638,884	3,638,884	2,845,543	(793,341)
Community development	104,950	104,950	113,875	8,925
Debt service				
Principal	14,000	14,000	14,931	931
Total expenditures	15,792,168	15,792,168	14,187,698	(1,604,470)
Excess of revenues over (under) expenditures	(975,500)	(975,500)	1,119,821	2,095,321
Other Financing Sources (Uses)				
Transfers in	1,940,500	1,940,500	1,940,500	-
Transfers out	(965,000)	(965,000)	(1,765,000)	(800,000)
Total other financing sources (uses)	975,500	975,500	175,500	(800,000)
Net change in fund balances	\$ -	\$ -	1,295,321	\$ 1,295,321
Fund Balances				
Beginning of year			10,385,419	
End of year			\$ 11,680,740	

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water (601)	Sewer (602)	Solid Waste (603)	Total	
Assets					
Current assets					
Cash and investments	\$ 2,403,927	\$ 10,970,053	\$ 31,890	\$ 13,405,870	\$ 651,326
Accounts receivable	576,691	712,290	4,497	1,293,478	-
Special assessments receivable	504	90,469	-	90,973	-
Inventory	107,197	-	-	107,197	-
Total current assets	<u>3,088,319</u>	<u>11,790,451</u>	<u>36,492</u>	<u>14,915,262</u>	<u>651,326</u>
Noncurrent assets					
Advances to other funds	-	20,453	-	20,453	-
Special assessments receivable	668,210	859,787	-	1,527,997	-
Loans receivable	-	51,183	-	51,183	-
Patronage equity	-	44,904	1,353	46,257	-
Capital assets					
Land	73,500	146,892	80,071	300,463	-
Buildings and structures	3,082,494	33,002,488	33,000	36,117,982	-
Equipment	508,939	3,665,946	11,623	4,186,508	-
Improvements other than buildings	16,100,225	27,389,716	-	43,489,941	-
Construction in progress	1,552,418	2,415,793	-	3,968,211	-
Total capital assets	<u>21,317,576</u>	<u>66,620,835</u>	<u>124,694</u>	<u>88,063,105</u>	<u>-</u>
Less accumulated depreciation	<u>(7,808,854)</u>	<u>(33,085,317)</u>	<u>(36,528)</u>	<u>(40,930,699)</u>	<u>-</u>
Net capital assets	<u>13,508,722</u>	<u>33,535,518</u>	<u>88,166</u>	<u>47,132,406</u>	<u>-</u>
Total noncurrent assets	<u>14,176,932</u>	<u>34,511,845</u>	<u>89,519</u>	<u>48,778,296</u>	<u>-</u>
Total assets	<u>17,265,251</u>	<u>46,302,296</u>	<u>126,011</u>	<u>63,693,558</u>	<u>651,326</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to OPEB	5,545	12,862	-	18,407	-
Deferred outflows of resources related to pensions	29,918	54,603	1,496	86,017	-
Total deferred outflows of resources	<u>35,463</u>	<u>67,465</u>	<u>1,496</u>	<u>104,424</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 17,300,714</u>	<u>\$ 46,369,761</u>	<u>\$ 127,507</u>	<u>\$ 63,797,982</u>	<u>\$ 651,326</u>

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water (601)	Sewer (602)	Solid Waste (603)	Total	
Liabilities					
Current liabilities					
Accounts payable	\$ 26,040	\$ 117,784	\$ 7,448	\$ 151,272	\$ 16,997
Contracts payable	50,735	121,345	-	172,080	-
Salaries and benefits payable	8,229	13,825	245	22,299	-
Deposits payable	10,000	-	-	10,000	-
Interest payable	24,414	13,371	-	37,785	-
Due to other governments	17,308	58	924	18,290	-
Notes payable due within one year	16,000	39,000	-	55,000	-
Bonds payable due within one year	230,000	-	-	230,000	-
Current compensated absences	41,915	76,945	-	118,860	-
Total current liabilities	<u>424,641</u>	<u>382,328</u>	<u>8,617</u>	<u>815,586</u>	<u>16,997</u>
Noncurrent liabilities					
Compensated absences	17,155	60,064	-	77,219	-
Notes payable	300,553	807,230	-	1,107,783	-
Bonds payable	1,784,159	987,571	-	2,771,730	-
Total OPEB liability	51,855	120,275	-	172,130	-
Net pension liability	399,169	728,526	19,965	1,147,660	-
Total noncurrent liabilities	<u>2,552,891</u>	<u>2,703,666</u>	<u>19,965</u>	<u>5,276,522</u>	<u>-</u>
Total liabilities	<u>2,977,532</u>	<u>3,085,994</u>	<u>28,582</u>	<u>6,092,108</u>	<u>16,997</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	26,569	61,624	-	88,193	-
Deferred inflows of resources related to pensions	18,912	34,516	946	54,374	-
Total deferred inflows of resources	<u>45,481</u>	<u>96,140</u>	<u>946</u>	<u>142,567</u>	<u>-</u>
Net Position					
Net investment in capital assets	12,218,279	32,367,834	88,166	44,674,279	-
Unrestricted	2,059,422	10,819,793	9,813	12,889,028	634,329
Total net position	<u>14,277,701</u>	<u>43,187,627</u>	<u>97,979</u>	<u>57,563,307</u>	<u>634,329</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,300,714</u>	<u>\$ 46,369,761</u>	<u>\$ 127,507</u>	<u>\$ 63,797,982</u>	<u>\$ 651,326</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(646,875)</u>	
Net position of business-type activities				<u>\$ 56,916,432</u>	



City of Albert Lea
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water (601)	Sewer (602)	Solid Waste (603)	Totals	
Operating Revenues					
Charges for services	\$ 3,491,601	\$ 4,446,636	\$ 174,967	\$ 8,113,204	\$ -
Miscellaneous	-	-	-	-	65,868
Total operating revenues	<u>3,491,601</u>	<u>4,446,636</u>	<u>174,967</u>	<u>8,113,204</u>	<u>65,868</u>
Operating Expenses					
Personnel services	677,357	1,232,589	26,744	1,936,690	-
Materials and supplies	326,600	277,919	2,563	607,082	-
Repairs and maintenance	33,872	255,665	7,464	297,001	-
Other services and charges	150,184	559,816	102,630	812,630	139,252
Utilities	144,692	628,552	1,842	775,086	-
Depreciation	365,073	1,233,820	775	1,599,668	-
Uniforms	-	14,571	-	14,571	-
Total operating expenses	<u>1,697,778</u>	<u>4,202,932</u>	<u>142,018</u>	<u>6,042,728</u>	<u>139,252</u>
Operating income (loss)	1,793,823	243,704	32,949	2,070,476	(73,384)
Nonoperating Revenues (Expenses)					
Investment income	27,632	308,514	1,615	337,761	20,139
Intergovernmental	-	7,570	-	7,570	3,000
Interest and other charges	(66,105)	(18,492)	-	(84,597)	-
Antenna lease revenue	37,140	-	-	37,140	-
Other income	-	16,226	1,479	17,705	-
Total nonoperating revenues	<u>(1,333)</u>	<u>313,818</u>	<u>3,094</u>	<u>315,579</u>	<u>23,139</u>
Income (loss) before capital contributions and transfers	1,792,490	557,522	36,043	2,386,055	(50,245)
Capital Contributions	84,210	165,115	-	249,325	-
Transfers out	<u>(918,250)</u>	<u>(1,276,250)</u>	<u>(66,000)</u>	<u>(2,260,500)</u>	<u>-</u>
Change in net position	958,450	(553,613)	(29,957)	374,880	(50,245)
Net Position					
Beginning of year	<u>13,319,251</u>	<u>43,741,240</u>	<u>127,936</u>	<u>57,188,427</u>	<u>684,574</u>
End of year	<u>\$ 14,277,701</u>	<u>\$ 43,187,627</u>	<u>\$ 97,979</u>	<u>\$ 57,563,307</u>	<u>\$ 634,329</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(17,685)</u>	
Change in net position of business-type activities				<u>\$ 357,195</u>	

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water (601)	Sewer (602)	Solid Waste (603)	Total	
Cash Flows - Operating Activities					
Receipts from customers and users	\$ 3,455,319	\$ 4,386,550	\$ 171,050	\$ 8,012,919	\$ -
Payments to suppliers	(692,833)	(1,764,876)	(108,780)	(2,566,489)	(123,144)
Payments to employees	(696,987)	(1,259,979)	(28,056)	(1,985,022)	-
Miscellaneous revenue	-	16,226	1,479	17,705	-
Other operating receipts	-	-	-	-	65,868
Net cash flows					
- operating activities	<u>2,065,499</u>	<u>1,377,921</u>	<u>35,693</u>	<u>3,479,113</u>	<u>(57,276)</u>
Cash Flows - Noncapital Financing Activities					
Intergovernmental	-	7,570	-	7,570	3,000
Antenna lease revenue	37,140	-	-	37,140	-
Borrowing (payments) on interfund balances	-	4,141	-	4,141	-
Transfer to other funds	(918,250)	(1,276,250)	(66,000)	(2,260,500)	-
Net cash flows - noncapital financing activities	<u>(881,110)</u>	<u>(1,264,539)</u>	<u>(66,000)</u>	<u>(2,211,649)</u>	<u>3,000</u>
Cash Flows - Capital and Related Financing Activities					
Special assessments received	29,675	25,585	-	55,260	-
Connection charges collected	44,907	51,660	-	96,567	-
Principal paid on debt	(118,666)	(111,000)	-	(229,666)	-
Interest paid on debt	(50,942)	(8,267)	-	(59,209)	-
Proceeds from debt issuance	1,406,036	1,066,032	-	2,472,068	-
Intergovernmental	46,955	5,032	-	51,987	-
Acquisition of capital assets	(1,029,448)	(794,344)	-	(1,823,792)	-
Net cash flows					
- capital and related financing activities	<u>328,517</u>	<u>234,698</u>	<u>-</u>	<u>563,215</u>	<u>-</u>
Cash Flows - Investing Activities					
Loans	-	6,963	-	6,963	-
Interest and dividends received	27,632	346,838	1,710	376,180	20,139
Net cash flows					
- investing activities	<u>27,632</u>	<u>353,801</u>	<u>1,710</u>	<u>383,143</u>	<u>20,139</u>
Net change in cash and cash equivalents	1,540,538	701,881	(28,597)	2,213,822	(34,137)
Cash and Cash Equivalents					
January 1	<u>863,389</u>	<u>10,268,172</u>	<u>60,487</u>	<u>11,192,048</u>	<u>685,463</u>
December 31	<u>\$ 2,403,927</u>	<u>\$ 10,970,053</u>	<u>\$ 31,890</u>	<u>\$ 13,405,870</u>	<u>\$ 651,326</u>

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2020

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water (601)	Sewer (602)	Solid Waste (603)	Total	
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities					
Operating income (loss)	\$ 1,793,823	\$ 243,704	\$ 32,949	\$ 2,070,476	\$ (73,384)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities					
Other revenues	-	16,226	1,479	17,705	-
Depreciation expense	365,073	1,233,820	775	1,599,668	-
Net pension liability expense	(2,174)	16,008	(740)	13,094	-
Accounts receivable	(36,282)	(42,447)	(3,812)	(82,541)	-
Due from other governments	-	(17,639)	(105)	(17,744)	-
Inventory	4,627	-	-	4,627	-
Accounts payable	(58,820)	(16,473)	5,364	(69,929)	16,108
Deposits payable	(600)	-	-	(600)	-
Due to other governmental units	17,308	(11,880)	355	5,783	-
Salaries payable	(14,253)	(28,097)	(572)	(42,922)	-
OPEB expense	(277)	(4,904)	-	(5,181)	-
Compensated absences payable	(2,926)	(10,397)	-	(13,323)	-
Total adjustments	<u>271,676</u>	<u>1,134,217</u>	<u>2,744</u>	<u>1,408,637</u>	<u>16,108</u>
Net cash flows - operating activities	<u>\$ 2,065,499</u>	<u>\$ 1,377,921</u>	<u>\$ 35,693</u>	<u>\$ 3,479,113</u>	<u>\$ (57,276)</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities					
Amortization of bond discounts	\$ 2,385	\$ -	\$ -	\$ 2,385	\$ -

**City of Albert Lea
Statement of Fiduciary Net Position
December 31, 2020**

	<u>Sales Tax Custodial Fund</u>
Assets	
Taxes receivable	<u>\$ 290,128</u>
Liabilities	
Due to other governments	<u>\$ 290,128</u>

**Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2020**

	<u>Sales Tax Custodial Fund</u>
Additions	
Sales tax deposits	<u>\$ 1,575,148</u>
Deductions	
Sales tax withdrawals	<u>1,575,148</u>
Net Position	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

City of Albert Lea
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Albert Lea (the City) was incorporated by passage of an act by the Legislature of the State of Minnesota and ratified by an election of the voters of the City. The incorporation of the City was effective April 1, 1878, with the adoption of the first Charter. The area of the City on incorporation was 1.2 square miles and the first census of 1880 showed a population of 3,365. The Charter established a Mayor-City Council form of government. The governing body consists of six elected City Council members and a mayor. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City. The accompanying financial statements present the City and its component units (The Port Authority of the City of Albert Lea and the Housing Redevelopment of the City of Albert Lea), entities for which the City is considered financially accountable.

Discretely Presented Component Unit

The Port Authority of the City is governed by seven commissioners who are appointed by the Albert Lea City Council. The City is considered financially accountable for the Port Authority because the City Council approves their annual budget. The Port Authority is governed by seven board members, two of which are City Council members and five are residents. It is this criterion that results in the Port Authority being reported as a discretely presented component unit. Separately issued financial statements for the year ended December 31, 2020, are available upon request from the City Manager of the City at 221 East Clark Street, Albert Lea, MN.

Discretely Presented Component Unit

The Housing and Redevelopment Authority (HRA) of the City is governed by seven board members, which are appointed by the City of Albert Lea's Mayor. The City is considered financially accountable for the HRA because the City Council approves their annual tax levy. There is a financial benefit and burden to the City and due to the nature and significance of its relationship results in the HRA being reported as a discretely presented component unit. The HRA has a year-end of March 31. Separately issued financial statements are available upon request from the City Manager of the City at 221 East Clark Street, Albert Lea, MN.

City of Albert Lea
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Custodial Fund is presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, the Fund is not incorporated into the government-wide statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

City of Albert Lea
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds:

Major Governmental Funds:

General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Reserve Debt Service Fund – This fund is established to account for the collection of ad valorem taxes; special assessments and tax increment revenue transfers for general long-term debt purposes.

2015 G.O. Bonds Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

TIF 5-13 Larson Manufacturing Capital Project Fund – This fund was established to account for tax increment financing activities relative to property acquisition public improvement, and site improvements to assist with development within the district.

TIF 5-15 Broadway Ridge Redevelopment Capital Project Fund – This fund was established to account for tax increment financing activities relative to property acquisition public improvement, and site improvements to assist with development within the district.

2020 CIP Projects Capital Project Fund – This fund was established to account for the capital project activity related to 2020 projects.

Proprietary Funds:

Water Fund – This fund accounts for the water service charges which are used to finance the water system operating expenses.

Sewer Fund – This fund accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

Solid Waste Fund – This fund accounts for the income and expenses in the operation of the transfer station at the landfill site.

**City of Albert Lea
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Description of Funds: (Continued)

Additionally, the City reports the following fund types:

Internal Service Funds – These funds account for insurance services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary Fund – This fund account for sales tax in a strictly custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 City's Enterprise Funds and of the City's Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

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

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

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

City of Albert Lea
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

1. Deposits and Investments (Continued)

Certain investments for the City are reported at fair value as disclosed in Note 3. The City 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.

2. Receivables and Payables

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County and tax settlements are made to the City during January, June, and November each year.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2019. The City annually certifies delinquent accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements unless related to unpaid charges and are due within one year.

3. Inventory and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

Inventory is valued at cost using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Property held for resale consists of property that the Port Authority component unit holds for resale. Properties held for resale are reported as an asset at the lower of cost or estimated fair value.

**City of Albert Lea
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all items previously accounted for. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at acquisition value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following useful lives:

Classification	Years
Buildings and structures	25-40
Improvements other than buildings	15-40
Machinery and equipment	5-20
Vehicles	3-20
Infrastructure	20-50
Land Improvements	5-60

5. Deferred Outflows/Inflows of Resources

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

**City of Albert Lea
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**City of Albert Lea
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

8. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

9. Patronage Equity

The enterprise funds purchase electrical power from a cooperative which grants yearly patronage capital credit allocations to its customers. Capital credits represent the customer's share of ownership in the cooperative. They are held by the cooperative until retired by action of the cooperative's board of directors, at which time the customer will receive a capital credit refund check. Capital credit allocations are recognized in the year that they are received.

10. Fund Balance

In the fund financial statements, governmental funds report various levels of spending constraints.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaid items, inventory, and advances to other funds.
- Restricted Fund Balances – These are subject to externally enforceable legal restrictions.
- Committed Fund Balances – The government's highest level of decision making authority is the City Council. The formal action to establish or modify a commitment is made through resolution. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.
- Assigned Fund Balances – Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General Fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager.
- Minimum Fund Balance Policy – The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 45% of budgeted operating expenditures for cash-flow timing needs.

**City of Albert Lea
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Fund Balance (Continued)

The City will spend restricted funds first for expenditures that meet the intended purpose before using unrestricted fund balance. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made for the purposes intended.

E. Net Position

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

F. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following funds had fund balance deficits at December 31, 2020:

Fund	Amount
Major Capital Projects	
TIF 5-13 Larson Manufacturing	\$ 1,348,931
TIF 5-15 Broadway Ridge Redevelopment	1,418,620
2020 CIP Projects	71,210
Nonmajor Capital Projects	
TIF 5-25 Zumbro	20,453
TIF 5-26 Unique Opport	73,417
TIF 5-27 Marketplace	23,586
TIF 5-28 Vortex	13,080
2021 CIP Projects	122,763

The deficits will be funded with future transfers and tax increment revenue.

**City of Albert Lea
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS

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

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2020, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized by federal depository insurance.

Discretely Presented Component Units

As of March 31, 2020, the HRA's bank balance of \$923,860 was not exposed to custodial credit risk because it was fully collateralized. The HRA's book balance of all deposits at March 31, 2020 totaled \$877,049.

At December 31, 2020, the Port Authority had \$1,513,324 of deposits, which were fully covered by federal depository insurance or collateral pledged by the various banks held in safekeeping of the United Bankers Bank in the Port Authority's name.

B. Investments

Investment Type	Credit Rating	Fair Value	Investment Maturities		
			Less than One Year	1-3 Years	Greater than 3 Years
Brokered certificates of deposit	N/A	\$ 1,753,227	\$ -	\$ 991,821	\$ 761,406
Government securities	A	9,964,393	1,500,000	2,135,550	6,328,842
U.S. treasury obligations	N/A	3,086,783	-	-	3,086,783
Money market accounts	N/A	26,243,816	26,243,816	-	-
Total		<u>\$ 41,048,219</u>	<u>\$ 27,743,816</u>	<u>\$ 3,127,372</u>	<u>\$ 10,177,032</u>

Concentration Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy states the City will diversify its investments by limiting investments to avoid over concentration in securities from a specific issuer, industry, or business sector, excluding U.S. Treasury obligations. As of December 31, 2020, the City had not invested 5% or more of its total investment portfolio in one single issuer.

Credit Risk: Credit risk is the risk that an issuer to an investment will not fulfill its obligation. State law limits investments in state and local securities and commercial paper to those with specified rating by nationally recognized rating agencies. U.S. treasury obligations are not considered to have credit risk. The City's investment policy states it will limit this risk by limiting investments to the types of securities permitted under *Minnesota Statutes* Chapter 118.A as well as by having city council approve the public depositories by resolution.

**City of Albert Lea
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

Custodial Credit Risk – Investments: For an investment, this is the risk in the event of the failure of the counterparty the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states it will limit this risk by maintaining a list of public depositories, financial institutions, and broker/dealers authorized to provide deposit and investment services.

