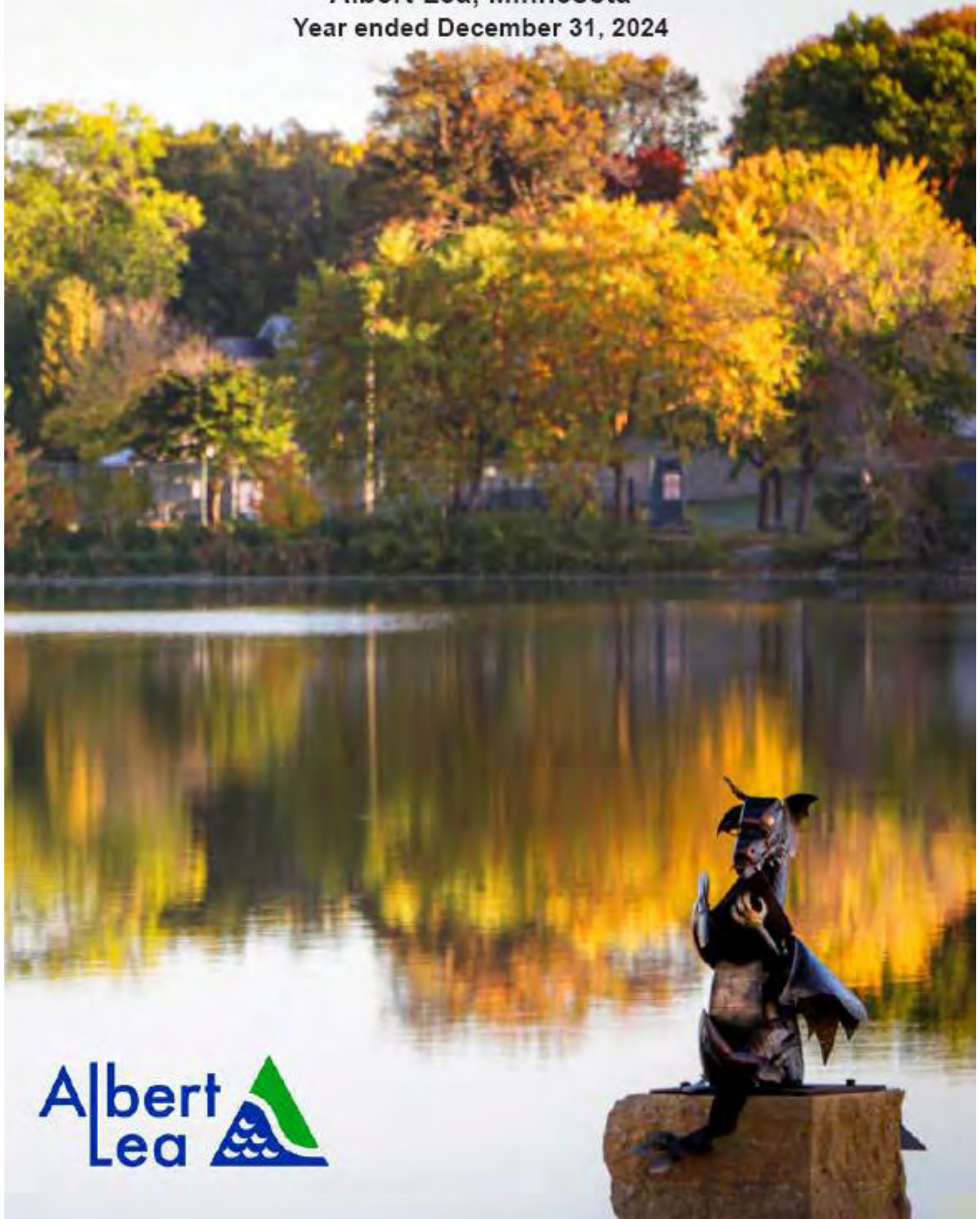


Annual Comprehensive Financial Report

Albert Lea, Minnesota

Year ended December 31, 2024



CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada
Published June 17, 2025

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INTRODUCTORY SECTION

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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June 16, 2025

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, 2024.

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, 2024. 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 crossroads 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 113 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 population of 18,492. 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.

Profile of the Government (Continued)

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 use resources within a department as they see fit. Transfers between funds, however, need special approval from the Council.

Local Economy

The City continues to experience growth. Our greatest needs are housing, wastewater treatment facility (WWTF) improvements and childcare. Continued economic growth requires growth in the workforce population. Housing and daycare that are affordable are vital to expand options of those interested in joining the work force.

In 2024, a developer was awarded Low Income Housing Tax credits to build a 60-unit family (1-4 bedrooms) apartment complex at the Blazing Star site. The City applied for grants to remediate the Blazing Star location and established a soil tax increment district. to assist in the development. The City directly repaired then sold houses or repaired and assessed houses to improve housing stock and opportunity. The city is exploring additional options to prompt new construction on empty lots for infill housing within established and central neighborhoods in 2025.

The City is continuing to find options for redevelopment of the historic downtown and add housing above existing businesses or building all new buildings. The City's request for grant funding to add in this was denied and alternatives are being explored.

The City received three million dollars in state and federal funding to complete WWTF designs and preliminary treatment building construction. The project and spending should be complete in 2025. The remaining project improvements to the WWTF are dependent on additional state and federal contributions given the project costs and rate increases necessary without federal or state grant funding.

The City, along with other partners, have met with different agencies to resolve daycare availability and expand availability in a manner that is affordable. Staff efforts and the efforts of local partners are on-going in attracting new businesses and industry to the area.

Long-term Financial Planning

The City has had to increase its operational levy and total levy the last few years. On average it has been a smaller percentage increase than many similar communities. Direct comparisons are difficult, but in a broad outlook with a large enough sample it would appear that over the past few years Albert Lea has had positive results in keeping its levy down comparatively. Recent increases to the levy can be attributed in part, but not entirely to the following:

- Having the operating tax levy relatively flat for nine consecutive years created some deferment issues including but limited to imbalanced wages and smaller budgets towards maintenance. This became unsustainable in staff retention and facility operations.
- Using reserves and one time grant funding during the pandemic to reduce immediate levy increases while paying for major inflationary outcomes in construction and supplies. This was to reduce sharp inclines and later declines in the levy once inflation and supply chains stabilized.
- Voter approved referendum in 2024 with nearly 75% voter approval on a 10% levy increase over 20 years to fund major recreational facility improvements.

Operational increases and capital planning are planned out for 5 years and estimated as to how the levy increases or remains flat is estimated. From that estimation during the budget process operations and projects are adjusted to reduce sharp increases and declines in the levy.

In 2025, the City Council and key staff members will work on a strategic plan to focus the next 5 years of our combined efforts. The results are unknown for the moment but it is part of the larger attempt to create a steady and consistent plan like creating significant financial impacts and planning.

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. Reducing inflow and infiltration in our sanitary sewer system continues annually. More neighborhood focused projects are underway such as lead water service line replacements in 2024 and 2025. The City is applying for another round of grant funding to remove most lead service lines over the next few years.