The City has the following recurring fair value measurements as of December 31, 2020:

- U.S. treasury obligations and government securities of \$13,051,176 are valued using quoted market prices (Level 1 inputs)
- Brokered certificates of deposit of \$1,753,227 are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2020, were as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Deposits	\$ -	\$ 877,049	\$ 1,513,324	\$ 2,390,373
Investments	41,048,223	-	-	41,048,223
Petty cash	2,530	-	-	2,530
Total deposits and investments	<u>\$ 41,050,753</u>	<u>\$ 877,049</u>	<u>\$ 1,513,324</u>	<u>\$ 43,441,126</u>

Deposits and investments are presented in the December 31, 2020, basic financial statements as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Statement of Net Position				
Cash and investments	\$41,050,753	\$ 818,245	\$ 1,513,324	\$43,382,322
Restricted cash	-	58,804	-	58,804
Total deposits and investments	<u>\$ 41,050,753</u>	<u>\$ 877,049</u>	<u>\$ 1,513,324</u>	<u>\$ 43,441,126</u>

City of Albert Lea
Notes to Financial Statements

NOTE 4 – LOANS RECEIVABLE/CONTRACT FOR DEED

The City operates an economic revolving loan fund. The purpose of this fund is to issue loans that serve as gap financing to projects whose purpose it is to create economic development within the City. The funds that are available for these loans originated as grants from the state or federal government. The total balance of these loans at December 31, 2020, was \$2,490,299. The total balance has maturities of one to twenty years with interest ranging from 0 to 3%.

The City provided \$500,000 in financing to Pickerel Park Association in February 2000. The term of the loan is for 30 years. The interest rate is 1% per annum deferred for 30 years to be paid in a lump sum along with the principal at the end of the loan term. The balance on this loan at December 31, 2020, is \$500,000. Accrued interest at December 31, 2020, is \$5,000.

The Port Authority provided \$1,078,893 in financing to a borrower in April 2018. The term of loan is for 25 years. There is no interest rate related to this loan. The balance of this loan at December 31, 2020, is \$1,012,532.

The Port Authority entered into a \$500,000 contract for deed on December 1, 2012, for an industrial building and land located at 2220 Myers Road. The contract for deed is to be repaid monthly at 5% interest beginning January 1, 2013. The contract for deed matures on December 1, 2027. The balance of this contract for deed is \$280,917 at December 31, 2020.

NOTE 5 – INTERFUND ASSETS/LIABILITIES

At December 31, 2020, interfund balances for the City were as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 156,615
Advance from/to other funds		
General Fund	TIF 5-13 Larson Manufacturing Fund	\$ 42,677
	TIF 5-15 Broadway Ridge Redevelopment Fund	1,419,630
Sewer Disposal Fund	Nonmajor Governmental Funds	20,453
		<u>\$ 1,482,760</u>

The General Fund made advances to several tax increment financing funds rather than have those funds issuing bonds. These advances will be repaid over time through increment from the tax levies.

The nonmajor governmental funds have interfund receivables for deficit cash balances.

**City of Albert Lea
Notes to Financial Statements**

NOTE 6 – INTERFUND TRANSFERS

Transfers during the year ended December 31, 2020, were as follows:

Transfers Out	Transfers In				Total
	General	Debt Service Reserve	2015 G.O. Bonds	Nonmajor Governmental Funds	
General	\$ -	\$ 200,000	\$ -	\$ 1,565,000	\$ 1,765,000
Debt Service Reserve	-	-	200,000	297,221	497,221
2020 CIP Projects	-	-	-	13,761	13,761
Nonmajor governmental funds	-	-	-	1,706,613	1,706,613
Water	808,250	-	-	110,000	918,250
Sewer	1,066,250	-	-	210,000	1,276,250
Solid Waste	66,000	-	-	-	66,000
Total	<u>\$ 1,940,500</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 3,902,595</u>	<u>\$6,243,095</u>

Throughout the course of the year, the City has to make occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate. One time budgeted transfers were made to close completed projects and fund capital improvements.

City of Albert Lea
Notes to Financial Statements

NOTE 7 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,660,088	\$ -	\$ -	\$ 6,660,088
Construction in progress	12,908,731	5,691,511	15,078,262	3,521,980
Total capital assets not being depreciated	<u>19,568,819</u>	<u>5,691,511</u>	<u>15,078,262</u>	<u>10,182,068</u>
Capital assets being depreciated				
Buildings and structures	19,448,116	11,806,133	-	31,254,249
Improvements other than buildings	83,511,870	3,344,613	-	86,856,483
Equipment	15,887,478	1,221,944	421,252	16,688,170
Total capital assets being depreciated	<u>118,847,464</u>	<u>16,372,690</u>	<u>421,252</u>	<u>134,798,902</u>
Less accumulated depreciation for				
Buildings and structures	12,227,301	670,828	-	12,898,129
Improvements other than buildings	35,798,728	2,137,903	-	37,936,631
Equipment	9,703,618	1,205,690	404,660	10,504,648
Total accumulated depreciation	<u>57,729,647</u>	<u>4,014,421</u>	<u>404,660</u>	<u>61,339,408</u>
Total capital assets being depreciated, net	<u>61,117,817</u>	<u>12,358,269</u>	<u>16,592</u>	<u>73,459,494</u>
Governmental activities capital assets, net	<u>\$ 80,686,636</u>	<u>\$ 18,049,780</u>	<u>\$ 15,094,854</u>	<u>\$ 83,641,562</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities	
General government	\$ 217,410
Public safety	520,036
Public works	2,087,796
Culture and recreation	595,179
Airport	<u>594,000</u>
Total depreciation expense - governmental activities	<u>\$ 4,014,421</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 300,463	\$ -	\$ -	\$ 300,463
Construction in progress	4,661,358	851,593	1,544,740	3,968,211
Total capital assets not being depreciated	<u>4,961,821</u>	<u>851,593</u>	<u>1,544,740</u>	<u>4,268,674</u>
Capital assets being depreciated				
Buildings and structures	36,117,982	-	-	36,117,982
Improvements other than buildings	41,078,633	2,411,308	-	43,489,941
Machinery and equipment	4,055,756	130,752	-	4,186,508
Total capital assets being depreciated	<u>81,252,371</u>	<u>2,542,060</u>	<u>-</u>	<u>83,794,431</u>
Less accumulated depreciation for				
Buildings and structures	18,680,054	781,475	-	19,461,529
Improvements other than buildings	17,884,091	583,688	-	18,467,779
Machinery and equipment	2,766,886	234,505	-	3,001,391
Total accumulated depreciation	<u>39,331,031</u>	<u>1,599,668</u>	<u>-</u>	<u>40,930,699</u>
Total capital assets being depreciated, net	<u>41,921,340</u>	<u>942,392</u>	<u>-</u>	<u>42,863,732</u>
Business-type activities capital assets, net	<u>\$ 46,883,161</u>	<u>\$ 1,793,985</u>	<u>\$ 1,544,740</u>	<u>\$ 47,132,406</u>

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

Business-type activities	
Water	\$ 365,073
Sewer	1,233,820
Solid Waste	<u>775</u>
Total depreciation expense - business-type activities	<u>\$ 1,599,668</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the Port Authority for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 262,933	\$ -	\$ -	\$ 262,933
Capital assets being depreciated				
Buildings and structures	<u>9,736,717</u>	<u>133,600</u>	<u>8,190</u>	<u>9,862,127</u>
Less accumulated depreciation for				
Buildings and structures	<u>4,903,504</u>	<u>284,045</u>	<u>-</u>	<u>5,187,549</u>
Total capital assets being depreciated, net	<u>4,833,213</u>	<u>(150,445)</u>	<u>(8,190)</u>	<u>4,674,578</u>
Business-type activities capital assets, net	<u>\$ 5,096,146</u>	<u>\$ (150,445)</u>	<u>\$ (8,190)</u>	<u>\$ 4,937,511</u>

Depreciation expense was charged to functions/programs of the Port Authority as follows:

Business-type activities	
Port Authority	<u>\$ 284,045</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units (Continued)

Capital asset activity for the HRA for the year ended March 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 177,998	\$ -	\$ -	\$ 177,998
Construction in progress	58,147	76,835	58,148	76,834
Total capital assets not being depreciated	<u>236,145</u>	<u>76,835</u>	<u>58,148</u>	<u>254,832</u>
Capital assets being depreciated				
Buildings and structures	6,728,600	58,148	-	6,786,748
Improvements other than buildings	2,231,886	-	-	2,231,886
Machinery and equipment	398,199	-	-	398,199
Total capital assets being depreciated	<u>9,358,685</u>	<u>58,148</u>	<u>-</u>	<u>9,416,833</u>
Less accumulated depreciation for				
Buildings and structures	4,818,369	114,349	-	4,932,718
Improvements other than buildings	1,661,143	50,811	-	1,711,954
Machinery and equipment	391,051	1,715	-	392,766
Total accumulated depreciation	<u>6,870,563</u>	<u>166,875</u>	<u>-</u>	<u>7,037,438</u>
Total capital assets being depreciated, net	<u>2,488,122</u>	<u>(108,727)</u>	<u>-</u>	<u>2,379,395</u>
Business-type activities capital assets, net	<u>\$ 2,724,267</u>	<u>\$ (31,892)</u>	<u>\$ 58,148</u>	<u>\$ 2,634,227</u>

The beginning accumulated depreciation balance for HRA capital assets was allocated between asset type to more accurately reflect accumulated depreciation by asset type.

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

Business-type activities	
Housing and Redevelopment	<u>\$ 166,875</u>

City of Albert Lea
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation (G.O.) bonds to provide for the construction of major capital improvements having a relatively long life. They are payable from special assessments levied and collected on local improvements to property and are backed by the full faith and credit of the City.

B. Components of Long-Term Liabilities

Primary Government

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance End of Year</u>
Governmental activities					
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2010A	07/15/10	3.125%-4.00%	\$ 3,260,000	02/01/26	\$ 730,000
G.O. Improvement Bonds, Series 2011A	06/01/11	2.25%-2.75%	970,000	02/01/22	130,000
G.O. Improvement Bonds, Series 2012A	07/01/12	1.10%-2.15%	2,215,000	02/01/23	560,000
G.O. Improvement Bonds, Series 2013A	09/18/13	2.00%-2.85%	5,335,000	02/01/24	2,205,000
G.O. Bonds, Series 2014B	09/09/14	2.00%-2.50%	3,720,000	02/01/25	1,200,000
G.O. Bonds, Series 2015A	07/16/15	3.00%-4.00%	4,345,000	02/01/21	2,940,000
G.O. Bonds, Series 2015A - TIF Portion	07/16/15	3.00%-4.00%	555,000	02/01/36	260,000
G.O. Bonds, Series 2016A	08/02/16	2.00%	3,510,000	02/01/27	2,555,000
G.O. Bonds, Series 2017A	08/17/17	3.00%	2,275,000	02/01/28	1,900,000
G.O. Bonds, Series 2018A	06/28/18	2.78%	2,430,000	02/01/28	2,220,000
G.O. Bonds, Series 2019A	08/15/19	3.00%-4.00%	2,380,000	02/01/30	2,380,000
G.O. Bonds, Series 2020A - Streets Portion	08/04/20	2.00%-3.00%	1,660,000	02/01/31	1,660,000
G.O. Bonds, Series 2020A - Bridge Ave Portion	08/04/20	2.00%-3.00%	915,000	02/01/31	915,000
Equipment Certificates					
G.O. Equipment Certificate, Series 2014A	01/16/14	1.15%-2.625%	970,000	02/01/23	370,000
G.O. Equipment Certificate, Series 2019A	08/15/19	4.00%	185,000	02/01/25	185,000
Subtotal bonds payable					<u>20,210,000</u>
Loan payable					
Albert Lea Township Fire Department	2017	0.00%	209,800	2030	148,769
Unamortized bond premium/discount payable					606,683
Compensated absences payable					<u>1,124,324</u>
Total governmental activities					<u>22,089,776</u>
Business-type activities					
Revenue Bonds					
G.O. Water Revenue Bonds Series 2007B	07/01/07	4.25%-4.40%	1,040,000	02/01/23	260,000
G.O. Water Revenue Bonds Series 2010B	07/15/10	2.80%-3.25%	1,080,000	08/01/21	110,000
G.O. Water Revenue Bonds Series 2020A	08/04/20	2.00%-3.00%	1,380,000	02/01/31	1,380,000
G.O. Sewer Revenue Bonds Series 2020A	08/04/20	2.00%-3.00%	890,000	02/01/31	890,000
Equipment Certificates					
G.O. Equipment Certificate, Series 2014A	01/16/14	1.15%-2.625%	315,000	02/01/23	115,000
Subtotal bonds payable					<u>2,755,000</u>
Revenue Notes					
G.O. PFA Improvement and Sewer Revenue Note Series 2019A	02/26/19	1.00%	899,066	08/20/43	846,230
G.O. PFA Improvement and Water Revenue Note Series 2019B	02/26/19	1.00%	344,284	08/20/43	316,553
Subtotal notes payable					<u>1,162,783</u>
Unamortized bond premium/discount payable					246,730
Compensated absences payable					<u>196,079</u>
Total business-type activities					<u>4,360,592</u>
Total all long-term liabilities					<u>\$ 26,450,368</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities (Continued)

Long-term bonded indebtedness listed above were issued to finance equipment and the acquisition and construction of capital facilities or to refinance (refund) previous bond issues.

Discretely Presented Component Units

The HRA had the following notes and mortgages outstanding for the year ended March 31, 2020, that were issued to finance the purchase of rental property and will be repaid with revenue from the property.

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Balance End of Year</u>
Notes and mortgages					
MHFA PARIF Note	02/20/09	0.00%	\$ 120,000	02/20/39	\$ 120,000
USDA Rural Development Loan	02/20/09	4.00%	43,806	02/26/30	25,578
MHFA POHP Note	03/23/11	0.00%	200,000	03/23/31	<u>200,000</u>
Total notes and mortgages payable					<u>345,578</u>
Compensated absences					<u>18,881</u>
Total long-term liabilities					<u>\$ 364,459</u>

The Port Authority received financing from a local lender for the construction of a spec building during 2017 and 2018 in the amount of \$3,524,465, at 4.6% interest, payable in equal installments of \$20,215 through June 2043. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2020, the Port Authority obtained a waiver for noncompliance with financial covenants and 120-day financial reporting covenants.

**City of Albert Lea
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable					
G.O. bonds	\$ 19,670,000	\$ 2,575,000	\$ (2,590,000)	\$ 19,655,000	\$ 2,735,000
Bond premiums	365,647	282,621	(40,985)	607,283	-
Bond discounts	(1,150)	-	550	(600)	-
G.O. equipment certificates	<u>700,000</u>	<u>-</u>	<u>(145,000)</u>	<u>555,000</u>	<u>150,000</u>
Total bonds payable	<u>20,734,497</u>	<u>2,857,621</u>	<u>(2,775,435)</u>	<u>20,816,683</u>	<u>2,885,000</u>
Loans payable	163,700	-	(14,931)	148,769	15,000
Compensated absences payable	<u>1,133,750</u>	<u>722,483</u>	<u>(731,909)</u>	<u>1,124,324</u>	<u>736,730</u>
Governmental activities long-term liabilities	<u>\$ 22,031,947</u>	<u>\$ 3,580,104</u>	<u>\$ (3,522,275)</u>	<u>\$ 22,089,776</u>	<u>\$ 3,636,730</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 560,000	\$ 2,270,000	\$ (190,000)	\$ 2,640,000	\$ 195,000
Bond premiums	-	248,905	-	248,905	-
Bond discounts	(4,560)	-	2,385	(2,175)	-
G.O. equipment certificates	<u>150,000</u>	<u>-</u>	<u>(35,000)</u>	<u>115,000</u>	<u>80,000</u>
Total bonds payable	<u>705,440</u>	<u>2,518,905</u>	<u>(222,615)</u>	<u>3,001,730</u>	<u>275,000</u>
Notes payable					
G.O. PFA notes	1,214,286	104,497	(156,000)	1,162,783	55,000
Compensated absences payable	<u>209,402</u>	<u>117,421</u>	<u>(130,744)</u>	<u>196,079</u>	<u>118,860</u>
Business-type activities long-term liabilities	<u>\$ 2,129,128</u>	<u>\$ 2,740,823</u>	<u>\$ (509,359)</u>	<u>\$ 4,360,592</u>	<u>\$ 448,860</u>

The General Fund and Water and Sewer Funds typically liquidate the liability related to compensated absences.

In February of 2019, the City issued a \$1,141,297 G.O. Sewer Revenue Note and a \$466,767 G.O. Water Revenue Note through the Minnesota Public Facilities Authority. At December 31, 2020, the City had only drawn \$977,527 and \$370,320, respectively, on these Notes. The amortization schedule on the next page represents the entire Note liability. The remaining balance is expected to be drawn in 2021.

City of Albert Lea
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities (Continued)

Discretely Presented Component Units

Long-term liability activity for the HRA for the year ended March 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes and mortgages payable	\$ 347,597	\$ -	\$ (2,019)	\$ 345,578	\$ 2,118
Compensated absences payable	17,259	18,093	(16,471)	18,881	11,859
	<u>\$ 364,856</u>	<u>\$ 18,093</u>	<u>\$ (18,490)</u>	<u>\$ 364,459</u>	<u>\$ 13,977</u>
Business-type activities long-term liabilities					

Long-term liability activity for the Port Authority for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes payable	\$ 4,447,278	\$ -	\$ (164,852)	\$ 4,282,426	\$ 175,011
Obligation to return Pickerel Park loan principle to the City of Albert Lea	500,000	-	-	500,000	-
Compensated absences payable	6,965	-	-	6,965	-
	<u>\$ 4,954,243</u>	<u>\$ -</u>	<u>\$ (164,852)</u>	<u>\$ 4,789,391</u>	<u>\$ 175,011</u>
Business-type activities long-term liabilities					

D. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term liabilities:

Primary Government (Continued)

Year Ending December 31,	Governmental Activities			
	G.O. Bonds	G.O. Equipment Certificates		
	Principal	Interest	Principal	Interest
2021	\$ 2,735,000	\$ 480,368	\$ 150,000	\$ 14,503
2022	2,715,000	415,131	155,000	10,413
2023	2,725,000	345,264	170,000	5,706
2024	2,490,000	276,841	40,000	2,400
2025	1,975,000	219,775	40,000	800
2026-2030	6,065,000	496,875	-	-
2031-2035	830,000	76,919	-	-
2036	120,000	2,250	-	-
	<u>\$ 19,655,000</u>	<u>\$ 2,313,423</u>	<u>\$ 555,000</u>	<u>\$ 33,822</u>
Total				

**City of Albert Lea
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments (Continued)

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Loan Payable		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 15,000	\$ -	\$ 195,000	\$ 75,570
2022	15,069	-	260,000	66,155
2023	15,000	-	295,000	56,605
2024	15,000	-	215,000	48,325
2025	15,000	-	220,000	41,800
2026-2030	73,699	-	1,195,000	106,400
2031	-	-	260,000	2,600
Total	<u>\$ 148,768</u>	<u>\$ -</u>	<u>\$ 2,640,000</u>	<u>\$ 397,455</u>

Year Ending December 31,	Business-Type Activities			
	G.O. Equipment Certificates		Revenue Notes	
	Principal	Interest	Principal	Interest
2021	\$ 35,000	\$ 2,426	\$ 55,000	\$ 12,887
2022	40,000	1,550	55,000	13,680
2023	40,000	525	56,000	13,130
2024	-	-	57,000	12,570
2025	-	-	58,000	12,000
2026-2030	-	-	296,000	51,240
2031-2035	-	-	311,000	63,130
2036-2040	-	-	329,000	20,220
2041-2043	-	-	206,000	4,130
Total	<u>\$ 115,000</u>	<u>\$ 4,501</u>	<u>\$ 1,423,000</u>	<u>\$ 202,987</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments (Continued)

Discretely Presented Component Units

Annual debt service requirements to maturity for the HRA notes and mortgages payable are as follows:

<u>Year Ending March 31,</u>	<u>Business-Type Activities</u>	
	<u>Notes and Mortgages Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,118	\$ 969
2022	2,204	882
2023	2,294	793
2024	2,387	699
2025	2,485	602
2026-2030	14,090	1,406
2031-2035	200,000	-
2036-2039	120,000	-
Total	<u>\$ 345,578</u>	<u>\$ 5,351</u>

Annual debt service requirements to maturity for the Port Authority notes payable are as follows:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 175,011	\$ 203,927
2022	184,191	194,745
2023	193,857	185,080
2024	203,530	175,407
2025	214,727	164,211
2026-2030	1,517,649	423,547
2031-2035	761,676	247,742
2036-2040	961,302	251,598
2041-2043	570,483	34,937
Total	<u>\$ 4,782,426</u>	<u>\$ 1,881,194</u>

E. Operating Lease Obligations

The City entered into an agreement with Freeborn County on December 20, 2007, whereby the City made five annual payments of \$270,000 beginning in 2008 in exchange for a 50 year lease for their portion of the Government Center. This lease expires December 19, 2057.

City of Albert Lea
Notes to Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

E. Operating Lease Obligations (Continued)

The City entered into an agreement with Western Star Lodge #26, A.F. & A.M. of Minnesota on May 2, 1980, whereby Western Star Lodge sold to the City of Albert Lea their building in exchange for a 50 year lease on the third floor of the building for their exclusive use as compensation for the building. This lease expires April 30, 2030.