The City's biggest initiatives remain developing the Blazing Star and improvements to the WWTF. The Blazing Star site is along Main Street and Garfield and staff continue to work to dispose City owned properties for redevelopment opportunities. Continued grant efforts for remediation costs to remove soil contaminations is necessary for success of full redevelopment. The City has remediated one parcel in 2024 and will officially sell the parcel in 2025. In 2025, phase one of a road installation will be complete as will a shared detention pond. In 2026, construction of apartments on another parcel will commence requiring remediation and road extension.

Staff are working with state and federal legislators on funding for the reconstruction of the waste water treatment facility and reduce the amount of phosphorus in the Shell Rock River. This project is an estimated \$80 million dollars in construction. City staff are also working with Federal legislators on funding certain portions of the project within the Direct Congressional Appropriations process. The 2023 application has been approved for \$1,000,000 and staff have submitted a second request for more direct funding.

Albert Lea voters approved up to \$9.8 in funding in a referendum on April 9, 2024, to improve the City Arena, Marion Ross Theater, Aquatic Center and Splash Pad. The vote was 1,849 "yes" to 600 "no." The majority of projects will take place at the City Arena, including a new refrigeration system for both rinks and replacing the floor of the Colstrup rink. Theater projects include new front doors and windows, along with other HVAC work. Projects at the pool include replacing boilers, water heaters and the electrical system. The lighting at all three facilities will be replaced with LEDs. The project at the Splash Pad will be public restrooms for the downtown area and Blue Zones Walkway. These projects are currently under construction.

A volunteer group raised enough money to start building a \$1.2 million Inclusive Playground at Edgewater Park. The City contributed \$350,000 and in-kind services. The playground is designed for people of all abilities, including those who use wheelchairs or are on the autism spectrum. Grand opening is set for June 5, 2025. The City has assumed ownership of the playground, including long-term maintenance and replacement.

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, 2023. This is the forty-first consecutive year (1983-2023) that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR) 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 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,

A handwritten signature in dark ink, appearing to read "Patrick Ian Rigg", written in a cursive style.

Patrick Ian Rigg, City Manager

City of Albert Lea, Minnesota
Elected Officials and Administration
December 31, 2024

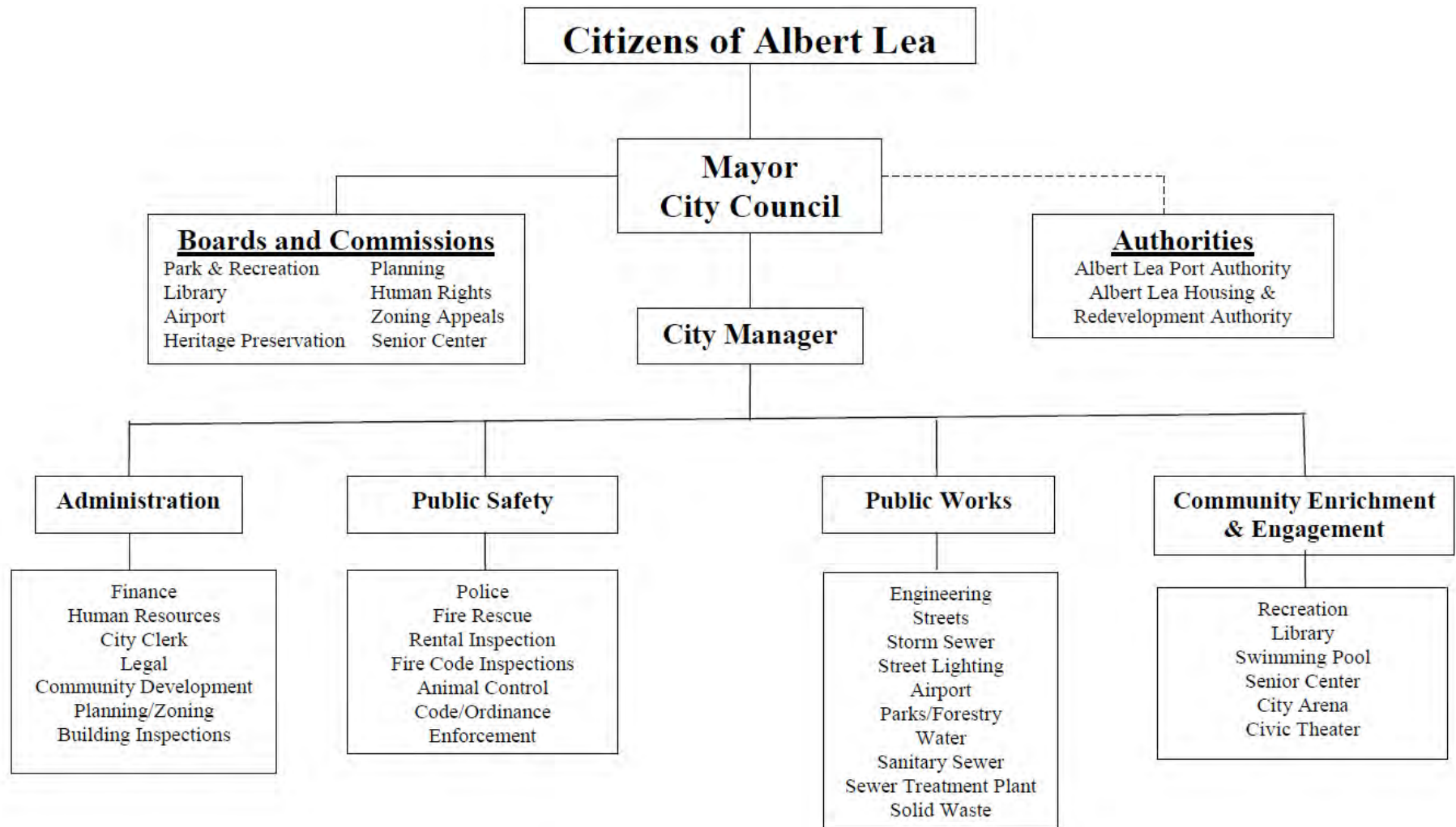
Elected Officials	Position	Term Expires
Rich Murray	Mayor	December 31, 2026
Rachel Christensen	Council Member - Ward 1	December 31, 2028
Larry Baker	Council Member - Ward 2	December 31, 2026
Jason Howland	Council Member - Ward 3	December 31, 2028
Sherri Rassmussen	Council Member - Ward 4	December 31, 2026
Robert Rasmussen	Council Member - Ward 5	December 31, 2024
Brian J. Anderson	Council Member - Ward 6	December 31, 2026

Administration	
Ian Rigg	City Manager
Kristi Brutlag	Finance Director
JD Carlson	Director of Public Safety
Steven Jahnke	Public Works Director/City Engineer
Cathy Malakowsky	Director of Community Engagement and Enrichment
Megan Boeck	City Planner
Daphney Maras	City Clerk
Wayne Sorensen	Building Official Zoning Administrator
Mike Zelenak	Human Resources Director



Organization Chart

City of Albert Lea, Minnesota





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Albert Lea
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements 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, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Albert Lea and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 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, 2024. 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. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar, as it relates to the amounts presented for the discretely presented component units mentioned above, are based on the reports of the other auditors.