Discretely Component Unit (Port Authority) - Leases

The Port Authority leases a 60,000 square foot industrial building located at 2510 Y. H. Hanson Drive. The Port Authority receives \$135,000 annually for three years under the terms of a lease agreement. This lease will run through December 31, 2020.

The Port Authority leases the new industrial building located built by the Port Authority. The Port Authority receives \$24,000 per month per the terms of the lease agreement. This lease will run through February 28, 2023.

The Port Authority leases the northern 24,000 square feet of an industrial building located at 804 14th Street. The Port Authority receives \$104,700 annually as per the terms of the lease agreement which is June 1, 2012 through April 30, 2019. The Port Authority also leases the middle 24,000 square feet of an industrial building located at 2103 Myers Road. The Port Authority receives \$6,000 monthly per the terms of the lease agreement which expired on April 30, 2019. These leases were renewed for a 3-year period at terms of \$15,900 monthly through April 30, 2022.

The Port Authority leases parking space located at 2105 Myers Road. The Port Authority receives \$6,000 annually as per the terms of the current lease agreement which expires on December 31, 2022. The lease provides for an option to purchase this property following the expiration of the lease.

The Port Authority leases the south end of the building located at 2105 Myers Road. The Port Authority receives \$4,000 monthly as per the terms of the current lease agreement which is currently on a month to month basis.

The Port Authority leases 20,000 square feet of the building located at 590 E. 14th St. The Port Authority receives \$7,916 monthly as per the terms of the current lease agreement which is currently on a month to month basis after expiring in December 2020. The Port Authority leases square footage that varies month to month of the building located at 590 E. 14th St. The Port Authority receives monthly payments varying from \$2,969 to \$5,938, depending on the amount of square footage for the month, as per the terms of the current lease agreement which is currently on a month to month basis after expiring in January 2020.

The Port Authority leases 6,250 square feet of the building located at 590 E. 14th St. The Port Authority receives \$2,473 monthly as per the terms of the current lease agreement which is currently on a month to month basis.

**City of Albert Lea
Notes to Financial Statements**

NOTE 8 – LONG-TERM DEBT (CONTINUED)

E. Operating Lease Obligations (Continued)

Discretely Component Unit (Port Authority) – Leases (Continued)

These leases are accounted for as operating leases. Annual commitments on long-term leases are as follows:

Year Ending December 31,	Total
2021	\$ 527,400
2022	404,200
2023	342,600
2024	336,600
2025	336,600
Thereafter	1,396,800
Total	\$ 3,344,200

All capital assets in the Port Authority are available for lease at December 31, 2020. Total cost of these assets is \$10,125,060, with related accumulated depreciation of \$5,187,549.

**City of Albert Lea
Notes to Financial Statements**

NOTE 9 – FUND BALANCE

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	Major Funds			
	General Fund	Debt Service		Capital Project Funds
		Debt Service Reserve	2015 G.O. Bonds	TIF 5-13 Larson Manufacturing
Nonspendable				
Inventory	\$ 39,680	\$ -	\$ -	\$ -
Prepaid items	193,086	-	-	-
Advances to other funds	1,462,307	-	-	-
Total nonspendable	<u>1,695,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted				
Fire and police operations	-	-	-	-
Capital improvements	-	-	-	-
Airport improvements	-	-	-	-
Economic development	-	-	-	-
Debt service	-	896,276	1,129,961	-
Total restricted	<u>-</u>	<u>896,276</u>	<u>1,129,961</u>	<u>-</u>
Committed				
Community development	-	-	-	-
Senior Center	-	-	-	-
Economic development	-	-	-	-
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned				
Capital improvements	-	-	-	-
Building maintenance	-	-	-	-
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>9,985,667</u>	<u>-</u>	<u>-</u>	<u>(1,348,931)</u>
Total fund balances	<u>\$ 11,680,740</u>	<u>\$ 896,276</u>	<u>\$ 1,129,961</u>	<u>\$ (1,348,931)</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 9 – FUND BALANCE (CONTINUED)

	Capital Project Funds			Total
	TIF 5-15	2020 CIP Projects	Nonmajor	
	Broadway Ridge Redevelopment		Governmental Funds	
Nonspendable				
Inventory	\$ -	\$ -	\$ -	\$ 39,680
Prepaid items	-	-	-	193,086
Advances to other funds	-	-	-	1,462,307
Total nonspendable	-	-	-	1,695,073
Restricted				
Fire and police operations	-	-	2,174,814	2,174,814
Capital improvements	-	-	123,987	123,987
Airport improvements	-	-	435,269	435,269
Economic development	-	-	812,415	812,415
Debt service	-	-	4,200,177	6,226,414
Total restricted	-	-	7,746,662	9,772,899
Committed				
Community development	-	-	1,439,830	1,439,830
Senior Center	-	-	159,120	159,120
Economic Development	-	-	1,831,141	1,831,141
Total committed	-	-	3,430,091	3,430,091
Assigned				
Capital improvements	-	-	6,458,581	6,458,581
Building maintenance	-	-	766,335	766,335
Total assigned	-	-	7,224,916	7,224,916
Unassigned	(1,418,620)	(71,210)	(253,299)	6,893,607
Total fund balances	\$ (1,418,620)	\$ (71,210)	\$ 18,148,370	\$ 29,016,586

NOTE 10 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

**City of Albert Lea
Notes to Financial Statements**

NOTE 10 – RISK MANAGEMENT (CONTINUED)

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

NOTE 11 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2020, was \$621,822. The components of pension expense are noted in the following plan summaries.

The General Fund, Water, Sewer, and Solid Waste Funds typically liquidate the liability related to the pensions.

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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 City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

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.

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 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 a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For 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.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase was fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$372,232. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$606,657. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$4,358,697 for its proportionate share of the General Employees Fund's net pension liability. The City'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 City totaled \$134,511. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0727% at the end of the measurement period and 0.0729% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 4,358,697
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>134,511</u>
Total	<u>\$ 4,493,208</u>

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2020, the City recognized pension expense of \$187,060 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$11,707 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City 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	\$ 39,866	\$ 16,492
Changes in actuarial assumptions	-	162,303
Net collective difference between projected and actual investment earnings	75,165	-
Changes in proportion	25,536	27,708
Contributions paid to PERA subsequent to the measurement date	186,116	-
Total	\$ 326,683	\$ 206,503

The \$186,116 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (233,789)
2022	(17,576)
2023	80,121
2024	105,308
Total	\$ (65,936)

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$3,672,045 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.2805% at the end of the measurement period and 0.2976% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$432,893 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$26,797 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$87,099 for the year ended December 31, 2020, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2020, the City reported its proportionate share of the Police and Fire 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	\$ 167,594	\$ 192,164
Changes in actuarial assumptions	1,356,096	2,413,394
Net collective difference between projected and actual investment earnings	92,129	-
Changes in proportion	63,244	370,856
Contributions paid to PERA subsequent to the measurement date	303,329	-
Total	\$ 1,982,392	\$ 2,976,414

The \$303,329 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2021	\$ (354,707)
2022	(1,194,278)
2023	133,875
2024	145,497
2025	(27,738)
Total	\$ (1,297,351)

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<u>General Employees Fund</u>	<u>Police and Fire Fund</u>
Inflation	2.25 % Per Year	2.50 % Per year
Salary increase	3.00 % Per Year	3.25 % Per year
Investment rate of return	7.50 %	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 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 became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for Police and Fire Plan was completed in 2020. The recommended assumptions for that plan was adopted by the Board and will be effective with the July 1, 2021, actual valuation if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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 changes 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.

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

General Employees Fund (Continued)

Changes in Actuarial Assumptions: (Continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 table on the following page:

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic stocks	35.5 %	5.10 %
International stocks	17.5	5.30
Bonds (fixed income)	20.0	0.75
Alternative assets (private markets)	25.0	5.90
Cash	2.0	0.00
Total	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. 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 positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City’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 City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the General Employees Fund net pension liability	\$ 6,985,480	\$ 4,358,697	\$ 2,191,813
	<u>1% Decrease in Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase in Discount Rate (8.5%)</u>
City's proportionate share of the Police and Fire Fund net pension liability (asset)	\$ 7,343,986	\$ 3,672,045	\$ 634,157

**City of Albert Lea
Notes to Financial Statements**

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees’ Retirement Association (Continued)

H. 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.

Public Employees Defined Contribution Plan (Defined Contribution Plan)

Three council members of the City of Albert Lea are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member’s account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City during fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,869	\$ 1,869	5%	5%	5%

City of Albert Lea
Notes to Financial Statements

NOTE 12 – BUDGETARY INFORMATION

The City prepares a budget for the General Fund, Airport Fund, and Senior Center Fund on the modified accrual basis of accounting. Annual appropriated budgets are adopted for these funds only. Any modification in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital projects funds. Budgets are not prepared for the Fire Pension or Police Pension fund since they are not legally required to prepare them.

On or before July 1 of each year, all agencies of the City submit requests for appropriation to the City Manager so that a budget may be presented. The budget is prepared for the General fund by function and activity and also includes information on the preceding two fiscal years, current year estimates of expenditures and requested appropriations for the next fiscal year.

The proposed budget is presented to the City Council for review at their last meeting in August. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28 of each year. Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were no budget amendments in 2020.

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. No assets are accumulated in a trust.

B. Benefits Provided

The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members.

C. Contributions

The City of Albert Lea does not contribute to the cost of premiums for eligible retired plan members and their spouses. Because the actual cost for retirees is higher than the average per-person premium for the entire group, the difference gives rise to an implicit rate subsidy. The City pays the difference between the actual and apparent cost. The General Fund typically has been used to liquidate the other postemployment benefit obligation in prior years. For the year 2020, the City contributed \$18,082 to the plan.

**City of Albert Lea
Notes to Financial Statements**

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Members

As of December 31, 2018, the following were covered by the benefit terms:

Active employees electing coverage	119
Actives waiving coverage	8
Retirees electing coverage	2
Total	129

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.75%
Salary increases	N/A
Inflation	2.50%
Healthcare cost trend increases	6.4% for FY2019, gradually decreasing over several decades to an ultimate rate of 4.0% in FY2075 and later years.
Mortality assumption	Based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments, for General Employees and for Police and Fire.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2019 to December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.75% based on 20-year municipal bond rates.

F. Total OPEB Liability

The City's total OPEB liability of \$1,110,582 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**City of Albert Lea
Notes to Financial Statements**

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

Balances at December 31, 2019	<u>\$ 1,110,583</u>
Changes for the year	
Service cost	80,605
Interest	43,858
Differences between expected and actual experience	(2,838)
Changes of assumptions	(54,999)
Benefit payments	<u>(18,082)</u>
Net changes	<u>48,544</u>
Balances at December 31, 2020	<u><u>\$ 1,159,127</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71% in 2019 to 2.75% in 2020.

The General Fund, Water Fund, and Sewer Fund typically liquidate the liability related to OPEB.

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 2.75% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease 1.75%	Current 2.75%	1% increase 3.75%
\$ 1,276,509	\$ 1,159,127	\$ 1,053,381

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% decrease (5.4% decreasing to 3.0%)	Current (6.4% decreasing to 4.0%)	1% increase (7.4% decreasing to 5.0%)
\$ 1,009,105	\$ 1,159,127	\$ 1,336,860

**City of Albert Lea
Notes to Financial Statements**

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$50,036. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ -	\$ 545,696
Changes of assumptions	105,869	48,201
Contributions between measurement date and reporting date	18,082	-
Total	\$ 123,951	\$ 593,897

The \$18,082 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending December 31,	Total
2021	\$ (74,428)
2022	(74,428)
2023	(74,428)
2024	(74,428)
2025	(86,282)
Thereafter	(104,034)
Total	\$ (488,028)

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The City has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2020, outstanding commitments for these multi-year projects total approximately \$464,428.

City of Albert Lea
Notes to Financial Statements

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Port Authority receives financial assistance from federal and state governmental agencies in the form of grants and loans. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. In 2020, management of the Port Authority recorded a liability to acknowledge an obligation to repay the City of Albert Lea the principal amount of a loan receivable from a housing entity.

On March 13, 2020, a national emergency was declared for the COVID-19 outbreak in the United States of America. This event affects the economy and financial markets. The extent of the impact on the City may be both direct and indirect and will vary based on the duration of the outbreak and various other factors. An estimate of the financial effect on the City's financial statements at December 31, 2020, cannot be determined at this time.

NOTE 16 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

City of Albert Lea
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2018	December 31, 2019	December 31, 2020
Total OPEB Liability			
Service cost	\$ 72,138	\$ 83,830	\$ 80,605
Interest	57,640	57,253	43,858
Differenced between expected and actual experience	-	(721,604)	(2,838)
Changes of assumptions	103,810	60,353	(54,999)
Benefit payments	(26,610)	(30,260)	(18,082)
Net change in total OPEB liability	<u>206,978</u>	<u>(550,428)</u>	<u>48,544</u>
Beginning of year	<u>1,454,032</u>	<u>1,661,010</u>	<u>1,110,583</u>
End of year	<u>\$ 1,661,010</u>	<u>\$ 1,110,582</u>	<u>\$ 1,159,127</u>
Covered payroll	\$ 7,792,837	\$ 7,933,089	\$ 8,378,237
Net OPEB liability as a percentage of covered payroll	21.31%	14.00%	13.83%

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

City of Albert Lea
Schedule of City's Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0785%	\$ 4,068,278	\$ -	\$ 4,068,278	\$ 5,031,160	80.86%	78.19%
2016	0.0727%	5,902,880	23,003	5,925,883	4,508,507	130.93%	68.91%
2017	0.0720%	4,596,432	57,791	4,654,223	4,641,964	99.02%	75.90%
2018	0.0736%	4,083,026	31,226	4,114,252	4,943,653	82.59%	79.53%
2019	0.0729%	4,030,478	125,161	4,155,639	5,157,320	78.15%	80.23%
2020	0.0727%	4,358,697	87,099	4,445,796	5,185,307	84.06%	79.06%

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

Schedule of City's Proportionate Share
of Net Pension Liability - Public Employees Police and Fire Retirement Fund
Last Ten Years*

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3120%	\$ 3,545,050	\$ -	\$ 3,545,050	\$ 2,851,421	124.33%	86.61%
2016	0.3070%	12,320,444	-	12,320,444	2,961,198	416.06%	63.88%
2017	0.2940%	3,969,350	-	3,969,350	3,022,082	131.34%	85.43%
2018	0.2887%	3,051,262	-	3,051,262	3,042,562	100.29%	88.84%
2019	0.2976%	3,128,077	-	3,128,077	3,070,159	101.89%	89.26%
2020	0.2805%	3,672,045	87,099	3,759,144	3,098,034	118.53%	87.19%

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

**City of Albert Lea
Schedule of City Contributions -
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 376,725	\$ 376,725	\$ -	\$ 5,023,000	7.50%
2016	396,870	396,870	-	5,291,600	7.50%
2017	390,596	390,596	-	5,207,947	7.50%
2018	378,743	378,743	-	5,049,907	7.50%
2019	397,432	397,432	-	5,299,093	7.50%
2020	372,232	372,232	-	4,963,093	7.50%

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

**Schedule of City Contributions -
Public Employees Police and Fire Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	in Relation to the Statutorily Required	Contribution Deficiency (Excess)	City's Covered Payroll	as a Percentage of Covered Payroll
2015	\$ 483,547	\$ 483,547	\$ -	\$ 2,984,858	16.20%
2016	547,054	547,054	-	3,376,877	16.20%
2017	583,424	583,424	-	3,601,383	16.20%
2018	495,809	495,809	-	3,060,549	16.20%
2019	540,883	540,883	-	3,191,050	16.95%
2020	606,657	606,657	-	3,427,441	17.70%

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

City of Albert Lea
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- 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 changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

City of Albert Lea
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2018 Changes Continued)

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Albert Lea
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND (CONTINUED)

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

POLICE AND FIRE FUND

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

City of Albert Lea
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

City of Albert Lea
Notes to Required Supplementary Information

POST EMPLOYMENT HEALTH CARE PLAN

2020 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

2019 Changes

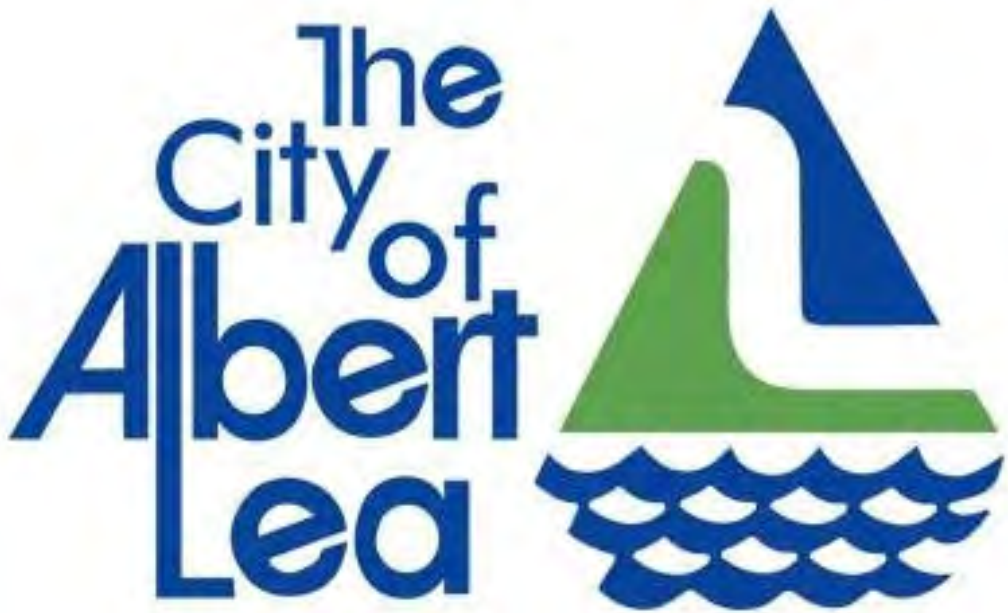
Changes in Actuarial Assumptions

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Health care trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings.
- Mortality, withdrawal, retirement, and salary increase rates were updated to the rates used in the July 1, 2018, PERA General Employees Retirement Plan and July 1, 2018, PERA Police and Fire Plan actuarial valuations.
- The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offers.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Changes in Plan Provisions

- Retiree premiums were updated to current levels.
- Explicit subsidy active contribution rates were updated for current levels.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



**City of Albert Lea
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020**

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 3,811,547	\$ 7,218,364	\$ 4,172,438	\$ 15,202,349
Taxes receivable - delinquent	-	-	12,294	12,294
Accounts receivable	1,705	34,019	-	35,724
Interest receivable	3,933	-	-	3,933
Loans receivable	2,308,285	-	-	2,308,285
Special assessment receivable	-	-	4,074,623	4,074,623
Due from other funds	-	156,615	-	156,615
Due from other governments	1,113,859	7,492	-	1,121,351
Total assets	<u>\$ 7,239,329</u>	<u>\$ 7,416,490</u>	<u>\$ 8,259,355</u>	<u>\$ 22,915,174</u>
Liabilities				
Accounts payable	\$ 198,094	\$ 114,619	\$ 3,000	\$ 315,713
Deposits payable	5,000	28,750	-	33,750
Contracts payable	30,000	-	-	30,000
Due to other funds	-	156,615	-	156,615
Due to other governments	153,646	449	-	154,095
Advances from other funds	-	20,453	-	20,453
Total liabilities	<u>386,740</u>	<u>320,886</u>	<u>3,000</u>	<u>710,626</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	4,056,178	4,056,178
Fund Balances				
Restricted	3,422,498	123,987	4,200,177	7,746,662
Committed	3,430,091	-	-	3,430,091
Assigned	-	7,224,916	-	7,224,916
Unassigned	-	(253,299)	-	(253,299)
Total fund balances	<u>6,852,589</u>	<u>7,095,604</u>	<u>4,200,177</u>	<u>18,148,370</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,239,329</u>	<u>\$ 7,416,490</u>	<u>\$ 8,259,355</u>	<u>\$ 22,915,174</u>

City of Albert Lea
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 223,104	\$ 1,737,902	\$ 1,961,006
Special assessments	-	-	1,031,432	1,031,432
Intergovernmental	888,998	203,755	-	1,092,753
Charges for services	50,103	-	-	50,103
Fines and forfeitures	5,348	-	-	5,348
Miscellaneous				
Investment income	64,292	208,532	66,844	339,668
Contributions and donations	255	-	-	255
Other	22,779	28,588	-	51,367
Total revenues	<u>1,031,775</u>	<u>663,979</u>	<u>2,836,178</u>	<u>4,531,932</u>
Expenditures				
Current				
General government	19,204	13,562	-	32,766
Public safety	113,545	18,030	-	131,575
Public works	17,810	156,222	-	174,032
Culture and recreation	90,037	135,728	-	225,765
Community development	391,926	62,500	-	454,426
Airport	236,389	-	-	236,389
Debt service				
Principal	-	80,000	2,290,000	2,370,000
Interest and other charges	-	9,900	457,102	467,002
Capital outlay				
General government	140,678	221,559	-	362,237
Public safety	1,991,609	188,738	-	2,180,347
Public works	-	873,922	-	873,922
Culture and recreation	17,811	179,574	-	197,385
Community development	-	171,838	-	171,838
Airport	14,724	-	-	14,724
Total expenditures	<u>3,033,733</u>	<u>2,111,573</u>	<u>2,747,102</u>	<u>7,892,408</u>
Excess of revenues over (under) expenditures	(2,001,958)	(1,447,594)	89,076	(3,360,476)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	113,357	83,908	-	197,265
Transfers in	2,060,000	1,325,000	517,595	3,902,595
Transfers out	(1,500,000)	(206,613)	-	(1,706,613)
Total other financing sources (uses)	<u>673,357</u>	<u>1,202,295</u>	<u>517,595</u>	<u>2,393,247</u>
Net change in fund balances	(1,328,601)	(245,299)	606,671	(967,229)
Fund Balances				
Beginning of year	<u>8,181,190</u>	<u>7,340,903</u>	<u>3,593,506</u>	<u>19,115,599</u>
End of year	<u>\$ 6,852,589</u>	<u>\$ 7,095,604</u>	<u>\$ 4,200,177</u>	<u>\$ 18,148,370</u>

City of Albert Lea Governmental Funds

Nonmajor Special Revenue Funds

Special revenue funds are established to account for specific revenue or other sources that are designated for financing particular functions or activities as required by deferral regulations, *Minnesota Statute*, City charter provisions, local ordinances, or specific grant agreements. Most of the special revenue funds are related to specific federal and state housing programs or grants for specific activities.

Nonmajor Capital Projects Funds

Capital project funds are established to account for the resources used for the acquisition of capital facilities and infrastructure for the City with the exception of those financed by the enterprise funds.

Debt Service Funds

The Debt Service funds are established to account for the collection of ad valorem taxes, special assessments, and tax increment revenue transfers as well as the payment of principal and interest of general long-term debt.

Proprietary Funds

Internal Service Funds

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designed program to other programs within the City. Revenue to these funds is derived from charges to user departments in various operational funds of the City.

**City of Albert Lea
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2020**

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
Assets				
Cash and investments	\$ 116,056	\$ 429,314	\$ 44,843	\$ 93,972
Accounts receivable	-	-	-	-
Interest receivable	-	-	-	-
Loans receivable	-	1,401,827	173,600	-
Due from other governments	-	-	-	500,000
Total assets	<u>\$ 116,056</u>	<u>\$ 1,831,141</u>	<u>\$ 218,443</u>	<u>\$ 593,972</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other governments	3,646	-	-	-
Total liabilities	<u>3,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	112,410	-	218,443	593,972
Committed	-	1,831,141	-	-
Total fund balances	<u>112,410</u>	<u>1,831,141</u>	<u>218,443</u>	<u>593,972</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 116,056</u>	<u>\$ 1,831,141</u>	<u>\$ 218,443</u>	<u>\$ 593,972</u>

Special Revenue

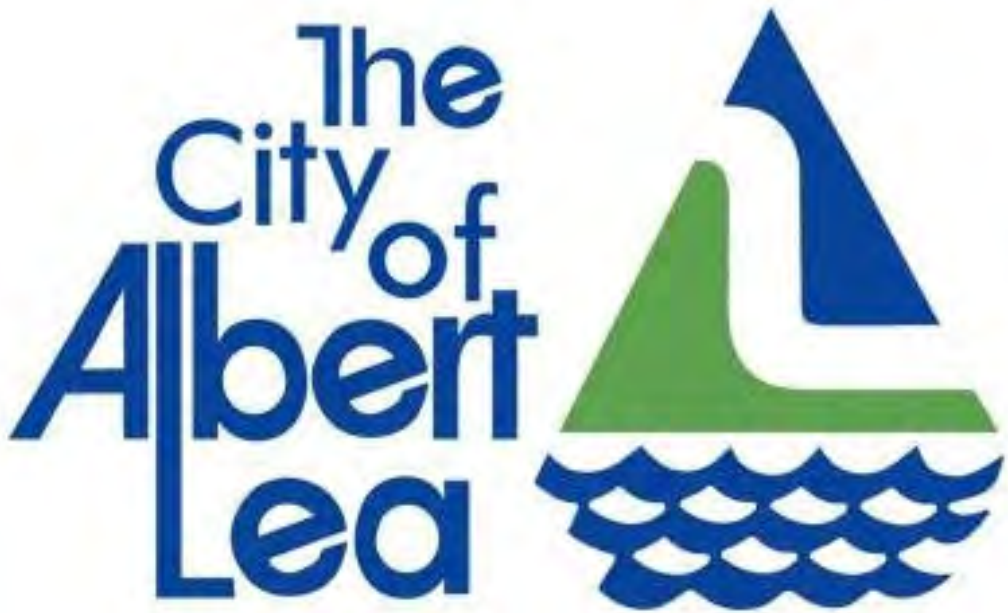
Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Fire Pension (250)	Police Pension (251)	Total Nonmajor Special Revenue Funds
\$ 159,892	\$ 19,532	\$ 645,074	\$ 214,393	\$ 506,181	\$ 1,582,290	\$ 3,811,547
-	(800)	2,505	-	-	-	1,705
-	-	-	-	2,255	1,678	3,933
-	-	732,858	-	-	-	2,308,285
-	613,859	-	-	-	-	1,113,859
<u>\$ 159,892</u>	<u>\$ 632,591</u>	<u>\$ 1,380,437</u>	<u>\$ 214,393</u>	<u>\$ 508,436</u>	<u>\$ 1,583,968</u>	<u>\$ 7,239,329</u>
\$ 772	\$ 197,322	\$ -	\$ -	\$ -	\$ -	\$ 198,094
-	-	5,000	-	-	-	5,000
-	-	-	-	30,000	-	30,000
-	-	150,000	-	-	-	153,646
<u>772</u>	<u>197,322</u>	<u>155,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>386,740</u>
-	435,269	-	-	478,436	1,583,968	3,422,498
159,120	-	1,225,437	214,393	-	-	3,430,091
<u>159,120</u>	<u>435,269</u>	<u>1,225,437</u>	<u>214,393</u>	<u>478,436</u>	<u>1,583,968</u>	<u>6,852,589</u>
<u>\$ 159,892</u>	<u>\$ 632,591</u>	<u>\$ 1,380,437</u>	<u>\$ 214,393</u>	<u>\$ 508,436</u>	<u>\$ 1,583,968</u>	<u>\$ 7,239,329</u>

City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Special Revenue		
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines and forfeitures	5,348	-	-
Miscellaneous			
Investment income	-	-	-
Contributions and donations	-	-	-
Other	-	10,638	-
Total revenues	<u>5,348</u>	<u>10,638</u>	<u>-</u>
Expenditures			
Current			
General government	-	-	-
Public safety	6,382	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community development	-	-	230
Airport	-	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Airport	-	-	-
Total expenditures	<u>6,382</u>	<u>-</u>	<u>230</u>
Excess of revenues over (under) expenditures	(1,034)	10,638	(230)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,034)	10,638	(230)
Fund Balances			
Beginning of year	<u>113,444</u>	<u>1,820,503</u>	<u>218,673</u>
End of year	<u>\$ 112,410</u>	<u>\$ 1,831,141</u>	<u>\$ 218,443</u>

Special Revenue

1999 Small Cities Grant (207)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Fire Pension (250)	Police Pension (251)
\$ -	\$ -	\$ 370,458	\$ -	\$ -	\$ -	\$ -
-	12,751	37,352	-	-	-	-
-	-	-	-	-	-	-
-	3,752	4,674	9,921	6,204	14,898	24,843
-	255	-	-	-	-	-
-	-	-	11,941	-	200	-
-	<u>16,758</u>	<u>412,484</u>	<u>21,862</u>	<u>6,204</u>	<u>15,098</u>	<u>24,843</u>
-	-	-	-	-	-	-
-	-	-	-	-	13,690	12,375
-	-	-	-	-	-	-
-	74,698	-	-	-	-	-
-	-	-	165,096	-	-	-
-	-	236,389	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,967,960	23,649
-	-	-	-	-	-	-
-	-	14,724	-	-	-	-
-	<u>74,698</u>	<u>251,113</u>	<u>165,096</u>	<u>-</u>	<u>1,981,650</u>	<u>36,024</u>
-	(57,940)	161,371	(143,234)	6,204	(1,966,552)	(11,181)
-	-	-	-	-	113,357	-
-	85,000	75,000	300,000	-	1,600,000	-
-	-	-	-	-	-	(1,500,000)
-	<u>85,000</u>	<u>75,000</u>	<u>300,000</u>	<u>-</u>	<u>1,713,357</u>	<u>(1,500,000)</u>
-	27,060	236,371	156,766	6,204	(253,195)	(1,511,181)
<u>593,972</u>	<u>132,060</u>	<u>198,898</u>	<u>1,068,671</u>	<u>208,189</u>	<u>731,631</u>	<u>3,095,149</u>
<u>\$ 593,972</u>	<u>\$ 159,120</u>	<u>\$ 435,269</u>	<u>\$ 1,225,437</u>	<u>\$ 214,393</u>	<u>\$ 478,436</u>	<u>\$ 1,583,968</u>



City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	<u>Special Revenue</u>	<u>Total Nonmajor Special Revenue Funds</u>
	<u>COVID (260)</u>	
Revenues		
Intergovernmental	\$ 518,540	\$ 888,998
Charges for services	-	50,103
Fines and forfeitures	-	5,348
Miscellaneous		
Investment income	-	64,292
Contributions and donations	-	255
Other	-	22,779
Total revenues	518,540	1,031,775
Expenditures		
Current		
General government	19,204	19,204
Public safety	81,098	113,545
Public works	17,810	17,810
Culture and recreation	15,339	90,037
Community development	226,600	391,926
Airport	-	236,389
Capital outlay		
General government	140,678	140,678
Public safety	-	1,991,609
Culture and recreation	17,811	17,811
Airport	-	14,724
Total expenditures	518,540	3,033,733
Excess of revenues over (under) expenditures	-	(2,001,958)
Other Financing Sources (Uses)		
Proceeds from sale of capital asset	-	113,357
Transfers in	-	2,060,000
Transfers out	-	(1,500,000)
Total other financing sources (uses)	-	673,357
Net change in fund balances	-	(1,328,601)
Fund Balances		
Beginning of year	-	8,181,190
End of year	\$ -	\$ 6,852,589

City of Albert Lea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Senior Center Special Revenue Fund
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 55,000	\$ 55,000	\$ 12,751	\$ (42,249)	\$ 48,664
Investment income	2,000	2,000	3,752	1,752	5,485
Contributions and donations	2,000	2,000	255	(1,745)	765
Other	500	500	-	(500)	83
Total revenues	<u>59,500</u>	<u>59,500</u>	<u>16,758</u>	<u>(42,742)</u>	<u>54,997</u>
Expenditures					
Current					
Culture and recreation	<u>164,859</u>	<u>164,859</u>	<u>74,698</u>	<u>(90,161)</u>	<u>148,175</u>
Excess of revenues over (under) expenditures	(105,359)	(105,359)	(57,940)	47,419	(93,178)
Other Financing Sources					
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Net change in fund balances	<u>\$ (20,359)</u>	<u>\$ (20,359)</u>	27,060	<u>\$ 47,419</u>	(8,178)
Fund Balances					
Beginning of year			<u>132,060</u>		<u>140,238</u>
End of year			<u>\$ 159,120</u>		<u>\$ 132,060</u>

City of Albert Lea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Airport Special Revenue Fund
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Intergovernmental	\$ 80,000	\$ 80,000	\$ 370,458	\$ 290,458	\$ 180,518
Charges for services	40,000	40,000	37,352	(2,648)	36,941
Investment income	-	-	4,674	4,674	3,025
Other	-	-	-	-	30,854
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>412,484</u>	<u>292,484</u>	<u>251,338</u>
Expenditures					
Current					
Airport	119,400	119,400	236,389	116,989	173,816
Capital outlay					
Airport	<u>2,000</u>	<u>2,000</u>	<u>14,724</u>	<u>12,724</u>	<u>254,427</u>
Total expenditures	<u>121,400</u>	<u>121,400</u>	<u>251,113</u>	<u>129,713</u>	<u>428,243</u>
Excess of revenues over (under) expenditures	(1,400)	(1,400)	161,371	162,771	(176,905)
Other Financing Sources					
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>71,000</u>
Net change in fund balances	<u>\$ 73,600</u>	<u>\$ 73,600</u>	236,371	<u>\$ 162,771</u>	(105,905)
Fund Balances					
Beginning of year			<u>198,898</u>		<u>304,803</u>
End of year			<u>\$ 435,269</u>		<u>\$ 198,898</u>

**City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2020**

	Capital Projects			
	Broadway Ridge Renewal Grant (227)	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)
Assets				
Cash and investments	\$ 389,161	\$ 2,898,797	\$ 34,526	\$ 782,903
Accounts receivable	-	-	34,019	-
Due from other funds	-	156,615	-	-
Due from other governments	-	7,492	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 389,161</u>	<u>\$ 3,062,904</u>	<u>\$ 68,545</u>	<u>\$ 782,903</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,568
Deposits payable	-	8,750	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>8,750</u>	<u>-</u>	<u>16,568</u>
Fund Balances				
Restricted	-	-	68,545	-
Assigned	389,161	3,054,154	-	766,335
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>389,161</u>	<u>3,054,154</u>	<u>68,545</u>	<u>766,335</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 389,161</u>	<u>\$ 3,062,904</u>	<u>\$ 68,545</u>	<u>\$ 782,903</u>

Continued

Capital Projects

Storm Water Projects (409)	TIF 5-22 Mrs. Gerry's (427)	TIF 9-1 Port Authority Bldg (429)	TIF 5-24 St. Johns Housing (431)	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)
\$ 375,190	\$ 53,419	\$ 1,556	\$ 853	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 375,190</u>	<u>\$ 53,419</u>	<u>\$ 1,556</u>	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,436	\$ 10,498
-	-	-	-	-	20,000	-
-	-	-	-	-	39,918	13,088
-	386	-	-	-	63	-
-	-	-	-	20,453	-	-
-	386	-	-	20,453	73,417	23,586
-	53,033	1,556	853	-	-	-
375,190	-	-	-	-	-	-
-	-	-	-	(20,453)	(73,417)	(23,586)
<u>375,190</u>	<u>53,033</u>	<u>1,556</u>	<u>853</u>	<u>(20,453)</u>	<u>(73,417)</u>	<u>(23,586)</u>
<u>\$ 375,190</u>	<u>\$ 53,419</u>	<u>\$ 1,556</u>	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2020

	Capital Projects		
	TIF 5-28 Vortex (437)	2021 CIP Projects (491)	Vehicles and Equipment (701)
Assets			
Cash and investments	\$ -	\$ -	\$ 2,496,248
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Total assets	\$ -	\$ -	\$ 2,496,248
Liabilities			
Accounts payable	\$ 6,450	\$ 25,784	\$ 41,883
Deposits payable	-	-	-
Due to other funds	6,630	96,979	-
Due to other governments	-	-	-
Advances from other funds	-	-	-
Total liabilities	13,080	122,763	41,883
Fund Balances			
Restricted	-	-	-
Assigned	-	-	2,454,365
Unassigned	(13,080)	(122,763)	-
Total fund balances	(13,080)	(122,763)	2,454,365
Total liabilities and fund balances	\$ -	\$ -	\$ 2,496,248

Capital Projects

<u>Computer Equipment (702)</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 185,711	\$ 7,218,364
-	34,019
-	156,615
-	7,492
<u>\$ 185,711</u>	<u>\$ 7,416,490</u>
\$ -	\$ 114,619
-	28,750
-	156,615
-	449
-	20,453
<u>-</u>	<u>320,886</u>
-	123,987
185,711	7,224,916
-	(253,299)
<u>185,711</u>	<u>7,095,604</u>
<u>\$ 185,711</u>	<u>\$ 7,416,490</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2020

	Capital Projects			
	Broadway Ridge Renewal Grant (227)	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)
Revenues				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	19,175	-	-
Miscellaneous				
Investment income	12,105	89,097	6	21,962
Other	10,000	-	18,041	-
Total revenues	<u>22,105</u>	<u>108,272</u>	<u>18,047</u>	<u>21,962</u>
Expenditures				
Current				
General government	-	-	-	2,524
Public safety	-	-	-	-
Public works	-	16,182	-	-
Culture and recreation	-	16,851	-	7,756
Community development	62,500	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	211,531
Public safety	-	-	-	-
Public works	-	18,707	-	42,526
Culture and recreation	-	7,146	-	64,320
Community development	-	1,563	-	-
Total expenditures	<u>62,500</u>	<u>60,449</u>	<u>-</u>	<u>328,657</u>
Excess of revenues over (under) expenditures	(40,395)	47,823	18,047	(306,695)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	25,000	-	-	300,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Net change in fund balances	(15,395)	47,823	18,047	(6,695)
Fund balances				
Beginning of year	<u>404,556</u>	<u>3,006,331</u>	<u>50,498</u>	<u>773,030</u>
End of year	<u>\$ 389,161</u>	<u>\$ 3,054,154</u>	<u>\$ 68,545</u>	<u>\$ 766,335</u>

Capital Projects

Storm Water Projects (409)	TIF 5-22 Mrs. Gerry's (427)	TIF 9-1 Port Authority Bldg (429)	TIF 5-24 St. Johns Housing (431)	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)
\$ -	\$ 41,977	\$ 36,725	\$ 85,683	\$ 58,719	\$ -	\$ -
-	-	-	-	-	-	-
10,858	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>10,858</u>	<u>41,977</u>	<u>36,725</u>	<u>85,683</u>	<u>58,719</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	73,417	23,586
-	-	-	-	-	-	-
-	80,000	-	-	-	-	-
-	9,900	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,707	35,003	78,987	54,578	-	-
-	<u>91,607</u>	<u>35,003</u>	<u>78,987</u>	<u>54,578</u>	<u>73,417</u>	<u>23,586</u>
10,858	(49,630)	1,722	6,696	4,141	(73,417)	(23,586)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,858	(49,630)	1,722	6,696	4,141	(73,417)	(23,586)
364,332	102,663	(166)	(5,843)	(24,594)	-	-
<u>\$ 375,190</u>	<u>\$ 53,033</u>	<u>\$ 1,556</u>	<u>\$ 853</u>	<u>\$ (20,453)</u>	<u>\$ (73,417)</u>	<u>\$ (23,586)</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2020

	Capital Projects	
	TIF 5-28 Vortex (437)	2019 CIP Projects (489)
Revenues		
Tax increment	\$ -	\$ -
Intergovernmental	-	184,580
Miscellaneous		
Investment income	-	1,546
Other	-	-
Total revenues	-	186,126
Expenditures		
Current		
General government	-	-
Public safety	-	-
Public works	-	29,802
Culture and recreation	13,080	-
Community development	-	-
Debt service		
Principal	-	-
Interest and other charges	-	-
Capital outlay		
General government	-	-
Public safety	-	-
Public works	-	163,546
Culture and recreation	-	-
Community development	-	-
Total expenditures	13,080	193,348
Excess of revenues over (under) expenditures	(13,080)	(7,222)
Other Financing Sources (Uses)		
Proceeds from sale of capital asset	-	-
Transfers in	-	-
Transfers out	-	(206,613)
Total other financing sources (uses)	-	(206,613)
Net change in fund balances	(13,080)	(213,835)
Fund balances		
Beginning of year	-	213,835
End of year	\$ (13,080)	\$ -