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 is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, 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.

BerganKDV, Ltd.

Minneapolis, Minnesota
June 17, 2025

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, 2024. 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 \$160,444,309 (*net position*). Of this amount, \$28,566,697 (*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 \$2,139,322 and net position of the governmental activities increased by \$2,660,463. This resulted in a total net position increase of \$4,799,785 for the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,833,881, an increase of \$11,734,216 from the prior year. This increase relates primarily to the proceeds from debt issuance that had not yet been expended.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,640,708. 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 50% of the 2025 budgeted General Fund expenditures and transfers out, \$923,931 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

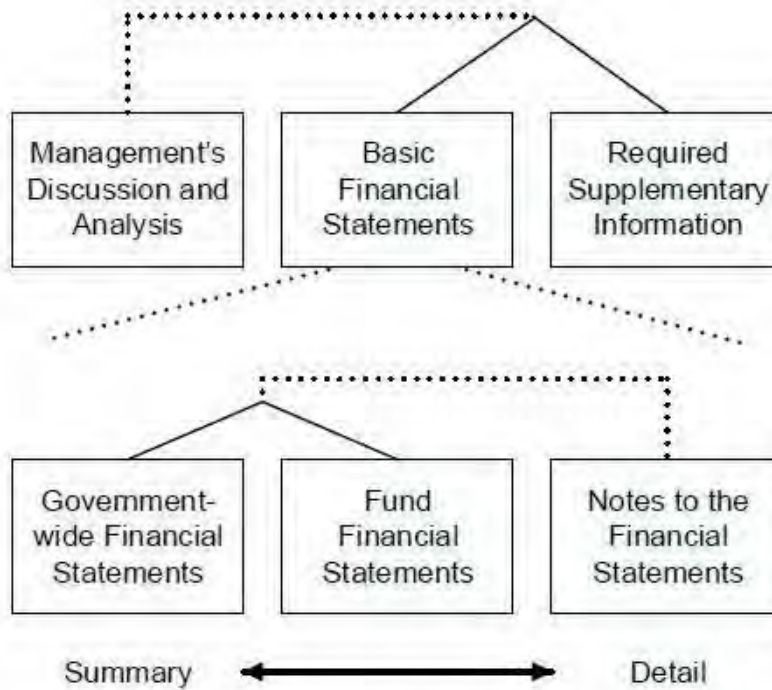


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explain the structure and contents of each of the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

		Fund Financial Statements		
	Government-Wide 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 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • 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 32 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)

Governmental Funds. (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, 14 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 and Debt Service Reserve, 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 36 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 44 of this report.

Notes to Basic 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 the basic financial statements start on page 55 of this report.

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 98 of this report.

City of Albert Lea
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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 113 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 \$160,444,309 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.2%) 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.

Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Assets						
Current and other assets	\$ 52,082,968	\$ 40,460,299	\$ 11,622,669	\$ 19,300,860	\$ 16,057,615	\$ 3,243,245
Capital assets	93,344,084	91,377,096	1,966,988	58,511,350	56,729,342	1,782,008
Total assets	<u>145,427,052</u>	<u>131,837,395</u>	<u>13,589,657</u>	<u>77,812,210</u>	<u>72,786,957</u>	<u>5,025,253</u>
Deferred Outflows of Resources						
Deferred OPEB resources	312,540	140,877	171,663	47,983	23,296	24,687
Deferred pension resources	6,908,176	8,926,257	(2,018,081)	148,471	289,379	(140,908)
Total deferred outflows of resources	<u>\$ 7,220,716</u>	<u>\$ 9,067,134</u>	<u>\$ (1,846,418)</u>	<u>\$ 196,454</u>	<u>\$ 312,675</u>	<u>\$ (116,221)</u>
Liabilities						
Other liabilities	\$ 6,822,632	\$ 7,463,145	\$ (640,513)	\$ 2,208,456	\$ 1,593,388	\$ 615,068
Noncurrent liabilities	36,084,589	26,149,705	9,934,884	15,067,056	13,004,133	2,062,923
Total liabilities	<u>42,907,221</u>	<u>33,612,850</u>	<u>9,294,371</u>	<u>17,275,512</u>	<u>14,597,521</u>	<u>2,677,991</u>
Deferred Inflows of Resources						
Deferred OPEB resources	708,928	891,316	(182,388)	108,840	147,396	(38,556)
Deferred pension resources	8,730,799	8,760,006	(29,207)	480,823	350,548	130,275
Total deferred inflows of resources	<u>9,439,727</u>	<u>9,651,322</u>	<u>(211,595)</u>	<u>589,663</u>	<u>497,944</u>	<u>91,719</u>
Net Position						
Net investment in capital assets	71,677,398	71,324,410	352,988	45,782,277	44,633,953	1,148,324
Restricted	14,412,183	15,110,745	(698,562)	5,754	-	5,754
Unrestricted	14,211,239	11,205,202	3,006,037	14,355,458	13,370,214	985,244
Total net position	<u>\$ 100,300,820</u>	<u>\$ 97,640,357</u>	<u>\$ 2,660,463</u>	<u>\$ 60,143,489</u>	<u>\$ 58,004,167</u>	<u>\$ 2,139,322</u>

City of Albert Lea
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

An additional portion of the City's net position (9.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (17.8%) 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 \$2,660,463, thereby accounting for 55.4% 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)

Summary of Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 2,643,116	\$ 1,827,770	\$ 815,346	\$ 10,587,300	\$ 10,218,124	\$ 369,176
Operating grants and contributions	1,122,433	986,689	135,744	-	-	-
Capital grants and contributions	4,972,200	3,079,569	1,892,631	1,349,613	26,463	1,323,150
General revenues						
Property taxes	7,660,550	7,398,515	262,035	-	-	-
Tax increments	847,397	631,480	215,917	-	-	-
Franchise taxes	1,723,312	1,986,933	(263,621)	-	-	-
State grants and contributions not restricted to specific programs	7,062,627	5,810,318	1,252,309	-	-	-
Unrestricted investment earnings	1,262,194	1,078,113	184,081	757,425	643,158	114,267
Gain on disposal of capital assets	171,705	43,214	128,491	-	-	-
Total revenues	<u>27,465,534</u>	<u>22,842,601</u>	<u>4,622,933</u>	<u>12,694,338</u>	<u>10,887,745</u>	<u>1,806,593</u>
Expenses						
General government	3,193,826	2,740,630	453,196	-	-	-
Public safety	9,011,059	9,371,247	(360,188)	-	-	-
Public works	6,085,102	5,140,112	944,990	-	-	-
Culture and recreation	4,850,625	4,598,875	251,750	-	-	-
Airport	793,238	776,785	16,453	-	-	-
Community development	2,737,812	1,643,875	1,093,937	-	-	-
Interest on long-term debt	763,409	555,080	208,329	-	-	-
Water	-	-	-	2,317,991	2,416,996	(99,005)
Sewer	-	-	-	5,080,104	4,771,273	308,831
Solid waste	-	-	-	160,142	144,239	15,903
Utility line protection plan	-	-	-	366,779	371,296	(4,517)
Total expenses	<u>27,435,071</u>	<u>24,826,604</u>	<u>2,608,467</u>	<u>7,925,016</u>	<u>7,703,804</u>	<u>221,212</u>
Change in net position before transfers	30,463	(1,984,003)	2,014,466	4,769,322	3,183,941	1,585,381
Transfers	<u>2,630,000</u>	<u>2,485,000</u>	<u>145,000</u>	<u>(2,630,000)</u>	<u>(2,485,000)</u>	<u>(145,000)</u>
Change in net position	2,660,463	500,997	2,159,466	2,139,322	698,941	1,440,381
Net position, January 1	<u>97,640,357</u>	<u>97,139,360</u>	<u>500,997</u>	<u>58,004,167</u>	<u>57,305,226</u>	<u>698,941</u>
Net position, December 31	<u>\$ 100,300,820</u>	<u>\$ 97,640,357</u>	<u>\$ 2,660,463</u>	<u>\$ 60,143,489</u>	<u>\$ 58,004,167</u>	<u>\$ 2,139,322</u>