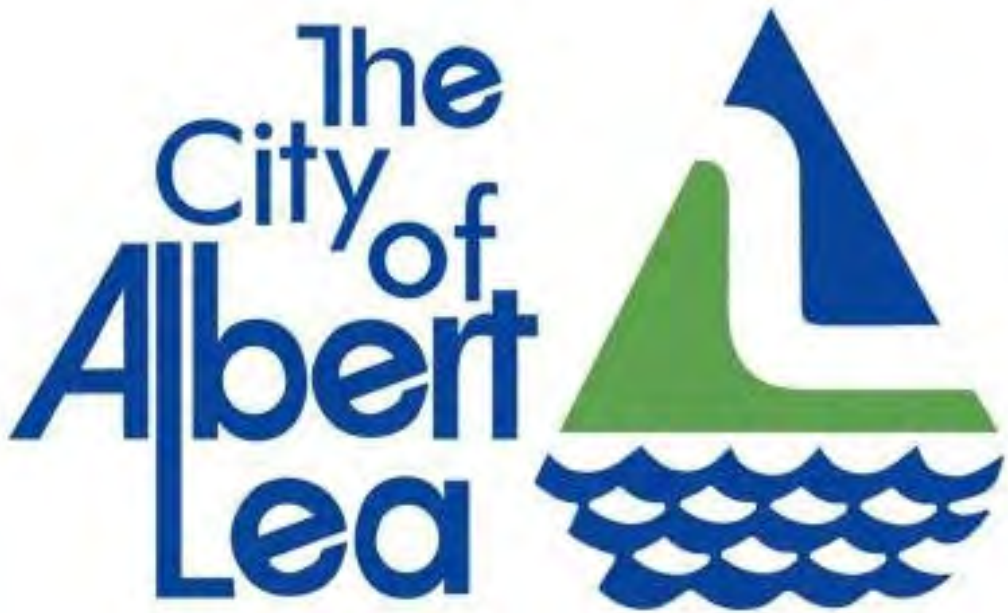
Capital Projects			
2021 CIP Projects (491)	Vehicles and Equipment (701)	Computer Equipment (702)	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ 223,104
-	-	-	203,755
-	67,913	5,045	208,532
-	547	-	28,588
-	68,460	5,045	663,979
-	-	11,038	13,562
-	-	18,030	18,030
106,086	-	4,152	156,222
-	-	1,038	135,728
-	-	-	62,500
-	-	-	80,000
-	-	-	9,900
-	-	10,028	221,559
-	188,738	-	188,738
-	649,143	-	873,922
-	108,108	-	179,574
-	-	-	171,838
106,086	945,989	44,286	2,111,573
(106,086)	(877,529)	(39,241)	(1,447,594)
-	83,908	-	83,908
-	950,000	50,000	1,325,000
-	-	-	(206,613)
-	1,033,908	50,000	1,202,295
(106,086)	156,379	10,759	(245,299)
(16,677)	2,297,986	174,952	7,340,903
\$ (122,763)	\$ 2,454,365	\$ 185,711	\$ 7,095,604

**City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2020**

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2011A (307)	PIR Bonds Series 2012A (308)	PIR Bonds Series 2013A (309)
Assets				
Cash and investments	\$ 130,714	\$ -	\$ -	\$ 386,644
Taxes receivable - current				
Special assessment receivable	460,784	40,657	274,111	463,000
Total assets	\$ 591,498	\$ 40,657	\$ 274,111	\$ 849,644
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	\$ 460,784	\$ 40,584	\$ 273,177	\$ 460,191
Fund Balances				
Restricted	130,714	73	934	389,453
Total deferred inflows of resources and fund balances	\$ 591,498	\$ 40,657	\$ 274,111	\$ 849,644

Debt Service

2014A G.O. Equipment Certificate (310)	PIR and Refunding Bonds Series 2014B (311)	2016 G.O. Bonds (313)	2017 G.O. Bonds (314)	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)
\$ 166,509	\$ -	\$ 898,509	\$ 762,079	\$ 888,214	\$ 711,512
-	182,212	541,369	380,240	490,498	12,294
<u>\$ 166,509</u>	<u>\$ 182,212</u>	<u>\$ 1,439,878</u>	<u>\$ 1,142,319</u>	<u>\$ 1,378,712</u>	<u>\$ 1,357,045</u>
\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ -
-	-	-	3,000	-	-
<u>\$ -</u>	<u>\$ 181,478</u>	<u>\$ 533,653</u>	<u>\$ 377,758</u>	<u>\$ 486,801</u>	<u>\$ 633,239</u>
166,509	734	906,225	761,561	891,911	723,806
<u>\$ 166,509</u>	<u>\$ 182,212</u>	<u>\$ 1,439,878</u>	<u>\$ 1,142,319</u>	<u>\$ 1,378,712</u>	<u>\$ 1,357,045</u>



**City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2020**

	<u>Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
	<u>2020 G.O. Bonds (320)</u>	
Assets		
Cash and investments	\$ 228,257	\$ 4,172,438
Taxes receivable - current		12,294
Special assessment receivable	608,513	4,074,623
Total assets	\$ 836,770	\$ 8,259,355
Liabilities		
Accounts payable	\$ -	3,000
Total liabilities	-	3,000
Deferred Inflows of Resources		
Unavailable revenue - special assessments	\$ 608,513	\$ 4,056,178
Fund Balances		
Restricted	228,257	4,200,177
Total deferred inflows of resources and fund balances	\$ 836,770	\$ 8,259,355

City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2011A (307)	PIR Bonds Series 2012A (308)	PIR Bonds Series 2013A (309)
Revenues				
Taxes	\$ 193,764	\$ 38,045	\$ 96,905	\$ 353,292
Special assessments	55,385	26,284	64,948	117,057
Miscellaneous				
Investment income	25	-	-	2,086
Total revenues	<u>249,174</u>	<u>64,329</u>	<u>161,853</u>	<u>472,435</u>
Expenditures				
Debt service				
Principal	160,000	65,000	190,000	525,000
Interest and other charges	33,671	6,202	14,376	66,127
Total expenditures	<u>193,671</u>	<u>71,202</u>	<u>204,376</u>	<u>591,127</u>
Excess of revenues over (under) expenditures	55,503	(6,873)	(42,523)	(118,692)
Other Financing Sources (Uses)				
Transfers in	-	5,936	42,543	-
Net change in fund balances	55,503	(937)	20	(118,692)
Fund Balances				
Beginning of year	<u>75,211</u>	<u>1,010</u>	<u>914</u>	<u>508,145</u>
End of year	<u>\$ 130,714</u>	<u>\$ 73</u>	<u>\$ 934</u>	<u>\$ 389,453</u>

Continued

Debt Service					
2014A G.O. Equipment Certificate (310)	PIR and Refunding Bonds Series 2014B (311)	2016 G.O. Bonds (313)	2017 G.O. Bonds (314)	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)
\$ 135,442	\$ 172,101	\$ 215,649	\$ 140,939	\$ 163,634	\$ 228,131
-	56,045	128,516	120,254	117,376	131,129
1,772	-	18,731	16,651	19,893	7,628
<u>137,214</u>	<u>228,146</u>	<u>362,896</u>	<u>277,844</u>	<u>300,903</u>	<u>366,888</u>
115,000	485,000	335,000	205,000	210,000	-
14,765	34,622	56,159	64,784	71,459	94,937
<u>129,765</u>	<u>519,622</u>	<u>391,159</u>	<u>269,784</u>	<u>281,459</u>	<u>94,937</u>
7,449	(291,476)	(28,263)	8,060	19,444	271,951
-	248,742	-	-	-	206,613
7,449	(42,734)	(28,263)	8,060	19,444	478,564
159,060	43,468	934,488	753,501	872,467	245,242
<u>\$ 166,509</u>	<u>\$ 734</u>	<u>\$ 906,225</u>	<u>\$ 761,561</u>	<u>\$ 891,911</u>	<u>\$ 723,806</u>



City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2020

Continued

	Debt Service	
	2020 G.O. Bonds (320)	Total Nonmajor Debt Service Funds
Revenues		
Taxes	\$ -	\$ 1,737,902
Special assessments	214,438	1,031,432
Miscellaneous		
Investment income	58	66,844
Total revenues	214,496	2,836,178
Expenditures		
Debt service		
Principal	-	2,290,000
Interest and other charges	-	457,102
Total expenditures	-	2,747,102
Excess of revenues over (under) expenditures	214,496	89,076
Other Financing Sources (Uses)		
Transfers in	13,761	517,595
Net change in fund balances	228,257	606,671
Fund Balances		
Beginning of year	-	3,593,506
End of year	\$ 228,257	\$ 4,200,177

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019**

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 4,873,953	\$ 4,873,953	\$ 4,826,821	\$ (47,132)	\$ 4,693,243
Franchise fees	1,795,000	1,795,000	1,657,164	(137,836)	1,730,997
Lodging	11,500	11,500	6,057	(5,443)	11,624
Total taxes	<u>6,680,453</u>	<u>6,680,453</u>	<u>6,490,042</u>	<u>(190,411)</u>	<u>6,435,864</u>
Special Assessments	11,000	11,000	-	(11,000)	2,619
Licenses and permits	274,650	274,650	294,938	20,288	311,538
Intergovernmental revenue					
Local government aid	5,557,709	5,557,709	5,565,279	7,570	5,368,201
Other intergovernmental	896,400	896,400	1,814,740	918,340	929,989
Total intergovernmental revenue	<u>6,454,109</u>	<u>6,454,109</u>	<u>7,380,019</u>	<u>925,910</u>	<u>6,298,190</u>
Charges for services	1,098,960	1,098,960	823,701	(275,259)	1,089,711
Fines and forfeitures	99,000	99,000	64,988	(34,012)	103,588
Miscellaneous revenues					
Investment income	145,000	145,000	201,734	56,734	234,667
Contributions and donations	4,500	4,500	4,575	75	15,950
Other	48,996	48,996	47,522	(1,474)	59,766
Total miscellaneous revenues	<u>198,496</u>	<u>198,496</u>	<u>253,831</u>	<u>55,335</u>	<u>310,383</u>
Total revenues	<u>14,816,668</u>	<u>14,816,668</u>	<u>15,307,519</u>	<u>490,851</u>	<u>14,551,893</u>
Expenditures					
Current					
General government					
City Council					
Personnel services	65,297	65,297	64,844	(453)	64,620
Supplies	1,500	1,500	268	(1,232)	758
Other services and charges	95,850	95,850	92,354	(3,496)	92,057
Total city council	<u>162,647</u>	<u>162,647</u>	<u>157,466</u>	<u>(5,181)</u>	<u>157,435</u>
City Manager					
Personnel services	382,663	382,663	314,343	(68,320)	387,587
Supplies	1,750	1,750	670	(1,080)	661
Other services and charges	18,250	18,250	17,391	(859)	32,007
Total City Manager	<u>402,663</u>	<u>402,663</u>	<u>332,404</u>	<u>(70,259)</u>	<u>420,255</u>
City Clerk					
Personnel services	103,427	103,427	104,662	1,235	103,111
Supplies	1,050	1,050	447	(603)	1,047
Other services and charges	22,935	22,935	17,254	(5,681)	23,130
Total City Clerk	<u>127,412</u>	<u>127,412</u>	<u>122,363</u>	<u>(5,049)</u>	<u>127,288</u>

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Elections					
Personnel services	\$ 30,000	\$ 30,000	\$ 33,165	\$ 3,165	\$ -
Supplies	3,300	3,300	4,717	1,417	-
Other services and charges	3,550	3,550	6,824	3,274	700
Total elections	<u>36,850</u>	<u>36,850</u>	<u>44,706</u>	<u>7,856</u>	<u>700</u>
Finance					
Personnel services	403,045	403,045	404,667	1,622	397,254
Supplies	7,400	7,400	5,089	(2,311)	6,111
Other services and charges	96,620	96,620	89,302	(7,318)	78,238
Total finance	<u>507,065</u>	<u>507,065</u>	<u>499,058</u>	<u>(8,007)</u>	<u>481,603</u>
City attorney					
Personnel services	229,406	229,406	227,558	(1,848)	225,464
Supplies	900	900	1,201	301	2,393
Other services and charges	43,250	43,250	26,070	(17,180)	30,263
Total city attorney	<u>273,556</u>	<u>273,556</u>	<u>254,829</u>	<u>(18,727)</u>	<u>258,120</u>
Personnel administration					
Personnel services	356,580	356,580	171,216	(185,364)	176,576
Supplies	250	250	279	29	300
Other services and charges	48,865	48,865	62,721	13,856	55,398
Total personnel administration	<u>405,695</u>	<u>405,695</u>	<u>234,216</u>	<u>(171,479)</u>	<u>232,274</u>
Zoning and planning					
Personnel services	122,675	122,675	120,765	(1,910)	-
Supplies	500	500	138	(362)	-
Other services and charges	18,260	18,260	16,068	(2,192)	-
Total personnel administration	<u>141,435</u>	<u>141,435</u>	<u>136,971</u>	<u>(4,464)</u>	<u>-</u>
City center					
Personnel services	23,136	23,136	20,907	(2,229)	19,028
Supplies	11,600	11,600	6,531	(5,069)	8,347
Other services and charges	132,220	132,220	93,196	(39,024)	114,909
Total city center	<u>166,956</u>	<u>166,956</u>	<u>120,634</u>	<u>(46,322)</u>	<u>142,284</u>
Communications					
Personnel services	79,061	79,061	79,417	356	78,330
Supplies	5,950	5,950	11	(5,939)	354
Other services and charges	9,560	9,560	2,340	(7,220)	7,576
Total communications	<u>94,571</u>	<u>94,571</u>	<u>81,768</u>	<u>(12,803)</u>	<u>86,260</u>
Information technology					
Supplies	1,000	1,000	500	(500)	500
Other services and charges	71,500	71,500	69,946	(1,554)	68,457
Total information technology	<u>72,500</u>	<u>72,500</u>	<u>70,446</u>	<u>(2,054)</u>	<u>68,957</u>
Total general government	<u>2,391,350</u>	<u>2,391,350</u>	<u>2,054,861</u>	<u>(336,489)</u>	<u>1,975,176</u>

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public safety					
Police					
Personnel services	\$ 3,338,269	\$ 3,338,269	\$ 3,189,866	\$ (148,403)	\$ 3,183,821
Supplies	130,550	130,550	87,358	(43,192)	98,506
Other services and charges	385,767	385,767	438,729	52,962	356,577
Total police	<u>3,854,586</u>	<u>3,854,586</u>	<u>3,715,953</u>	<u>(138,633)</u>	<u>3,638,904</u>
Fire					
Personnel services	1,920,961	1,920,961	1,975,040	54,079	1,942,485
Supplies	105,150	105,150	85,647	(19,503)	88,294
Other services and charges	143,650	143,650	95,286	(48,364)	111,156
Total fire	<u>2,169,761</u>	<u>2,169,761</u>	<u>2,155,973</u>	<u>(13,788)</u>	<u>2,141,935</u>
Inspection services					
Personnel services	337,654	337,654	331,825	(5,829)	302,518
Supplies	13,300	13,300	8,993	(4,307)	11,057
Other services and charges	179,750	179,750	122,435	(57,315)	31,201
Total inspection services	<u>530,704</u>	<u>530,704</u>	<u>463,253</u>	<u>(67,451)</u>	<u>344,776</u>
Community services					
Personnel services	150,463	150,463	153,299	2,836	147,299
Supplies	5,500	5,500	1,384	(4,116)	2,139
Other services and charges	20,495	20,495	30,381	9,886	24,141
Total community services	<u>176,458</u>	<u>176,458</u>	<u>185,064</u>	<u>8,606</u>	<u>173,579</u>
Total public safety	<u>6,731,509</u>	<u>6,731,509</u>	<u>6,520,243</u>	<u>(211,266)</u>	<u>6,299,194</u>
Public works					
Engineering					
Personnel services	606,918	606,918	600,455	(6,463)	586,453
Supplies	10,075	10,075	6,400	(3,675)	9,454
Other services and charges	44,180	44,180	33,336	(10,844)	38,818
Total engineering	<u>661,173</u>	<u>661,173</u>	<u>640,191</u>	<u>(20,982)</u>	<u>634,725</u>
Street maintenance					
Personnel services	514,248	514,248	464,075	(50,173)	508,896
Supplies	320,200	320,200	271,726	(48,474)	260,065
Other services and charges	97,450	97,450	111,053	13,603	81,913
Total street maintenance	<u>931,898</u>	<u>931,898</u>	<u>846,854</u>	<u>(85,044)</u>	<u>850,874</u>
Snow and ice removal					
Personnel services	341,625	341,625	306,266	(35,359)	373,659
Supplies	153,000	153,000	97,624	(55,376)	141,557
Other services and charges	22,410	22,410	7,865	(14,545)	24,761
Total snow and ice removal	<u>517,035</u>	<u>517,035</u>	<u>411,755</u>	<u>(105,280)</u>	<u>539,977</u>

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public works (Continued)					
Storm drainage					
Personnel services	\$ 131,407	\$ 131,407	\$ 119,333	\$ (12,074)	\$ 128,219
Supplies	36,800	36,800	30,111	(6,689)	48,878
Other services and charges	74,160	74,160	51,780	(22,380)	67,224
Total storm drainage	<u>242,367</u>	<u>242,367</u>	<u>201,224</u>	<u>(41,143)</u>	<u>244,321</u>
Street lighting					
Supplies	32,900	32,900	21,368	(11,532)	11,580
Other services and charges	250,400	250,400	248,630	(1,770)	258,336
Total street lighting	<u>283,300</u>	<u>283,300</u>	<u>269,998</u>	<u>(13,302)</u>	<u>269,916</u>
City garage					
Personnel services	172,302	172,302	131,375	(40,927)	153,124
Supplies	33,700	33,700	41,574	7,874	31,579
Other services and charges	69,700	69,700	95,274	25,574	69,748
Total city garage	<u>275,702</u>	<u>275,702</u>	<u>268,223</u>	<u>(7,479)</u>	<u>254,451</u>
Total public works	<u>2,911,475</u>	<u>2,911,475</u>	<u>2,638,245</u>	<u>(273,230)</u>	<u>2,794,264</u>
Culture and recreation					
Recreation administration					
Personnel services	256,180	256,180	245,655	(10,525)	255,839
Supplies	13,700	13,700	1,829	(11,871)	7,645
Other services and charges	27,025	27,025	8,802	(18,223)	20,739
Total recreation administration	<u>296,905</u>	<u>296,905</u>	<u>256,286</u>	<u>(40,619)</u>	<u>284,223</u>
Arena					
Personnel services	267,033	267,033	220,166	(46,867)	248,134
Supplies	41,700	41,700	23,423	(18,277)	29,415
Other services and charges	210,285	210,285	154,020	(56,265)	214,191
Total arena	<u>519,018</u>	<u>519,018</u>	<u>397,609</u>	<u>(121,409)</u>	<u>491,740</u>
Swimming pool					
Personnel services	147,469	147,469	10,172	(137,297)	125,908
Supplies	34,725	34,725	198	(34,527)	30,669
Other services and charges	45,190	45,190	11,511	(33,679)	43,119
Total swimming pool	<u>227,384</u>	<u>227,384</u>	<u>21,881</u>	<u>(205,503)</u>	<u>199,696</u>
Park and recreation programs					
Personnel services	56,324	56,324	46,487	(9,837)	45,066
Supplies	17,500	17,500	9,225	(8,275)	14,981
Other services and charges	16,950	16,950	1,291	(15,659)	11,389
Total park and recreation programs	<u>90,774</u>	<u>90,774</u>	<u>57,003</u>	<u>(33,771)</u>	<u>71,436</u>

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019**

	2020			2019	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Culture and recreation (Continued)					
Theater					
Supplies	\$ 1,500	\$ 1,500	\$ 1,286	\$ (214)	\$ 807
Other services and charges	26,540	26,540	16,625	(9,915)	21,995
Total theater	<u>28,040</u>	<u>28,040</u>	<u>17,911</u>	<u>(10,129)</u>	<u>22,802</u>
Parks					
Personnel services	886,126	886,126	778,566	(107,560)	864,927
Supplies	187,500	187,500	146,791	(40,709)	156,037
Other services and charges	148,220	148,220	121,371	(26,849)	125,369
Total parks	<u>1,221,846</u>	<u>1,221,846</u>	<u>1,046,728</u>	<u>(175,118)</u>	<u>1,146,333</u>
Forestry					
Personnel services	98,984	98,984	68,269	(30,715)	102,990
Supplies	30,200	30,200	26,712	(3,488)	27,237
Other services and charges	28,400	28,400	25,269	(3,131)	30,540
Total forestry	<u>157,584</u>	<u>157,584</u>	<u>120,250</u>	<u>(37,334)</u>	<u>160,767</u>
Library					
Personnel services	850,573	850,573	724,404	(126,169)	814,773
Supplies	146,100	146,100	133,972	(12,128)	139,023
Other services and charges	100,660	100,660	69,499	(31,161)	101,476
Total library	<u>1,097,333</u>	<u>1,097,333</u>	<u>927,875</u>	<u>(169,458)</u>	<u>1,055,272</u>
Total culture and recreation	<u>3,638,884</u>	<u>3,638,884</u>	<u>2,845,543</u>	<u>(793,341)</u>	<u>3,432,269</u>
Community development					
Community development services					
Personnel services	-	-	-	-	57,483
Supplies	-	-	-	-	3,316
Other services and charges	-	-	813	813	51,093
Total community development services	<u>-</u>	<u>-</u>	<u>813</u>	<u>813</u>	<u>111,892</u>
Property acquisitions					
Other services and charges	38,450	38,450	49,250	10,800	37,654
Economic development					
Other services and charges	66,500	66,500	63,812	(2,688)	65,823
Total community development	<u>104,950</u>	<u>104,950</u>	<u>113,875</u>	<u>8,925</u>	<u>215,369</u>
Total current expenditures	<u>15,778,168</u>	<u>15,778,168</u>	<u>14,172,767</u>	<u>(1,605,401)</u>	<u>14,716,272</u>