City of Albert Lea
Management's Discussion and Analysis

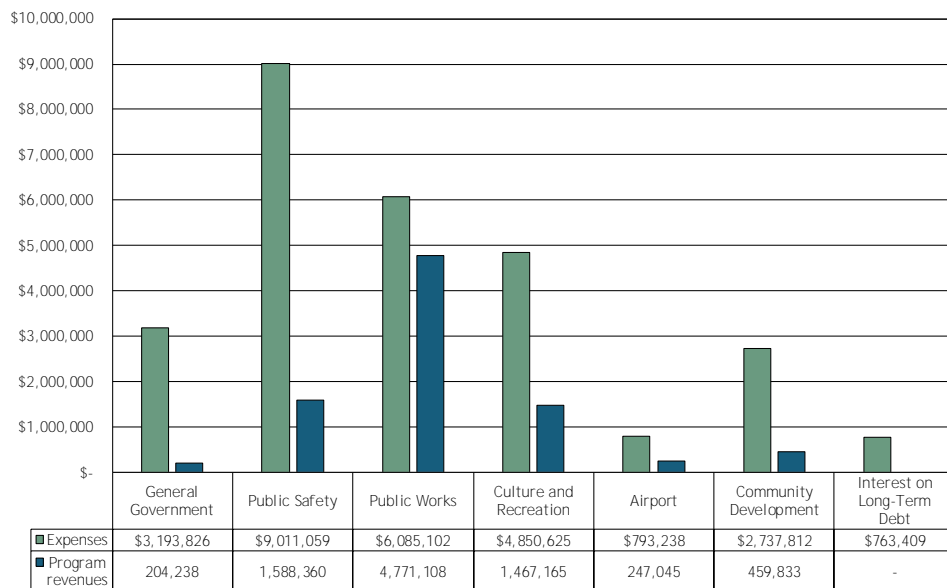
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

- Property taxes represent approximately 27.9% of total revenues in 2024 in governmental activities.
- The largest revenue variance was a \$1,892,631 increase in capital grants and contributions based on an increase in intergovernmental grants and funding in 2024 compared to 2023.
- The largest expense variance was an increase in the community development segment as a result of an increase in non-capitalizable expenditures for related projects during 2024 compared to 2023.

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

Expenses and Program Revenues - Governmental Activities

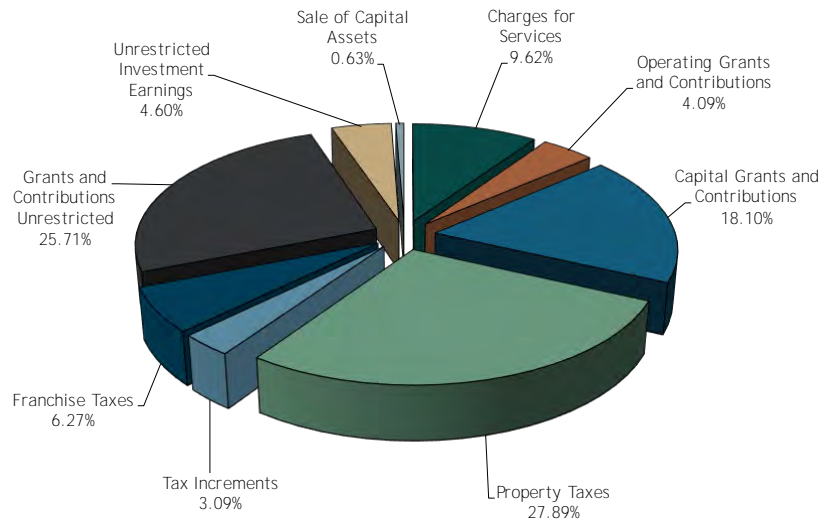


City of Albert Lea
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

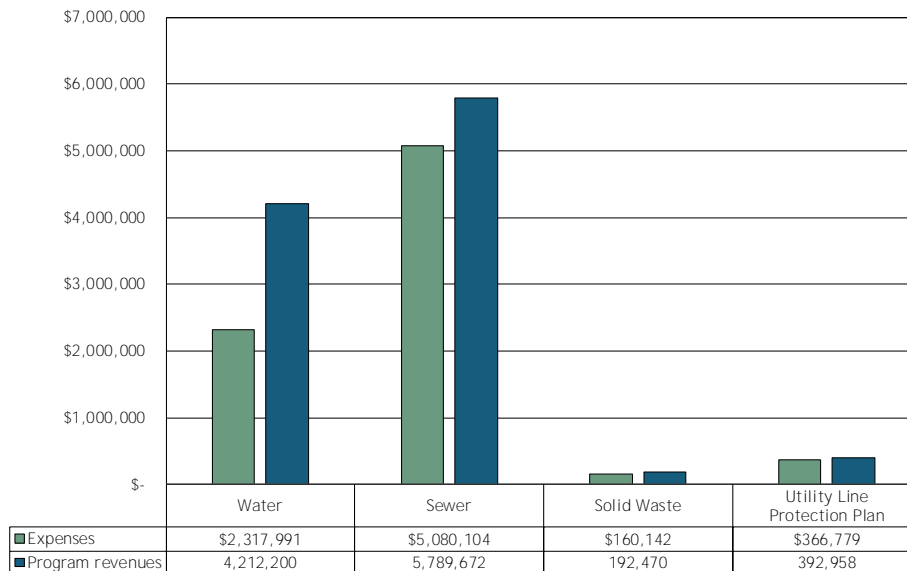
Governmental Activities. (Continued)

Revenues by Source - Governmental Activities



Business-type Activities. Business-type activities increased the City's net position by \$2,139,322 primarily due to the operating income of the Water Fund. Elements of the increase are as follows:

Expenses and Program Revenues - Business-Type Activities

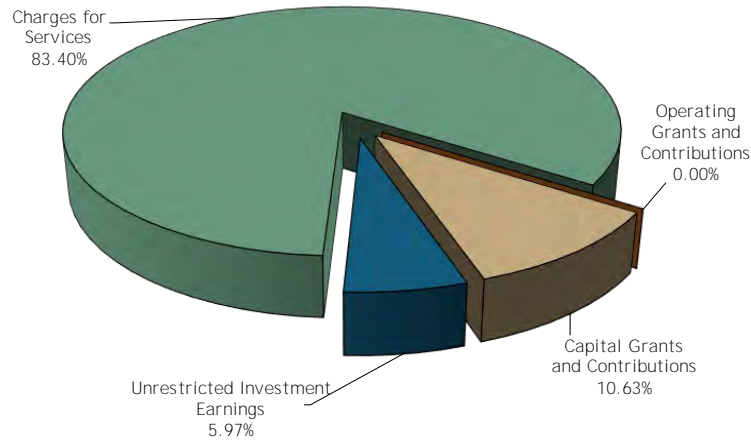


City of Albert Lea
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities. (Continued)

Revenues by Source - Business-Type Activities



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.

City of Albert Lea
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Governmental Funds. (Continued) As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,833,881, an increase of \$11,734,216 in comparison with the prior year. Approximately 14% of this total amount (\$5,801,141) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$35,032,740) is not available for new spending because it is either 1) nonspendable (\$2,974,686), 2) restricted (\$19,378,079), 3) committed (\$3,632,086), or 4) assigned (\$9,047,889) for the purposes described in the fund balance section of each balance sheet.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2024	2023	
General	\$ 12,615,394	\$ 12,205,499	\$ 409,895

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$409,895. The incline was related to increased tax revenues and a decrease of transfers out.

Debt Service Reserve	\$ 2,227	\$ 367,096	\$ (364,869)
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The Debt Service Reserve had a total fund balance of \$2,227. Fund balance decreased \$364,869 from 2023 due to transfers out to other debt service funds exceeding special assessment revenue.

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 \$15,033,088. The total increase in net position for the funds was \$2,141,163.

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 \$409,895 in 2024. Some of the larger variances are as follows:

- Revenues were over budget by \$187,023. Intergovernmental revenue was \$154,811 over budget mostly related to police aid and federal grant revenue. Miscellaneous revenue was \$199,157 over budget due to investment income exceeding budgeted amounts. Charges for services was \$280,418 over budget due to plan check fee and engineering fee revenues.
- Expenditures were less than budgeted amounts by \$266,171. Culture and recreation came in under budget by \$291,087 due in part to personnel costs for the library and parks being lower than anticipated.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to \$151,855,434 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City of Albert Lea
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Capital Assets and Debt Administration (Continued)

Capital Assets. (Continued) Major capital asset events during the current fiscal year included the following:

- Central Water Tower construction
- Various street and park improvement projects

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

	Governmental Activities			Business-Type Activities		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
Land	\$ 6,825,804	\$ 6,825,804	\$ -	\$ 375,063	\$ 375,063	\$ -
Construction in progress	3,398,604	10,913,368	7,514,764	3,553,522	12,009,794	8,456,272
Buildings	16,005,237	16,748,642	743,405	13,846,275	14,508,438	662,163
Improvements other than buildings	61,328,484	50,859,670	(10,468,814)	39,913,720	29,120,282	(10,793,438)
Equipment	5,785,955	6,029,612	243,657	822,770	715,765	(107,005)
Total	<u>\$ 93,344,084</u>	<u>\$ 91,377,096</u>	<u>\$ (1,966,988)</u>	<u>\$ 58,511,350</u>	<u>\$ 56,729,342</u>	<u>\$ (1,782,008)</u>

Additional information on the City's capital assets can be found in Note 7 starting on page 68 of this report.

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$41,605,000. 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		
	2024	2023	Increase (Decrease)	2024	2023	Increase (Decrease)
PRI Assessment Bonds	\$ 29,105,000	\$ 18,755,000	\$ (10,350,000)	\$ -	\$ -	\$ -
Equipment certificate	40,000	80,000	40,000	-	-	-
Notes payable	626,936	410,548	(216,388)	-	-	-
Revenue Bonds	-	-	-	12,500,000	10,995,000	(1,505,000)
PFA Loans	-	-	-	1,946,775	1,128,000	(818,775)
Total	<u>\$ 29,771,936</u>	<u>\$ 19,245,548</u>	<u>\$ (10,526,388)</u>	<u>\$ 14,446,775</u>	<u>\$ 12,123,000</u>	<u>\$ (2,323,775)</u>

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 72 of this report.

City of Albert Lea
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates

- The City approved a balanced budget for 2025.
- The City's General fund property tax levy for 2025 increased \$248,300 to \$5,974,800.
- 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.
- The City continues 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 is in a stable position with an unassigned fund balance in the General Fund of 50% of the 2025 budgeted expenses at the end of 2024 - \$923,931 more than the minimum threshold.

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, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Assets					
Cash and investments	\$ 29,059,078	\$ 16,486,330	\$ 45,545,408	\$ 2,015,418	\$ 1,422,562
Cash and investments held in escrow	-	-	-	-	-
Cash with fiscal agent	9,885,943	-	9,885,943	-	-
Restricted cash	-	5,754	5,754	-	148,398
Taxes receivable	332,890	-	332,890	-	-
Accounts receivable	757,818	1,695,958	2,453,776	438,409	234,509
Interest receivable	120,392	-	120,392	1,170	-
Loans receivable	1,777,508	-	1,777,508	1,443,331	-
Leases receivable	-	-	-	4,240,306	-
Special assessments receivable	6,922,216	1,169,513	8,091,729	-	-
Due from other governments	1,366,711	476,721	1,843,432	2,000	-
Due from primary government	-	-	-	912,323	-
Internal balances	668,795	(668,795)	-	-	-
Inventory	89,986	135,379	225,365	-	-
Property held for resale	-	-	-	3,625,747	-
Prepaid items	1,101,631	-	1,101,631	8,507	11,935
Patronage equity	-	-	-	1,670	-
Investment in limited partnership	-	-	-	150,000	-
Capital assets not being depreciated/amortized					
Land	6,825,804	375,063	7,200,867	262,933	177,998
Construction in progress	3,398,604	3,553,522	6,952,126	-	540,611
Capital assets being depreciated/amortized					
Buildings and structures	32,149,490	36,151,652	68,301,142	10,320,013	9,715,353
Improvements other than buildings	108,740,428	61,541,912	170,282,340	-	-
Equipment	18,884,953	4,399,807	23,284,760	-	398,199
Lease buildings	-	-	-	323,288	-
Less accumulated depreciation	(76,655,195)	(47,510,606)	(124,165,801)	(6,090,008)	(7,845,326)
Less accumulated amortization	-	-	-	(21,553)	-
Total assets	145,427,052	77,812,210	223,239,262	17,633,554	4,804,239
Deferred Outflows of Resources					
Deferred outflows of resources related to OPEB	312,540	47,983	360,523	-	-
Deferred outflows of resources related to pensions	6,908,176	148,471	7,056,647	-	-
Total deferred outflows of resources	7,220,716	196,454	7,417,170	-	-
Total assets and deferred outflows of resources	\$ 152,647,768	\$ 78,008,664	\$ 230,656,432	\$ 17,633,554	\$ 4,804,239