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019**

	2020			2019	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Debt Service					
Principal	\$ 14,000	\$ 14,000	\$ 14,931	\$ 931	\$ 15,156
Capital outlay					
Public safety	-	-	-	-	8,062
Culture and recreation	-	-	-	-	5,254
Total capital outlay	-	-	-	-	13,316
Total expenditures	15,792,168	15,792,168	14,187,698	(1,604,470)	14,744,744
Excess of revenues over (under) expenditures	(975,500)	(975,500)	1,119,821	2,095,321	(192,851)
Other Financing Sources (Uses)					
Transfers in	1,940,500	1,940,500	1,940,500	-	1,967,000
Transfers out	(965,000)	(965,000)	(1,765,000)	(800,000)	(971,000)
Total other financing sources (uses)	975,500	975,500	175,500	(800,000)	996,000
Net change in fund balances	\$ -	\$ -	1,295,321	\$ 1,295,321	803,149
Fund Balances					
Beginning of year			10,385,419		9,582,270
End of year			\$ 11,680,740		\$ 10,385,419

**City of Albert Lea
Internal Service Funds
Combining Statement of Net Position
December 31, 2020**

	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total
Assets			
Cash and investments	\$ 408,485	\$ 242,841	\$ 651,326
Liabilities			
Accounts payable	2,310	14,687	16,997
Net Position			
Unrestricted	\$ 406,175	\$ 228,154	\$ 634,329

**City of Albert Lea
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Year Ended December 31, 2020**

	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total
Operating revenues			
Miscellaneous	\$ 37,064	\$ 28,804	\$ 65,868
Operating expenses			
Other services and charges	76,481	62,771	139,252
Operating loss	(39,417)	(33,967)	(73,384)
Nonoperating revenues			
Investment income	12,796	7,343	20,139
Miscellaneous revenue	3,000	-	3,000
Total nonoperating revenues	15,796	7,343	23,139
Change in net position	(23,621)	(26,624)	(50,245)
Net position			
January 1	429,796	254,778	684,574
December 31	\$ 406,175	\$ 228,154	\$ 634,329

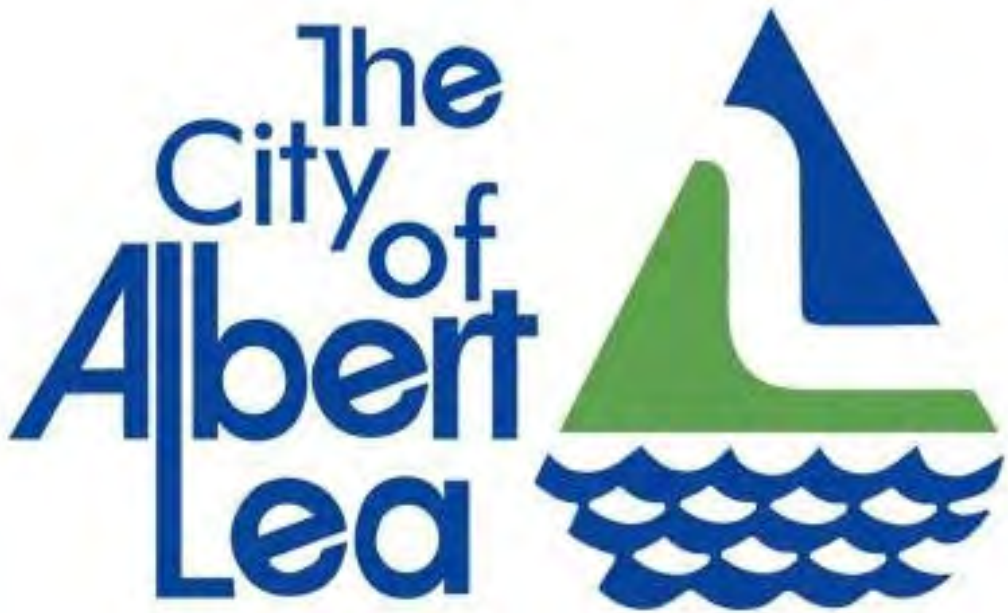
**City of Albert Lea
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2020**

	Health/Workers Comp Insurance (703)	Property/ Liability Insurance (705)	Total
Cash Flows - Operating Activities			
Payments to suppliers	\$ (74,325)	\$ (48,819)	\$ (123,144)
Other operating receipts	37,064	28,804	65,868
Net cash flows - operating activities	(37,261)	(20,015)	(57,276)
Cash Flows - Noncapital Financing activities			
Intergovernmental receipts	3,000	-	3,000
Cash Flows - Investing Activities			
Interest received	12,796	7,343	20,139
Net change in cash and cash equivalents	(21,465)	(12,672)	(34,137)
Cash and Cash Equivalents			
January 1	429,950	255,513	685,463
December 31	\$ 408,485	\$ 242,841	\$ 651,326
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities			
Operating loss	\$ (39,417)	\$ (33,967)	\$ (73,384)
Adjustments to reconcile operating loss to net cash flows - operating activities			
Accounts payable	2,156	13,952	16,108
Net cash flows - operating activities	\$ (37,261)	\$ (20,015)	\$ (57,276)

STATISTICAL SECTION (UNAUDITED)

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020



**City of Albert Lea
Statistical Section (Unaudited)**

This part of the City of Albert Lea's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

- Table 1 – Net Position by Component
- Table 2 – Changes in Net Position
- Table 3 – Fund Balances of Governmental Funds
- Table 4 – Changes in Fund Balances of Governmental Funds
- Table 5 – Program Revenues by Function
- Table 6 – Governmental Activities Tax Revenue by Source

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.

- Table 7 – Property Tax Levies and Collections
- Table 8 – Certified Special Assessment Collections
- Table 9 – Tax Capacity and Estimated Value of Taxable Property
- Table 10 – Property Tax Rates and Tax Levies – Direct and Overlapping Governments
- Table 11 – Principal Property Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

- Table 12 – Ratios of Outstanding Debt by Type
- Table 13 – Ratios of Net General Bonded Debt Outstanding
- Table 14 – Legal Debt Margin Information
- Table 15 – Computation of Direct and Overlapping Debt
- Table 16 – Schedule of Water Fund Bond Coverage
- Table 17 – Schedule of Sewer Fund Bond Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

- Table 18 – Demographic Statistics
- Table 19 – Top 10 Water System Customers
- Table 20 – Principal Employers
- Table 21 – Full-Time Equivalent Employees by Function
- Table 22 – Capital Asset Statistics by Function
- Table 23 – Operating Indicators by Function

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 33,024,190	\$ 36,422,895	\$ 38,902,147	\$ 38,238,312
Restricted	17,055,998	17,785,097	18,709,908	19,579,069
Unrestricted	21,111,353	20,076,182	19,933,951	21,295,560
Total governmental activities net position	<u>\$ 71,191,541</u>	<u>\$ 74,284,174</u>	<u>\$ 77,546,006</u>	<u>\$ 79,112,941</u>
Business-Type Activities				
Net investment in capital assets	\$ 39,757,094	\$ 39,407,822	\$ 38,308,602	\$ 39,407,245
Unrestricted	11,084,277	12,200,119	12,562,117	12,802,989
Total business-type activities net position	<u>\$ 50,841,371</u>	<u>\$ 51,607,941</u>	<u>\$ 50,870,719</u>	<u>\$ 52,210,234</u>
Total Primary Government				
Net investment in capital assets	\$ 72,781,284	\$ 75,830,717	\$ 77,210,749	\$ 77,645,557
Restricted	17,055,998	17,785,097	18,709,908	19,579,069
Unrestricted	32,195,630	32,276,301	32,496,068	34,098,549
Total primary government	<u>\$ 122,032,912</u>	<u>\$ 125,892,115</u>	<u>\$ 128,416,725</u>	<u>\$ 131,323,175</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in 2015.
Years prior to 2015 have not been restated.

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 42,082,378	\$ 42,945,205	\$ 47,259,002	\$ 51,854,858	\$ 59,788,439	\$ 62,676,110
21,453,540	24,221,520	24,314,972	23,938,762	18,624,347	17,183,548
12,533,192	10,664,422	9,968,233	10,547,381	9,745,316	11,359,395
<u>\$ 76,069,110</u>	<u>\$ 77,831,147</u>	<u>\$ 81,542,207</u>	<u>\$ 86,341,001</u>	<u>\$ 88,158,102</u>	<u>\$ 91,219,053</u>
\$ 39,661,982	\$ 42,729,009	\$ 42,939,676	\$ 42,141,720	\$ 44,963,435	\$ 44,674,279
12,613,332	11,238,332	10,698,663	11,003,827	11,595,802	12,242,153
<u>\$ 52,275,314</u>	<u>\$ 53,967,341</u>	<u>\$ 53,638,339</u>	<u>\$ 53,145,547</u>	<u>\$ 56,559,237</u>	<u>\$ 56,916,432</u>
\$ 81,744,360	\$ 85,674,214	\$ 90,198,678	\$ 93,996,578	\$ 104,751,874	\$ 107,350,389
21,453,540	24,221,520	24,314,972	23,938,762	18,624,347	17,183,548
25,146,524	21,902,754	20,666,896	21,551,208	21,341,118	23,601,548
<u>\$ 128,344,424</u>	<u>\$ 131,798,488</u>	<u>\$ 135,180,546</u>	<u>\$ 139,486,548</u>	<u>\$ 144,717,339</u>	<u>\$ 148,135,485</u>

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,926,712	\$ 1,808,099	\$ 1,946,733	\$ 2,066,221
Public safety	6,439,772	5,738,188	6,127,434	6,282,002
Public works	3,415,753	3,611,704	3,695,469	4,116,428
Culture and recreation	3,691,049	3,760,834	3,792,532	3,709,010
Airport	-	-	562,700	608,770
Community development	335,129	931,118	295,666	405,733
Interest on long-term debt	355,546	343,828	342,006	433,078
Total governmental activities expenses	<u>16,163,961</u>	<u>16,193,771</u>	<u>16,762,540</u>	<u>17,621,242</u>
Business-type activities				
Water	1,668,695	1,856,750	1,931,472	1,845,736
Sewer	3,758,711	3,702,369	3,477,519	3,520,744
Solid waste	186,934	172,647	140,180	109,784
Parking maintenance district	36,912	29,649	12,258	24,636
Total business-type activities expenses	<u>5,651,252</u>	<u>5,761,415</u>	<u>5,561,429</u>	<u>5,500,900</u>
Total expenses	<u>\$ 21,815,213</u>	<u>\$ 21,955,186</u>	<u>\$ 22,323,969</u>	<u>\$ 23,122,142</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 170,666	\$ 164,696	\$ 126,519	\$ 131,199
Culture and recreation	403,813	398,473	540,628	659,180
Other activities	516,079	599,438	671,474	948,089
Operating grants and contributions	2,342,509	783,030	766,247	551,154
Capital grants and contributions	6,520,439	5,378,484	5,685,443	2,353,280
Total governmental activities program revenue	<u>9,953,506</u>	<u>7,324,121</u>	<u>7,790,311</u>	<u>4,642,902</u>
Business-type activities				
Charges for services				
Water	1,894,512	1,991,866	2,150,345	2,363,536
Sewer	3,674,956	3,721,968	3,753,107	4,465,989
Other activities	217,172	198,120	256,524	215,350
Operating grants and contributions	-	-	-	-
Capital grants and contributions	69,681	7,000	209,670	37,807
Total governmental activities program revenue	<u>5,856,321</u>	<u>5,918,954</u>	<u>6,369,646</u>	<u>7,082,682</u>
Total program revenues	<u>15,809,827</u>	<u>13,243,075</u>	<u>14,159,957</u>	<u>11,725,584</u>

Continued
Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,735,013	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413	\$ 2,466,797	\$2,409,652
6,051,784	7,793,711	6,989,633	6,983,401	6,853,580	7,110,586
4,186,823	3,448,159	3,420,520	4,012,349	4,858,591	4,783,978
3,694,414	3,614,932	4,006,557	3,631,330	4,219,744	3,622,589
546,100	578,473	1,125,612	620,411	719,033	741,140
506,248	1,135,736	803,201	449,376	597,661	838,465
432,617	501,753	525,704	564,742	597,515	681,353
<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>	<u>20,312,921</u>	<u>20,187,763</u>
1,628,018	1,674,260	1,673,215	1,904,474	1,746,635	1,769,325
3,677,161	3,603,255	3,540,898	4,118,407	4,116,664	4,233,447
130,506	140,752	145,871	104,009	138,355	142,238
11,368	10,861	-	-	-	-
<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>	<u>6,001,654</u>	<u>6,145,010</u>
<u>\$ 22,600,052</u>	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>	<u>\$ 24,557,912</u>	<u>\$ 26,314,575</u>	<u>\$ 26,332,773</u>
\$ 91,998	\$ 100,449	\$ 140,139	\$ 165,619	\$ 169,971	\$134,210
547,688	593,500	672,198	599,705	561,087	318,690
896,380	955,216	790,990	937,108	1,038,574	881,717
604,428	613,416	574,252	593,197	656,566	1,550,687
5,239,394	4,749,991	4,013,023	5,026,013	2,675,884	3,004,849
<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>	<u>5,102,082</u>	<u>5,890,153</u>
2,538,061	2,778,218	2,979,526	3,172,833	3,356,138	3,528,741
4,534,385	4,230,589	4,250,258	4,236,478	4,466,819	4,462,862
178,641	164,168	159,616	183,978	162,093	176,446
-	2,620	187	-	13,711	7,570
192,197	59,774	35,686	18,034	3,118,474	249,325
<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>	<u>11,117,235</u>	<u>8,424,944</u>
<u>14,823,172</u>	<u>14,247,941</u>	<u>13,615,875</u>	<u>14,932,965</u>	<u>16,219,317</u>	<u>14,315,097</u>

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

Continued

	Fiscal Year			
	2011	2012	2013	2014
Net (Expenses) Revenues				
Governmental activities	\$ (6,210,455)	\$ (8,869,650)	\$ (8,972,229)	\$ (12,978,340)
Business-type activities	205,069	157,539	808,217	1,581,782
 Total primary government	<u>\$ (6,005,386)</u>	<u>\$ (8,712,111)</u>	<u>\$ (8,164,012)</u>	<u>\$ (11,396,558)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes - general purposes	\$ 4,738,668	\$ 5,226,320	\$ 4,814,108	\$ 4,764,012
Property taxes - debt service	157,348	139,638	705,172	1,073,458
Tax increments	-	-	157,535	265,279
Franchise and lodging taxes	1,708,025	1,499,375	1,485,581	1,512,332
Unrestricted grants and contributions	4,876,678	4,754,646	4,730,810	5,169,457
Unrestricted investment earnings	395,112	141,885	(643,608)	765,231
Sale of capital assets	-	-	77,571	8,159
Miscellaneous	536,230	549,710	12,185	-
Transfers - capital related	-	-	-	(883,473)
Transfers	185,840	(349,291)	1,083,819	1,870,820
Total governmental activities expenses	<u>12,597,901</u>	<u>11,962,283</u>	<u>12,423,173</u>	<u>14,545,275</u>
Business-type activities				
Unrestricted investment earnings	920,660	260,040	(444,170)	744,898
Sale of capital assets	-	-	4,600	-
Transfers - capital related	-	-	-	883,473
Transfers	(185,840)	349,291	(1,083,819)	(1,870,820)
Total business-type activities expenses	<u>734,820</u>	<u>609,331</u>	<u>(1,523,389)</u>	<u>(242,449)</u>
 Total primary government	<u>\$ 13,332,721</u>	<u>\$ 12,571,614</u>	<u>\$ 10,899,784</u>	<u>\$ 14,302,826</u>
 Change in Net Position				
Governmental activities	\$ 6,387,446	\$ 3,092,633	\$ 3,450,944	\$ 1,566,935
Business-type activities	939,889	766,870	(715,172)	1,339,333
 Total primary government	<u>\$ 7,327,335</u>	<u>\$ 3,859,503</u>	<u>\$ 2,735,772</u>	<u>\$ 2,906,268</u>

Continued
Table 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (9,773,111)	\$ (12,122,726)	\$ (9,773,111)	\$ (11,109,380)	\$ (15,210,839)	\$ (14,297,610)
1,996,231	1,806,241	1,996,231	1,484,433	5,115,581	2,279,934
<u>\$ (7,776,880)</u>	<u>\$ (10,316,485)</u>	<u>\$ (7,776,880)</u>	<u>\$ (9,624,947)</u>	<u>\$ (10,095,258)</u>	<u>\$ (12,017,676)</u>
\$ 4,859,193	\$ 4,790,563	\$ 4,938,679	\$ 4,849,730	\$ 4,733,069	\$ 4,878,635
1,200,097	1,398,161	1,388,212	1,552,317	1,552,317	1,737,902
133,114	125,907	321,562	354,442	367,775	386,348
1,465,245	1,603,182	1,659,893	1,798,752	1,730,997	1,657,164
5,252,535	5,316,055	5,246,746	5,410,140	5,415,747	5,626,401
400,659	347,736	402,765	431,089	1,009,666	614,346
51,070	56,707	33,956	84,402	31,369	197,265
-	-	-	-	-	-
-	(1,435,368)	652,489	-	-	-
1,503,063	1,681,820	1,913,944	1,997,884	2,187,000	2,260,500
<u>14,864,976</u>	<u>13,884,763</u>	<u>16,558,246</u>	<u>16,478,756</u>	<u>17,027,940</u>	<u>17,358,561</u>
96,193	132,238	172,142	151,632	485,109	337,761
-	-	-	-	-	-
-	1,435,368	(652,489)	-	-	-
<u>(1,503,063)</u>	<u>(1,681,820)</u>	<u>(1,913,944)</u>	<u>(1,997,884)</u>	<u>(2,187,000)</u>	<u>(2,260,500)</u>
<u>(1,406,870)</u>	<u>(114,214)</u>	<u>(2,394,291)</u>	<u>(1,846,252)</u>	<u>(1,701,891)</u>	<u>(1,922,739)</u>
<u>\$ 13,458,106</u>	<u>\$ 13,770,549</u>	<u>\$ 14,163,955</u>	<u>\$ 14,632,504</u>	<u>\$ 15,326,049</u>	<u>\$ 15,435,822</u>
\$ 5,091,865	\$ 1,762,037	\$ 6,785,135	\$ 5,369,376	\$ 1,817,101	\$ 3,060,951
589,361	1,692,027	(398,060)	(361,819)	3,413,690	357,195
<u>\$ 5,681,226</u>	<u>\$ 3,454,064</u>	<u>\$ 6,387,075</u>	<u>\$ 5,007,557</u>	<u>\$ 5,230,791</u>	<u>\$ 3,418,146</u>

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 5,148,018	\$ 4,401,159	\$ 4,428,587	\$ 1,919,712
Restricted	10,981,017	11,010,489	10,368,737	-
Committed	234,210	222,378	-	-
Assigned	3,812,781	3,849,973	31,592	-
Unassigned	3,037,183	4,238,006	7,826,600	10,614,235
	<u>\$ 23,213,209</u>	<u>\$ 23,722,005</u>	<u>\$ 22,655,516</u>	<u>\$ 12,533,947</u>
All other governmental funds				
Nonspendable	\$ -	\$ -	\$ 6,149	\$ 7,938
Restricted	1,758,765	2,158,048	2,720,232	14,344,702
Committed	2,077,444	1,889,501	1,886,386	2,133,007
Assigned	3,800,395	1,915,613	2,326,744	6,400,714
Unassigned	(4,672,328)	(3,957,235)	(3,860,652)	(3,545,810)
	<u>\$ 2,964,276</u>	<u>\$ 2,005,927</u>	<u>\$ 3,078,859</u>	<u>\$ 19,340,551</u>
Total all other governmental funds				

Table 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,899,194	\$ 1,804,829	\$ 1,731,572	\$ 1,702,641	\$ 1,671,527	\$ 1,695,073
-	-	-	-	-	-
1,875,000	1,875,000	-	-	-	-
-	-	-	-	-	-
8,407,722	9,155,071	8,398,760	7,879,629	8,713,892	9,985,667
<u>\$ 12,181,916</u>	<u>\$ 12,834,900</u>	<u>\$ 10,130,332</u>	<u>\$ 9,582,270</u>	<u>\$ 10,385,419</u>	<u>\$ 11,680,740</u>
\$ 19,968	\$ 7,415	\$ 4,927	\$ 3,083	\$ -	\$ -
16,579,219	16,391,488	16,965,298	16,951,572	10,777,732	9,772,899
2,102,482	2,037,501	2,615,975	3,171,609	3,229,423	3,430,091
6,827,722	6,812,232	7,764,741	7,813,460	7,235,022	7,224,916
<u>(3,529,262)</u>	<u>(3,766,025)</u>	<u>(3,279,636)</u>	<u>(3,202,420)</u>	<u>(2,977,074)</u>	<u>(3,092,060)</u>
<u>\$ 22,000,129</u>	<u>\$ 21,482,611</u>	<u>\$ 24,071,305</u>	<u>\$ 24,737,304</u>	<u>\$ 18,265,103</u>	<u>\$ 17,335,846</u>

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 6,613,493	\$ 6,949,680	\$ 7,138,718	\$ 7,635,725
Licenses and permits	258,844	310,939	275,418	312,958
Intergovernmental	12,122,957	9,251,480	8,527,227	6,861,436
Charges for services	566,901	630,883	901,680	917,164
Fines and forfeits	112,642	92,059	91,531	98,138
Special assessments	1,026,651	1,248,749	1,404,829	1,562,614
Interest on investments	369,006	133,976	(643,670)	764,369
Interest on loans	18,838	20,200	15,417	11,128
Miscellaneous	760,327	743,269	421,429	225,975
Total revenues	<u>21,849,659</u>	<u>19,381,235</u>	<u>18,132,579</u>	<u>18,389,507</u>
Expenditures				
General government	1,521,118	1,649,431	1,684,862	1,868,185
Public safety	5,451,398	5,564,899	5,592,068	6,119,229
Public works	2,344,413	2,251,711	2,206,692	2,809,929
Culture and recreation	2,972,404	2,903,431	3,129,911	3,205,489
Airport	-	-	-	130,705
Community development	328,963	514,945	257,726	306,163
Miscellaneous	255,190	324,413	-	-
Capital outlay	7,440,625	7,427,969	8,501,482	3,729,085
Debt service				
Principal	1,184,483	1,234,483	1,429,483	1,619,483
Interest and fiscal charges	387,683	386,540	333,284	439,025
Total expenditures	<u>21,886,277</u>	<u>22,257,822</u>	<u>23,135,508</u>	<u>20,227,293</u>
Deficiency of revenues under expenditures	<u>(36,618)</u>	<u>(2,876,587)</u>	<u>(5,002,929)</u>	<u>(1,837,786)</u>
Other financing sources (uses)				
Bond issued	970,000	2,215,000	5,335,000	3,005,000
Refunding bond issued	-	-	-	1,835,000
Principal paid on refunded bonds	-	-	-	(1,835,000)
Premium on bonds issued	-	-	-	-
Sale of capital assets	39,667	11,745	-	8,159
Contribution for senior center	-	-	-	202,396
Payment to refunding agent	-	-	-	-
Transfer out	(653,075)	(1,527,443)	(1,732,979)	(11,211,407)
Transfer in	838,915	1,727,732	1,521,078	13,082,227
Total other financing sources (uses)	<u>1,195,507</u>	<u>2,427,034</u>	<u>5,123,099</u>	<u>5,086,375</u>
Net change in fund balances	<u>\$ 1,158,889</u>	<u>\$ (449,553)</u>	<u>\$ 120,170</u>	<u>\$ 3,248,589</u>
Debt service as a percentage of non capital expenditures	10.88%	10.93%	11.85%	12.44%

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 7,663,371	\$ 7,957,791	\$ 8,286,427	\$ 8,541,532	\$ 8,351,045	\$ 8,638,196
342,797	280,282	296,467	328,177	311,538	294,938
9,739,172	6,886,655	8,481,280	9,551,765	7,452,543	9,024,657
830,200	1,028,636	877,925	1,056,646	1,175,316	873,804
100,990	97,655	100,315	105,300	116,077	70,336
1,696,849	1,659,298	1,725,872	1,702,227	1,571,186	1,478,069
392,003	331,854	387,807	413,355	980,692	594,207
5,408	1,078	1,827	7,761	24,640	25,331
234,395	282,580	468,774	266,724	199,793	78,388
<u>21,005,185</u>	<u>18,525,829</u>	<u>20,626,694</u>	<u>21,973,487</u>	<u>20,182,830</u>	<u>21,077,926</u>
1,701,942	1,859,435	1,930,519	1,997,162	2,152,625	2,087,627
5,849,404	6,016,086	6,333,491	6,771,675	6,481,734	6,651,818
2,635,489	2,468,244	2,437,700	3,147,116	3,170,733	2,978,719
3,356,548	3,282,690	3,374,156	3,471,282	3,585,183	3,071,308
136,980	306,591	227,124	205,596	173,816	236,389
193,453	416,995	731,839	301,095	409,751	569,302
-	-	-	-	-	-
8,786,119	6,612,275	6,758,610	7,117,729	11,586,282	7,052,832
2,114,000	2,400,000	2,639,510	2,828,875	2,810,156	2,749,931
382,836	508,374	532,519	571,309	604,575	629,322
<u>25,156,771</u>	<u>23,870,690</u>	<u>24,965,468</u>	<u>26,411,839</u>	<u>30,974,855</u>	<u>26,027,248</u>
<u>(4,151,586)</u>	<u>(5,344,861)</u>	<u>(4,338,774)</u>	<u>(4,438,352)</u>	<u>(10,792,025)</u>	<u>(4,949,322)</u>
4,900,000	3,510,000	2,275,000	2,430,000	2,565,000	2,575,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	49,409	291,086	282,621
51,070	56,707	33,956	88,996	31,369	197,265
-	-	-	-	-	-
-	209,800	-	-	-	-
(4,121,500)	(1,821,366)	(4,919,775)	(3,626,190)	(2,065,268)	(3,982,595)
5,649,563	3,525,186	6,833,719	5,614,074	4,300,786	6,243,095
<u>6,479,133</u>	<u>5,480,327</u>	<u>4,222,900</u>	<u>4,556,289</u>	<u>5,122,973</u>	<u>5,315,386</u>
<u>\$ 2,327,547</u>	<u>\$ 135,466</u>	<u>\$ (115,874)</u>	<u>\$ 117,937</u>	<u>\$ (5,669,052)</u>	<u>\$ 366,064</u>
15.19%	17.15%	17.51%	18.11%	17.79%	17.75%

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Program Revenues by Function
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year			
	2011	2012	2013	2014
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 173,666	\$ 164,696	\$ 126,519	\$ 131,199
Culture and recreation	403,813	398,473	540,628	659,180
Other activities	516,079	599,438	671,474	948,089
Operating grants and contributions	2,342,509	783,030	766,247	551,154
Capital grants and contributions	6,520,439	5,378,484	5,685,443	2,353,280
Total governmental activities program revenue	<u>9,956,506</u>	<u>7,324,121</u>	<u>7,790,311</u>	<u>4,642,902</u>
Business-type activities				
Charges for services				
Water	1,894,512	1,991,866	2,150,345	2,363,536
Sewer	3,674,656	3,721,968	3,753,107	4,465,989
Other Activities	217,172	198,120	256,524	215,350
Operating grants and contributions	-	-	-	-
Capital grants and contributions	69,681	7,000	209,670	37,807
Total business-type activities program revenue	<u>5,856,021</u>	<u>5,918,954</u>	<u>6,369,646</u>	<u>7,082,682</u>
Total program revenues	<u>\$ 15,812,527</u>	<u>\$ 13,243,075</u>	<u>\$ 14,159,957</u>	<u>\$ 11,725,584</u>
Expenses				
Governmental activities				
General government	\$ 1,926,712	\$ 1,808,099	\$ 1,946,733	\$ 2,066,221
Public safety	6,439,772	5,738,188	6,127,434	6,282,002
Public works	3,415,753	3,611,704	3,695,469	4,116,428
Culture and recreation	3,691,049	3,760,834	3,792,532	3,709,010
Airport	-	-	562,700	608,770
Community development	335,129	931,118	295,666	405,733
Interest on long-term debt	355,546	343,828	342,006	433,078
Total governmental activities expenses	<u>16,163,961</u>	<u>16,193,771</u>	<u>16,762,540</u>	<u>17,621,242</u>
Business-type activities				
Water	1,668,695	1,856,750	1,931,472	1,845,736
Sewer	3,758,711	3,702,369	3,477,519	3,520,744
Solid waste	186,934	172,947	140,180	109,784
Parking	36,912	29,649	12,258	24,363
Total business-type activities expenses	<u>5,651,252</u>	<u>5,761,715</u>	<u>5,561,429</u>	<u>5,500,627</u>
Total expenses	<u>\$ 21,815,213</u>	<u>\$ 21,955,486</u>	<u>\$ 22,323,969</u>	<u>\$ 23,121,869</u>

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 91,998	\$ 100,449	\$ 140,139	\$ 165,619	\$ 169,971	\$ 134,210
547,688	593,500	672,198	599,705	561,087	318,690
896,380	955,216	790,990	937,108	1,038,574	881,717
604,428	613,416	574,252	593,197	656,566	1,550,687
5,239,394	4,749,991	4,013,023	5,026,013	2,675,884	3,004,849
<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>	<u>5,102,082</u>	<u>5,890,153</u>
2,538,061	2,778,218	2,979,526	3,172,833	3,356,138	3,528,741
4,534,385	4,230,589	4,250,258	4,236,478	4,466,819	4,462,862
178,641	164,168	159,616	183,978	162,093	176,446
-	2,620	187	-	13,711	7,570
192,197	59,774	35,686	18,034	3,118,474	249,325
<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>	<u>11,117,235</u>	<u>8,424,944</u>
<u>\$ 14,823,172</u>	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>	<u>\$ 14,932,965</u>	<u>\$ 16,219,317</u>	<u>\$ 14,315,097</u>
\$ 1,735,013	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413	\$ 2,466,797	\$ 2,409,652
6,051,784	7,793,711	6,989,633	6,983,401	6,853,580	7,110,586
4,186,823	3,448,159	3,420,520	4,012,349	4,858,591	4,783,978
3,694,414	3,614,932	4,006,557	3,631,330	4,219,744	3,622,589
546,100	578,473	1,125,612	620,411	719,033	838,465
506,248	1,135,736	803,201	449,376	597,661	741,140
432,617	501,753	525,704	564,742	597,515	681,353
<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>	<u>20,312,921</u>	<u>20,187,763</u>
1,628,018	1,674,260	1,673,215	1,904,474	1,746,635	1,769,325
3,677,161	3,603,255	3,540,898	4,118,407	4,116,664	4,233,447
130,506	140,752	145,871	104,009	138,355	142,238
11,368	10,861	-	-	-	-
<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>	<u>6,001,654</u>	<u>6,145,010</u>
<u>\$ 22,600,052</u>	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>	<u>\$ 24,557,912</u>	<u>\$ 26,314,575</u>	<u>\$ 26,332,773</u>

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years**

Table 6

Fiscal Year	Property Taxes	Franchise Taxes	Lodging Taxes	Other Taxes	Total
2011	\$ 4,729,216	\$ 1,540,143	\$ 167,882	\$ 157,348	\$ 6,594,589
2012	5,141,973	1,341,867	157,508	139,638	6,780,986
2013	5,538,047	1,472,616	12,965	157,535	7,181,163
2014	5,816,826	1,501,681	10,651	265,279	7,594,437
2015	6,053,568	1,454,231	11,014	133,114	7,651,927
2016	6,188,724	1,591,773	11,409	125,907	7,917,813
2017	6,326,891	1,648,034	11,859	321,562	8,308,346
2018	6,387,647	1,787,168	11,584	355,133	8,541,532
2019	6,245,560	1,730,997	11,624	362,864	8,351,045
2020	6,588,627	1,657,164	6,057	386,348	8,638,196

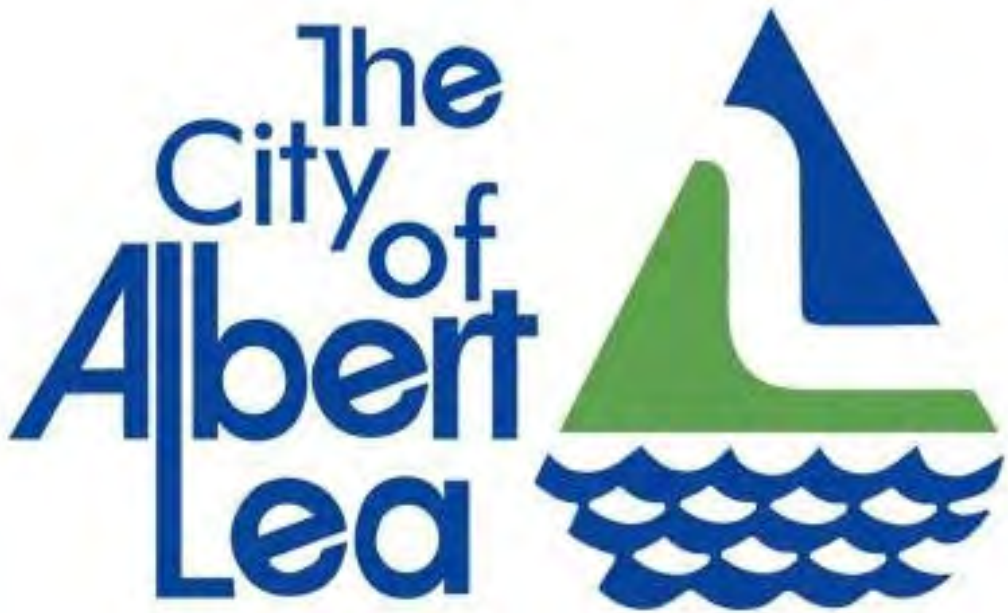
Sources of Data: Included General fund, Special Revenue funds Capital Project funds, and Debt Service funds.

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 7

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collections of Current Year's Taxes During Fiscal Period	Percentage of Levy Collected During Fiscal Period	Collections of Prior Year's Taxes During Fiscal Period	Total Collections To Date	Percentage of Levy Collected To Date
2011	\$ 4,900,880	\$ 4,747,104	96.76 %	\$ 153,776	\$ 4,900,448	99.99 %
2012	5,381,024	5,247,720	96.86	133,304	5,380,452	99.99
2013	5,463,342	5,338,030	97.52	125,312	5,462,814	99.99
2014	5,831,420	5,704,581	97.71	126,839	5,830,758	99.99
2015	5,958,550	5,879,780	97.82	78,770	5,955,937	99.96
2016	6,156,614	6,086,218	98.68	70,396	6,150,746	99.90
2017	6,236,269	6,210,749	98.86	25,520	6,225,518	99.83
2018	6,310,770	6,199,264	99.59	111,506	6,284,433	99.58
2019	6,310,770	6,182,403	97.97	128,367	6,270,022	99.35
2020	6,520,259	6,370,347	97.70	149,912	6,370,347	97.70

Source of Data: Includes General fund and Debt Service funds.



**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Certified Special Assessment Collections
Last Ten Fiscal Years**

Table 8

Fiscal Year Ended December 31	Current Assessments Due	Current Assessments Collected	Percent Collected	Total Outstanding Delinquent Assessments	Prepayment of Assessments
2011	\$ 1,000,004	\$ 999,097	99.91 %	\$ 488	\$ 74,108
2012	1,108,933	1,028,504	92.75	328	160,668
2013	1,000,204	937,653	93.75	112	355,235
2014	1,309,516	1,242,078	94.85	59	426,843
2015	1,425,096	1,366,041	95.86	-	308,792
2016	1,710,255	1,635,221	95.61	903	495,935
2017	1,341,595	1,225,577	91.35	7,930	277,776
2018	1,389,166	1,323,192	95.25	138,657	360,006
2019	1,321,102	1,273,554	96.40	187,706	246,620
2020	1,265,153	1,198,883	94.76	67,967	217,588

Source of Data: Debt service and Capital Projects fund financial statements.

Note: Certified assessments only.

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Tax Capacity and Estimated Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	
Year Ended December 31,	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value
2011	\$ 10,622,304	\$ 881,269,900	\$ 367,579	\$ 18,466,000
2012	9,100,487	740,672,600	384,349	19,304,500
2013	8,955,136	860,451,700	403,057	20,239,900
2014	9,298,274	863,696,800	479,886	24,044,800
2015	9,341,540	864,984,200	533,759	26,775,000
2016	9,705,164	897,229,600	447,095	22,441,800
2017	9,711,367	901,900,200	306,371	15,368,100
2018	10,206,037	950,539,500	310,773	15,588,200
2019	10,881,784	1,018,997,000	285,044	14,268,000
2020	11,172,314	1,042,244,700	326,690	16,343,600

Source: Freeborn County Auditor/Treasurer.

Note: Property in the City is reassessed each year. Property is assessed at estimated actual market value, therefore, the assessed values are equal to actual value.

Table 9

Total			
Tax Capacity	Estimated Market Value	Percent of Tax Capacity to Estimated Market Value	Total Direct Rate
\$ 10,989,883	\$ 899,735,900	1.22 %	49.163 %
9,484,836	759,977,100	1.25	57.125
9,358,193	880,691,600	1.06	60.632
9,778,160	887,741,600	1.10	62.050
9,875,299	891,759,200	1.11	63.216
10,152,259	919,671,400	1.10	64.322
10,017,738	917,268,300	1.09	63.087
10,516,810	966,127,700	1.09	64.866
11,166,828	1,033,265,000	1.08	61.908
11,499,004	1,058,588,300	1.09	60.064

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Property Tax Rates and Tax Levies - Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Direct Government			
	Operating Rate	Cap Imp Bonds Rate	PIR Bonds Rate	Total Rate
2011	44.037 %	0.749 %	4.377 %	49.163 %
2012	50.489	0.901	5.734	57.125
2013	52.809	0.927	6.896	60.632
2014	50.918	0.878	10.254	62.050
2015	50.795	0.000	12.421	63.216
2016	50.025	0.000	14.297	64.322
2017	48.137	0.000	14.950	63.087
2018	48.910	0.000	15.956	64.866
2019	46.680	0.000	15.228	61.908
2020	43.834	0.000	16.230	60.064

Source: Freeborn County Auditor/Treasurer.

Note: Tax rates are per \$1,000 of tax capacity. Tax capacity is equal to market value multiplied by the applicable class rate for the type of property that is being taxed.

Table 10

Overlapping Governments			Direct and Overlapping Total
School District	County	Special District	
25.848 %	57.512 %	1.368 %	133.891 %
28.931	62.642	1.481	150.179
28.730	59.514	1.996	150.872
24.930	48.653	2.439	138.072
24.948	48.598	2.401	139.163
24.842	53.931	2.419	145.514
25.241	55.084	2.357	145.769
27.113	59.057	3.257	154.293
27.372	59.697	3.140	152.117
27.749	62.573	3.024	153.410

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	Business Type	2020		2020
		Taxable Market Value	Rank	Percentage of Total Market Valuation
Freeborn Mower Electric Co-op	Utility	\$ 7,502,400	1	0.83 %
Wal-Mart Real Estate Business	Retail	6,358,200	2	0.70
Larson Manufacturing Company	Manufacturing	6,314,200	3	0.70
Albert Lea Port Authority	Economic Development	6,263,400	4	0.69
Pratt Properties II, LLC	Corrugated Box	6,232,500	5	0.69
Continental Albert Lea LLP	Warehouse	5,411,200	6	0.60
Minnesota Energy Resources	Utility	4,832,700	7	0.54
Geraldine B Vogt Trust	Manufacturing	4,617,800	8	0.51
Home Depot USA	Retail	4,097,300	9	0.45
ITC Midwest, LLC	Utility	3,658,500	10	0.41
Interstate Power Company	Utility	-	-	-
MCB Properties, LTD	Corrugated Box	-	-	-
Carrington Family Trust	Commercial Land & Bldgs	-	-	-
Trails Truck & Travel Plaza	Travel Center	-	-	-
E. Family C	Office Park	-	-	-
Mayo Clinic Health Systems	Healthcare	-	-	-
Total		\$ 55,288,200		6.12 %

Source: Freeborn County Auditor/Treasurer.
Ranking Based on Tax Capacity.