City of Albert Lea
Statement of Net Position
December 31, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Liabilities					
Accounts payable	\$ 1,230,564	\$ 905,115	\$ 2,135,679	\$ 34,558	\$ 25,918
Salaries and benefits payable	349,163	50,984	400,147	4,750	19,999
Deposits payable	69,990	10,000	79,990	-	34,465
Contracts payable	135,826	142,960	278,786	-	-
Due to other governments	-	6,915	6,915	-	36,894
Due to component unit	912,323	-	912,323	-	-
Unearned revenue	-	-	-	3,281	25,297
Other accrued liabilities	-	-	-	-	5,177
Interest payable					
Payable within one year	451,870	160,472	612,342	12,042	-
Payable after one year	-	-	-	30,000	-
Net bonds payable					
Payable within one year	2,615,000	715,000	3,330,000	-	-
Payable after one year	28,174,867	12,341,751	40,516,618	-	-
Loans/notes payable					
Payable within one year	53,650	153,045	206,695	-	-
Payable after one year	573,286	1,793,730	2,367,016	-	-
Leases payable					
Payable within one year	-	-	-	27,274	-
Payable after one year	-	-	-	278,464	-
Notes and mortgages payable					
Payable within one year	-	-	-	196,021	2,485
Payable after one year	-	-	-	3,867,903	334,181
Compensated absences payable					
Payable within one year	990,706	151,695	1,142,401	7,566	26,219
Payable after one year	394,653	60,996	455,649	-	8,119
Net pension liability					
Payable after one year	5,956,948	683,846	6,640,794	-	-
Total OPEB liability					
Payable within one year	13,540	2,240	15,780	-	-
Payable after one year	984,835	96,763	1,081,598	-	-
Total liabilities	<u>42,907,221</u>	<u>17,275,512</u>	<u>60,182,733</u>	<u>4,461,859</u>	<u>518,754</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	708,928	108,840	817,768	-	-
Deferred inflows of resources related to pensions	8,730,799	480,823	9,211,622	-	-
Deferred inflows of resources related to leases receivable	-	-	-	4,240,306	-
Property taxes levied for subsequent years	-	-	-	-	133,933
Total deferred inflows of resources	<u>9,439,727</u>	<u>589,663</u>	<u>10,029,390</u>	<u>4,240,306</u>	<u>133,933</u>
Net Position					
Net investment in capital assets	71,677,398	45,782,277	117,459,675	1,814,347	2,650,169
Restricted for					
Fire and police operations	367,178	-	367,178	-	-
Capital improvements	96,781	-	96,781	-	-
Airport improvements	411,727	-	411,727	-	-
Economic development	740,119	-	740,119	-	-
Debt service	12,796,378	5,754	12,802,132	-	-
Unrestricted	14,211,239	14,355,458	28,566,697	7,117,042	1,467,415
Total net position	<u>100,300,820</u>	<u>60,143,489</u>	<u>160,444,309</u>	<u>8,931,389</u>	<u>4,151,552</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 152,647,768</u>	<u>\$ 78,008,664</u>	<u>\$ 230,656,432</u>	<u>\$ 17,633,554</u>	<u>\$ 4,804,239</u>

See notes to basic financial statements.

City of Albert Lea
Statement of Activities
Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 3,193,826	\$ 126,737	\$ 55,881	\$ 21,620
Public safety	9,011,059	764,443	654,367	169,550
Public works	6,085,102	780,454	309,415	3,681,239
Culture and recreation	4,850,625	553,452	13,250	900,463
Community development	2,737,812	370,313	89,520	-
Airport	793,238	47,717	-	199,328
Interest on long-term debt	763,409	-	-	-
Total governmental activities	<u>27,435,071</u>	<u>2,643,116</u>	<u>1,122,433</u>	<u>4,972,200</u>
Business-type activities				
Water	2,317,991	4,212,200	-	-
Sewer	5,080,104	5,789,672	-	1,349,613
Solid waste	160,142	192,470	-	-
Utility line protection plan	366,779	392,958	-	-
Total business-type activities	<u>7,925,016</u>	<u>10,587,300</u>	<u>-</u>	<u>1,349,613</u>
Total primary government	<u>35,360,087</u>	<u>13,230,416</u>	<u>1,122,433</u>	<u>6,321,813</u>
Component Units				
Port Authority	1,014,339	935,261	1,426	218,595
Housing Redevelopment Authority	<u>2,420,808</u>	<u>857,037</u>	<u>1,337,004</u>	<u>17,280</u>
Total component units	<u>\$ 3,435,147</u>	<u>\$ 1,792,298</u>	<u>\$ 1,338,430</u>	<u>\$ 235,875</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
\$ (2,989,588)	\$ -	\$ (2,989,588)	\$ -	\$ -
(7,422,699)	-	(7,422,699)	-	-
(1,313,994)	-	(1,313,994)	-	-
(3,383,460)	-	(3,383,460)	-	-
(2,277,979)	-	(2,277,979)	-	-
(546,193)	-	(546,193)	-	-
(763,409)	-	(763,409)	-	-
(18,697,322)	-	(18,697,322)	-	-
-	1,894,209	1,894,209	-	-
-	2,059,181	2,059,181	-	-
-	32,328	32,328	-	-
-	26,179	26,179	-	-
-	4,011,897	4,011,897	-	-
(18,697,322)	4,011,897	(14,685,425)	-	-
-	-	-	140,943	-
-	-	-	-	(209,487)
-	-	-	140,943	(209,487)
7,660,550	-	7,660,550	-	-
1,723,312	-	1,723,312	-	-
847,397	-	847,397	41,104	-
1,262,194	757,425	2,019,619	31,385	61,124
7,062,627	-	7,062,627	-	-
171,705	-	171,705	-	-
2,630,000	(2,630,000)	-	-	-
21,357,785	(1,872,575)	19,485,210	72,489	61,124
2,660,463	2,139,322	4,799,785	213,432	(148,363)
97,640,357	58,004,167	155,644,524	8,717,957	4,299,915
\$ 100,300,820	\$ 60,143,489	\$ 160,444,309	\$ 8,931,389	\$ 4,151,552

City of Albert Lea
Balance Sheet - Governmental Funds
December 31, 2024

		Capital Projects		Debt Service
		Recreation Facilities Project (412)	2024 CIP - Bond Projects (494)	Debt Service Reserve (301)
	General (101)			
Assets				
Cash and investments	\$ 9,367,635	\$ -	\$ 97,163	\$ -
Cash with fiscal agent	-	9,556,675	329,268	-
Taxes receivable	321,602	-	-	-
Accounts receivable	577,422	-	-	-
Interest receivable	120,392	-	-	-
Loans receivable	125,963	-	-	-
Special assessments receivable	139,074	-	-	1,391,676
Due from other funds	-	-	-	-
Due from other governments	51,134	-	632,213	-
Advances to other funds	2,674,069	-	-	-
Inventory	89,986	-	-	-
Prepaid items	210,631	-	-	-
Total assets	<u>\$ 13,677,908</u>	<u>\$ 9,556,675</u>	<u>\$ 1,058,644</u>	<u>\$ 1,391,676</u>
Liabilities				
Accounts payable	\$ 408,039	\$ 206,276	\$ 144,576	\$ -
Salaries and benefits payable	349,163	-	-	-
Deposits payable	69,990	-	-	-
Contracts payable	-	43,403	85,216	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Advances from component unit	-	-	-	-
Total liabilities	<u>827,192</u>	<u>249,679</u>	<u>229,792</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	233,874	-	-	-
Unavailable revenue - special assessments	1,448	-	-	1,389,449
Total deferred inflows of resources	<u>235,322</u>	<u>-</u>	<u>-</u>	<u>1,389,449</u>
Fund Balances				
Nonspendable	2,974,686	-	-	-
Restricted	-	9,306,996	828,852	2,227
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	9,640,708	-	-	-
Total fund balances	<u>12,615,394</u>	<u>9,306,996</u>	<u>828,852</u>	<u>2,227</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,677,908</u>	<u>\$ 9,556,675</u>	<u>\$ 1,058,644</u>	<u>\$ 1,391,676</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 19,594,280	\$ 29,059,078
-	9,885,943
11,288	332,890
180,396	757,818
-	120,392
1,651,545	1,777,508
5,391,466	6,922,216
110,796	110,796
683,364	1,366,711
-	2,674,069
-	89,986
-	210,631
<u>\$ 27,623,135</u>	<u>\$ 53,308,038</u>
\$ 471,673	\$ 1,230,564
-	349,163
-	69,990
7,207	135,826
110,796	110,796
2,682,904	2,682,904
912,323	912,323
<u>4,184,903</u>	<u>5,491,566</u>
9,754	243,628
<u>5,348,066</u>	<u>6,738,963</u>
<u>5,357,820</u>	<u>6,982,591</u>
-	2,974,686
9,240,004	19,378,079
3,632,086	3,632,086
9,047,889	9,047,889
(3,839,567)	5,801,141
<u>18,080,412</u>	<u>40,833,881</u>
<u>\$ 27,623,135</u>	<u>\$ 53,308,038</u>

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City of Albert Lea
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2024

Total fund balances - governmental funds	\$ 40,833,881
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	169,999,279
Less accumulated depreciation	(76,655,195)
Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.	891,000
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	(29,145,000)
Unamortized bond premiums/discounts	(1,644,867)
Notes payable	(626,936)
Compensated absences payable	(1,385,359)
Total OPEB liability	(998,375)
Net pension liability	(5,956,948)
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	243,628
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	(8,730,799)
Deferred outflows of resources related to pensions	6,908,176
Deferred outflows of resources related to OPEB	312,540
Deferred inflows of resources related to OPEB	(708,928)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	6,738,963
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(451,870)
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.	677,630
Total net position - governmental activities	<u>\$ 100,300,820</u>

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2024

		Capital Projects		Debt Service
	General (101)	Recreation Facilities Project (412)	2024 CIP - Bond Projects (494)	Debt Service Reserve (301)
Revenues				
Taxes - property and franchise	\$ 7,370,981	\$ -	\$ -	\$ -
Special assessments	11,382	-	-	167,340
Licenses and permits	433,975	-	-	-
Intergovernmental	8,205,777	-	1,011,394	-
Charges for services	1,265,468	-	-	-
Fines and forfeitures	76,899	-	-	-
Miscellaneous				
Investment income	333,620	188,064	32,686	5,442
Contributions and donations	20,742	500	126,509	-
Other	40,479	-	-	-
Total revenues	<u>17,759,323</u>	<u>188,564</u>	<u>1,170,589</u>	<u>172,782</u>
Expenditures				
Current				
General government	2,887,610	-	-	-
Public safety	8,171,650	-	-	-
Public works	3,249,111	-	335,416	-
Culture and recreation	3,761,847	-	-	-
Community development	164,033	112,070	-	-
Airport	-	-	-	-
Debt service				
Principal	18,508	-	-	-
Interest and other charges	-	96,551	29,655	-
Capital outlay				
General government	19,324	-	-	-
Public safety	-	-	-	-
Public works	-	-	2,985,744	-
Culture and recreation	19,046	1,072,958	-	-
Community development	-	-	-	-
Total expenditures	<u>18,291,129</u>	<u>1,281,579</u>	<u>3,350,815</u>	<u>-</u>
Excess of revenues over (under) expenditures	(531,806)	(1,093,015)	(2,180,226)	172,782
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	450	-	-	-
Issuance of debt	-	9,800,000	3,010,000	-
Bond premium	-	612,146	320,063	-
Miscellaneous revenue	-	-	-	-
Transfers in	2,322,135	-	-	98,714
Transfers out	(1,380,884)	(12,135)	(313,587)	(636,365)
Total other financing sources (uses)	<u>941,701</u>	<u>10,400,011</u>	<u>3,016,476</u>	<u>(537,651)</u>
Net change in fund balances	409,895	9,306,996	836,250	(364,869)
Fund Balances				
Beginning of year, as previously stated	12,205,499	-	-	367,096
Change within financial reporting entity (See Note 16)	-	-	(7,398)	-
Beginning of year, restated	<u>12,205,499</u>	<u>-</u>	<u>(7,398)</u>	<u>367,096</u>
End of year	<u>\$ 12,615,394</u>	<u>\$ 9,306,996</u>	<u>\$ 828,852</u>	<u>\$ 2,227</u>

See notes to basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,813,145	\$ 10,184,126
1,458,183	1,636,905
-	433,975
979,833	9,686,519
480,853	1,746,321
2,526	79,425
702,382	1,262,194
613,163	760,914
269,644	820,608
<u>7,319,729</u>	<u>26,610,987</u>
21,317	2,908,927
86,372	8,258,022
99,024	3,683,551
245,702	4,007,549
1,590,206	1,866,309
168,528	168,528
2,965,000	2,983,508
577,182	703,388
76,666	95,990
201,714	201,714
944,157	3,929,901
1,402,327	2,494,331
871,503	871,503
<u>9,249,698</u>	<u>32,173,221</u>
(1,929,969)	(5,562,234)
171,255	171,705
699,896	13,509,896
47,240	979,449
5,400	5,400
3,542,235	5,963,084
(990,113)	(3,333,084)
<u>3,475,913</u>	<u>17,296,450</u>
1,545,944	11,734,216
16,527,070	29,099,665
7,398	-
<u>16,534,468</u>	<u>29,099,665</u>
<u>\$ 18,080,412</u>	<u>\$ 40,833,881</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, 2024

Total change in fund balances - governmental funds	\$ 11,734,216
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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	6,809,075
Depreciation expense	(4,787,897)
Loss on disposal of capital assets	(54,190)

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

Amortization of prepaid items	(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	(164,862)
Total other post employment benefits (OPEB) liability	(153,170)

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	2,965,000
Loan payments	18,508

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.