Table 11

2011		
Market Value	Rank	Percentage of Total Market Valuation
\$ -	-	- %
5,510,950	2	0.62
-	-	-
2,847,650	10	0.32
-	-	-
5,466,100	3	0.61
-	-	-
-	-	-
3,435,200	6	0.39
-	-	-
18,159,250	1	2.04
5,409,600	4	0.61
4,041,550	5	0.45
2,865,900	9	0.32
3,242,250	8	0.36
3,330,500	7	0.37
<u>\$ 54,308,950</u>		<u>6.09 %</u>

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation	G.O.	Notes	Equipment	Special
	Armory Bonds	Tax Increment Bonds	Payable	Certificates	Assessment Bonds (2)
2011	\$ -	\$ -	\$ 157,450	\$ -	\$ 11,113,916
2012	-	-	112,967	-	12,129,170
2013	-	-	68,483	-	16,069,063
2014	-	-	24,000	1,120,000	16,370,013
2015	-	-	-	1,075,000	19,217,067
2016	-	-	-	940,000	20,454,119
2017	-	-	-	805,000	20,231,167
2018	-	-	-	660,000	20,025,553
2019	-	-	163,700	700,000	20,034,497
2020	-	-	148,769	555,000	20,261,683

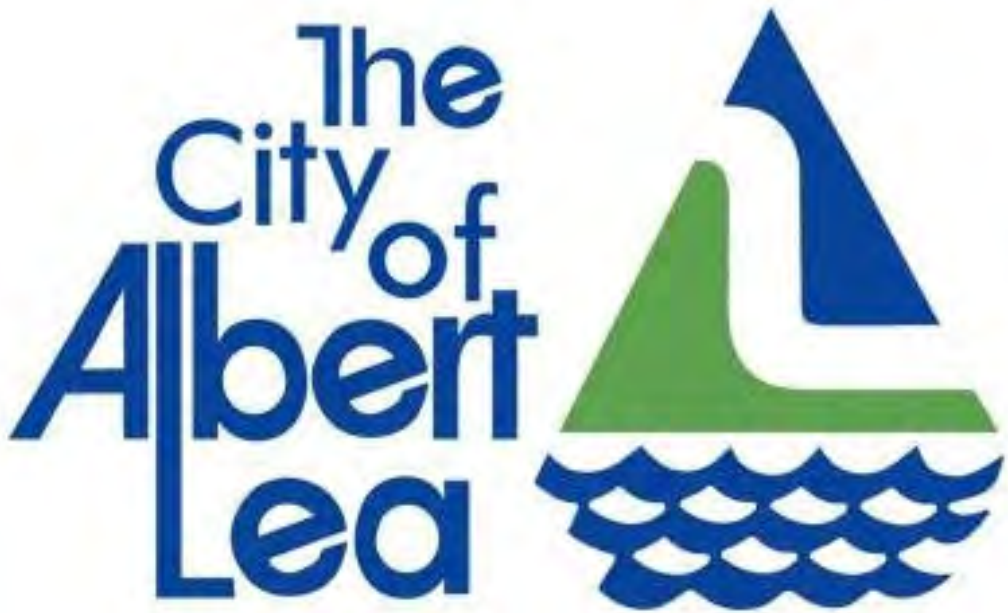
(1) Personal income and population data can be found in the demographic statistics on Table 18 of the statistical section.

(2) Presented net of original issuance discounts and premiums.

Note: Details regarding the City's outstanding debt can be found in the Notes to Financial Statements.

Table 12

Business Type Activities					
G.O. Water Revenue Bonds (2)	Equipment Certificates	PFA Loans	Total Primary Government	Percentage of Personal Income	Per Capita (1)
\$ 1,851,444	\$ -	\$ -	\$ 13,122,810	1.95 %	\$ 728
1,703,748	-	-	13,945,885	1.98	775
1,556,132	-	-	17,693,678	2.37	985
1,411,124	315,000	-	19,240,137	2.71	1,071
1,252,353	290,000	-	21,834,420	3.01	1,217
1,078,284	255,000	-	22,727,403	3.17	1,270
910,669	220,000	-	22,166,836	2.92	1,228
733,055	185,000	-	21,603,608	2.75	1,198
555,440	150,000	1,214,286	22,817,923	2.82	1,256
2,886,730	115,000	1,162,783	25,129,965	2.92	1,386



City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 13

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds (2)	Net Bonded Debt	Ratio on Net Bonded Debt to Capacity (3)	Net Bonded Debt per Capita (3)
2011	\$ 13,122,810	\$ (6,213,701)	\$ 6,909,109	62.87%	\$ 383
2012	13,945,885	(6,683,448)	7,262,437	76.57%	404
2013	17,693,678	(8,020,978)	9,672,700	103.36%	539
2014	19,240,137	(8,246,744)	10,993,393	112.43%	612
2015	21,834,420	(8,408,322)	13,426,098	135.96%	748
2016	22,727,403	(11,673,438)	11,053,965	108.88%	618
2017	22,166,836	(12,652,707)	9,514,129	94.97%	527
2018	21,603,608	(11,677,676)	9,925,932	94.38%	550
2019	21,603,637	(13,519,419)	8,084,218	72.39%	445
2020	23,967,182	(13,527,062)	10,440,120	90.79%	576

(1) Presented net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service premiums.

(3) See Table 9 for tax capacity and Table 18 for population.

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year			
	2011	2012	2013	2014
Debt Limit	\$ 26,992,077	\$ 22,799,313	\$ 26,420,748	\$ 26,632,248
Total net debt applicable to limit	-	-	-	1,190,858
Legal debt margin	<u>\$ 26,992,077</u>	<u>\$ 22,799,313</u>	<u>\$ 26,420,748</u>	<u>\$ 25,441,390</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	4.47%

Legal Debt Margin Calculation for Fiscal Year

Estimated Taxable Market Value

Debt Limit (2% of taxable market value, 3% after 2008)

Legal Debt Margin

Note A: Under State of Minnesota law, the City of Albert Lea outstanding general obligation debt should not exceed 3% of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Table 14

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 26,752,776	\$ 27,590,142	\$ 27,518,049	\$ 26,752,776	\$ 27,590,142	\$ 27,518,049
1,163,189	944,521	879,593	692,982	690,940	670,000
<u>\$ 25,589,587</u>	<u>\$ 26,645,621</u>	<u>\$ 26,638,456</u>	<u>\$ 26,059,794</u>	<u>\$ 26,899,202</u>	<u>\$ 26,848,049</u>
4.35%	3.42%	3.20%	2.59%	2.50%	2.43%
					<u>\$ 917,268,300</u>
					<u>\$ 27,518,049</u>
					<u>\$ 27,518,049</u>

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt**

Table 15

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Albert Lea	City of Albert Lea's Share of the Debt
Direct			
City of Albert Lea	\$ 20,965,452	100.00 %	\$ 20,965,452
Overlapping			
School District #241	40,895,971	42.60	17,422,389
County of Freeborn	7,435,000	22.43	1,667,963
Shell Rock River Watershed	1,550,897	22.86	354,562
Total overlapping debt			19,444,914
Total direct and overlapping debt			\$ 40,410,366

Source: Assessed value data used to estimate applicable percentages provided by Freeborn County Auditor/Treasurer debt outstanding data provided by Freeborn County.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Albert Lea. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Albert Lea. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimates by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable value.

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Schedule of Water Fund Bond Coverage
Last Ten Fiscal Years

Table 16

Fiscal Year	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2011	\$ 1,895,015	\$ 1,351,890	\$ 543,125	\$ 140,000	\$ 60,796	\$ 200,796	2.70 %
2012	1,992,778	1,490,998	501,780	150,000	58,993	208,993	2.40
2013	2,121,488	1,513,354	608,134	150,000	56,698	206,698	2.94
2014	2,334,575	1,524,685	809,890	155,000	54,972	209,972	3.86
2015	2,510,268	1,301,217	1,209,051	185,000	54,059	239,059	5.06
2016	2,729,257	1,344,681	1,384,576	205,000	54,362	259,362	5.34
2017	2,929,831	1,347,363	1,582,468	205,000	44,249	249,249	6.35
2018	3,120,669	1,541,431	1,579,238	215,000	34,284	249,284	6.34
2019	3,321,001	1,358,060	1,962,941	223,767	28,929	252,696	7.77
2020	3,491,601	1,332,705	2,158,896	118,666	50,942	169,608	12.73

Gross revenues include all revenues from operations and interest.

Operating expense includes the cost of operations excluding depreciation expense.

City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Schedule of Sewer Fund Bond Coverage
Last Ten Fiscal Years

Table 17

Fiscal Year	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2011	\$ 4,594,893	\$ 2,812,776	\$ 1,782,117	\$ 180,000	\$ 4,410	\$ 184,410	9.66 %
2012	3,981,004	2,668,165	1,312,839	-	-	-	100.00
2013	3,308,937	2,473,664	835,273	-	-	-	100.00
2014	4,465,898	2,495,649	1,970,249	-	-	-	100.00
2015	4,534,385	2,564,397	1,969,988	-	-	-	100.00
2016	4,230,589	2,462,142	1,768,447	-	-	-	100.00
2017	4,250,258	2,361,015	1,889,243	-	-	-	100.00
2018	4,213,234	2,874,193	1,339,041	-	-	-	100.00
2019	4,450,023	2,867,173	1,582,850	20,297	4,337	24,634	100.00
2020	4,446,636	2,969,112	1,477,524	111,000	8,267	119,267	12.39

Gross revenues include all revenues from operations.

Operating expense includes the cost of operations excluding depreciation expense.

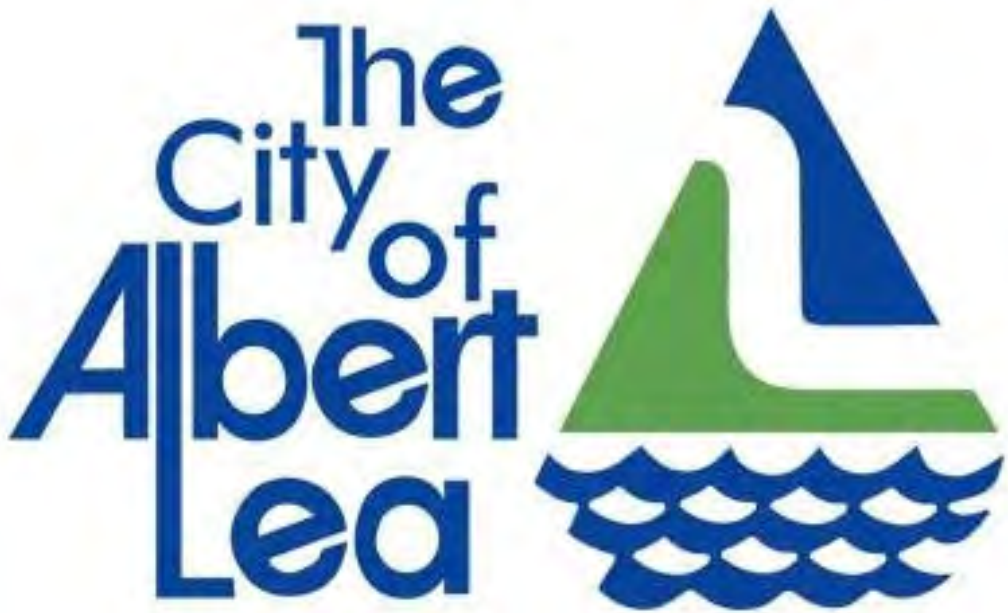
**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Demographic Statistics
Last Ten Fiscal Years**

Table 18

Year	Population (1)	Personal Income (2)	Median Household Income (3)	School Enrollment (4)	Unemployment Rate (5)
2011	18,016	\$674,104,672	\$37,417	3,311	5.9 %
2012	17,994	702,701,688	39,052	3,277	6
2013	17,957	745,484,855	41,515	3,294	5.7
2014	17,957	710,666,232	39,576	3,217	4.5
2015	17,945	724,511,430	40,374	3,323	4.7
2016	17,899	716,622,263	40,037	3,397	3.3
2017	18,045	760,199,760	42,128	3,423	4.7
2018	18,032	784,969,024	43,532	3,535	3.9
2019	18,165	808,578,645	44,513	3,595	3.7
2020	18,132	861,415,056	47,508	3,572	4.1

Source:

- (1) State demographer estimate.
- (2) Estimation: Calculated (population multiplied by per capita personal income).
- (3) US Census Bureau.
- (4) Minnesota Department of Education (Student Data).
- (5) MN DEED (Freeborn County).



**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Top 10 Water System Customers
(by Units of Consumption as of December 31, 2020)**

Table 19

		<u>Consumption in Cubic Feet for 12 months ended 12/31/20</u>	<u>Percent of Total Consumption</u>
Cargill Meat Solution Corporation	Industrial	13,003,989	12.3 %
Mrs. Gerry's Kitchen	Industrial	8,893,254	8.4
Hormel Albert Lea Select Foods	Industrial	5,497,861	5.2
Ventura Foods LLC	Industrial	3,105,650	2.9
AmTech Ingredients, LLC	Industrial	1,760,020	1.7
Mayo Clinic Health Systems Albert Lea	Clinic/Hospital	1,748,844	1.6
Prairie Resources	Industrial	1,049,382	1.0
Albert Lea Electro Plating Inc	Industrial	899,109	0.8
	Independent/Assisted		
Good Samaritan Center	Living	826,200	0.8
Trails Truck Service Center	Commercial	791,330	0.7

Note: One hundred cubic feet equates to approximately 748 gallons.
Source: City utility data.

**City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Principal Employers
Current Year and Nine Years Ago**

Employer	Business Type	2020		
		Number of Employees	Rank	Percent of Total City Employee
Mayo Clinic Health Systems - Albert Lea	Medical	1,200	1	12.41 %
Albert Lea Area Schools	Education (Pre K-12)	684	2	7.07
Albert Lea Select Foods	Pork Processing	448	3	4.63
Lou-Rich, Inc	Manufacturing	393	4	4.06
Freeborn County	County Government	336	5	3.48
Cargill Incorporated	Agribusiness	320	6	3.31
St. John's Lutheran Home	Nursing Home, Assisted Living	300	7	3.10
Wal-Mart	Discount retail	285	8	2.95
City of Albert Lea	City Government	280	9	2.90
Hy-Vee Food Store	Grocery	200	10	2.07
Innovance Inc	Holding Company (non-bank)		-	
Riverland Community College	Post-Secondary Education		-	
Total		<u>4,446</u>		<u>45.98 %</u>

Table 20

2011		
<u>Number of Employees</u>	<u>Rank</u>	<u>Percent of Total City Employee</u>
1,200	1	7.21 %
511	3	3.07
505	2	3.31
-	-	-
325	5	1.95
250	10	1.50
280	8	1.68
278	9	1.65
-	-	-
315	6	1.89
340	4	2.04
300	7	1.80
<u>4,304</u>		<u>26.10 %</u>

City of Albert Lea, Minnesota
Statistical Section (unaudited)
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Government						
Administration	2.00	1.00	4.00	4.00	4.00	4.00
Human resources	1.00	1.00	1.00	1.00	1.50	1.50
Finance	5.45	6.45	5.00	5.00	4.50	4.00
Legal	2.00	2.00	2.00	2.00	2.00	2.00
Public information	1.00	1.00	1.00	1.00	1.00	1.00
City Center	1.00	1.00	1.00	1.00	1.00	1.00
Police						
Sworn officers	28.00	27.00	26.00	26.00	26.50	26.50
Other	12.10	14.60	14.60	14.60	2.50	2.50
Fire and Inspection						
Fire	16.00	15.50	16.50	16.50	16.50	16.50
Inspection	3.00	3.00	3.00	3.00	3.00	3.00
Public Works						
Engineering	5.40	5.40	5.40	5.40	5.40	5.40
Street and garage	13.00	12.00	12.00	12.00	12.00	12.00
Water	10.00	10.00	10.00	10.00	9.00	9.00
Sewer	13.50	13.50	13.50	13.50	13.50	13.50
Solid waste management	1.00	1.00	1.00	1.00	1.00	1.00
Parks and Recreation						
Recreation	2.85	2.85	2.85	2.85	2.85	2.85
Swimming	0.15	0.15	0.15	0.15	0.15	0.15
Senior citizen center	1.20	1.20	1.20	1.20	1.50	1.50
Arena	4.00	3.00	3.00	3.00	3.00	3.00
Theater	-	-	-	-	-	-
Parks	7.67	8.00	8.00	8.00	8.00	8.00
Library	9.90	10.30	10.30	10.30	11.50	12.70
Community Development	2.00	2.00	-	-	-	-
Total employees	<u>151.48</u>	<u>140.67</u>	<u>141.22</u>	<u>140.95</u>	<u>140.50</u>	<u>140.50</u>

Source: 2020 Budget

Table 21

Fiscal Year			
2017	2018	2019	2020
4.00	4.00	4.00	4.00
1.50	1.50	1.50	1.50
4.50	4.50	4.35	4.35
2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00
1.00	1.00	0.50	0.50
26.50	26.50	27.50	27.50
2.90	2.90	3.00	2.50
16.50	16.50	16.50	17.00
4.00	4.00	3.50	3.75
5.40	5.40	5.40	5.40
12.34	12.59	12.29	12.29
9.33	9.58	8.58	8.58
13.83	14.08	15.08	15.08
1.00	1.00	1.25	1.25
2.85	2.35	2.85	2.85
0.15	0.15	0.25	0.25
1.50	1.50	1.55	1.70
3.00	2.50	1.90	1.90
-	-	-	-
8.00	9.25	9.25	9.25
12.70	13.70	13.58	12.65
-	-	1.15	1.25
<u>134.00</u>	<u>136.00</u>	<u>136.98</u>	<u>136.55</u>

City of Albert Lea, Minnesota
Statistical Section (unaudited)
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire Station	1	1	1	1	1
Streets					
Streets (miles)	137.63	138.22	138.22	138.22	138.22
Streetlights	1,847	1,847	1,847	1,862	1,862
Parks and Recreation					
Arena	1	1	1	1	1
Civic theater	1	1	1	1	1
Senior citizen center	1	1	1	1	1
Softball fields	5	5	5	5	5
Swimming pools	1	1	1	1	1
Splash pad	-	-	-	-	-
Tennis courts	3	3	3	3	3
Parks acreage	432	432	432	432	432
Parks	44	44	44	44	44
Water					
Storage capacity (millions of gallons)	2.4	2.4	2.4	2.4	2.4
Watermains (miles)	114.34	115.06	115.78	115.78	115.78
Pumping plants	4	4	4	4	4
Fire hydrants	1,156	1,156	1,156	1,156	1,156
Sewer					
Sanitary sewers (miles)	109.7	109.73	109.73	109.73	109.73
Storm sewers (miles)	57.48	58.28	58.59	58.59	58.59
Maximum daily treatment capacity (millions of gallons)	12.5	12.5	12.5	12.5	12.5

Table 22

Fiscal Year				
2016	2017	2018	2019	2020
1	1	1	1	1
18	18	18	18	18
1	1	1	1	1
138.22	138.22	138.22	138.22	138.22
1,862	1,862	1,862	1,869	1,870
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
-	1	1	1	1
3	3	3	3	7
432	432	432	432	432
44	44	44	44	44
2.4	2.4	2.4	2.4	2.4
115.78	115.78	115.78	117.15	117.15
4	4	4	4	4
1,156	1,156	1,156	1,169	1,169
109.73	109.73	109.73	111.33	111.33
58.59	58.59	58.59	58.59	58.59
12.5	12.5	12.5	12.5	12.5

**City of Albert Lea, Minnesota
 Statistical Section (unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years**

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Police						
Class I crimes	468	517	500	426	406	347
Class II crimes	799	735	648	644	599	571
Fire						
Number of calls answered	677	711	700	803	2,084	2,143
Inspections	189	207	195	195	388	437
Highways and Streets						
Street resurfacing (miles)	3.97	2.89	3.11	5.52	1.43	5.19
Culture and recreation						
Boat dock permits	250	212	249	242	257	265
Park facility rentals	304	336	331	331	341	311
Water						
New connections	9	11	17	11	17	19
Watermain breaks	23	32	38	46	28	26
Average daily consumptions (thousand of gallons)	2,915	3,068	3,075	3,208	3,073	2,930
Wastewater						
Average daily sewage treatment (thousand of gallons)	4,918	2,781	3,683	3,718	3,615	4,376

Table 23

Fiscal Year			
2017	2018	2019	2020
433	496	551	522
372	624	678	708
2,091	2,271	2,404	2,445
395	610	1,052	473
3.35	4.51	2.19	3.23
262	266	269	271
343	340	383	7
10	20	68	38
39	59	38	40
2,853	2,753	5,501	2,548
3,654	3,630	4,853	3,216