(837,729)

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.

(201,741)

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.

(13,509,896)

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	384,015
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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.

1,841

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	47,133
Special assessments	437,160

Change in net position - governmental activities	\$ 2,660,463
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\$ 2,660,463

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes - property and franchise	\$ 7,872,500	\$ 7,872,500	\$ 7,370,981	\$ (501,519)
Special assessments	1,000	1,000	11,382	10,382
Licenses and permits	374,600	374,600	433,975	59,375
Intergovernmental	8,050,966	8,050,966	8,205,777	154,811
Charges for services	985,050	985,050	1,265,468	280,418
Fines and forfeitures	92,500	92,500	76,899	(15,601)
Miscellaneous revenues	195,684	195,684	394,841	199,157
Total revenues	<u>17,572,300</u>	<u>17,572,300</u>	<u>17,759,323</u>	<u>187,023</u>
Expenditures				
Current				
General government	2,784,185	2,784,185	2,887,610	103,425
Public safety	8,209,495	8,209,495	8,171,650	(37,845)
Public works	3,275,136	3,275,136	3,249,111	(26,025)
Culture and recreation	4,052,934	4,052,934	3,761,847	(291,087)
Community development	161,550	161,550	164,033	2,483
Debt service				
Principal	15,000	15,000	18,508	3,508
Capital outlay				
General government	20,000	20,000	19,324	(676)
Culture and recreation	39,000	39,000	19,046	(19,954)
Total expenditures	<u>18,557,300</u>	<u>18,557,300</u>	<u>18,291,129</u>	<u>(266,171)</u>
Excess of revenues over (under) expenditures	(985,000)	(985,000)	(531,806)	453,194
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	450	450
Transfers in	2,310,000	2,310,000	2,322,135	12,135
Transfers out	(1,325,000)	(1,325,000)	(1,380,884)	(55,884)
Total other financing sources (uses)	<u>985,000</u>	<u>985,000</u>	<u>941,701</u>	<u>(43,299)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	409,895	<u>\$ 409,895</u>
Fund Balances				
Beginning of year			12,205,499	
End of year			<u>\$ 12,615,394</u>	

See notes to basic financial statements.

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2024

	Business-Type Activities Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Assets			
Current assets			
Cash and investments	\$ 5,284,938	\$ 11,100,122	\$ 74,051
Restricted cash	2,877	2,877	-
Accounts receivable	701,278	913,834	9,063
Due from other governments	-	476,721	-
Special assessments receivable	1,634	22,511	-
Inventory	135,379	-	-
Total current assets	<u>6,126,106</u>	<u>12,516,065</u>	<u>83,114</u>
Noncurrent assets			
Advances to other funds	-	8,835	-
Special assessments receivable	514,965	630,403	-
Capital assets			
Land	110,800	184,192	80,071
Buildings and structures	3,100,794	33,017,858	33,000
Equipment	540,810	3,847,374	11,623
Improvements other than buildings	27,426,310	34,115,602	-
Construction in progress	598,534	2,954,988	-
Total capital assets	<u>31,777,248</u>	<u>74,120,014</u>	<u>124,694</u>
Less accumulated depreciation	<u>(9,498,856)</u>	<u>(37,972,122)</u>	<u>(39,628)</u>
Net capital assets	<u>22,278,392</u>	<u>36,147,892</u>	<u>85,066</u>
Total noncurrent assets	<u>22,793,357</u>	<u>36,787,130</u>	<u>85,066</u>
Total assets	<u>28,919,463</u>	<u>49,303,195</u>	<u>168,180</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	17,055	30,928	-
Deferred outflows of resources related to pensions	<u>54,466</u>	<u>91,456</u>	<u>2,549</u>
Total deferred outflows of resources	<u>71,521</u>	<u>122,384</u>	<u>2,549</u>
Total assets and deferred outflows of resources	<u>\$ 28,990,984</u>	<u>\$ 49,425,579</u>	<u>\$ 170,729</u>

Business-Type Activities
Enterprise Funds

Utility Line Protection Plan (605)	Total
\$ 27,219	\$ 16,486,330
-	5,754
71,783	1,695,958
-	476,721
-	24,145
-	135,379
99,002	18,824,287
-	8,835
-	1,145,368
-	375,063
-	36,151,652
-	4,399,807
-	61,541,912
-	3,553,522
-	106,021,956
-	(47,510,606)
-	58,511,350
-	59,665,553
99,002	78,489,840
-	47,983
-	148,471
-	196,454
\$ 99,002	\$ 78,686,294

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2024

	Business-Type Activities Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Liabilities			
Current liabilities			
Accounts payable	\$ 67,340	\$ 797,586	\$ 9,599
Contracts payable	60,668	82,292	-
Salaries and benefits payable	19,124	31,233	627
Deposits payable	10,000	-	-
Interest payable	104,327	56,145	-
Due to other governments	6,915	-	-
Notes payable due within one year	14,000	139,045	-
Bonds payable due within one year	555,000	160,000	-
Current compensated absences	54,021	97,674	-
Total OPEB liability due within one year	697	1,543	-
Total current liabilities	<u>892,092</u>	<u>1,365,518</u>	<u>10,226</u>
Noncurrent liabilities			
Compensated absences	21,577	39,419	-
Notes payable	269,000	1,524,730	-
Bonds payable	9,419,996	2,921,755	-
Total OPEB liability	34,492	62,271	-
Net pension liability	250,865	421,241	11,740
Total noncurrent liabilities	<u>9,995,930</u>	<u>4,969,416</u>	<u>11,740</u>
Total liabilities	<u>10,888,022</u>	<u>6,334,934</u>	<u>21,966</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	38,686	70,154	-
Deferred inflows of resources related to pensions	<u>176,387</u>	<u>296,181</u>	<u>8,255</u>
Total deferred inflows of resources	<u>215,073</u>	<u>366,335</u>	<u>8,255</u>
Net Position			
Net investment in capital assets	12,770,253	32,926,958	85,066
Restricted	2,877	2,877	-
Unrestricted	<u>5,114,759</u>	<u>9,794,475</u>	<u>55,442</u>
Total net position	<u>17,887,889</u>	<u>42,724,310</u>	<u>140,508</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 28,990,984</u>	<u>\$ 49,425,579</u>	<u>\$ 170,729</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

Business-Type Activities Enterprise Funds	
Utility Line Protection Plan (605)	Total
\$ 30,590	\$ 905,115
-	142,960
-	50,984
-	10,000
-	160,472
-	6,915
-	153,045
-	715,000
-	151,695
-	2,240
<u>30,590</u>	<u>2,298,426</u>
-	60,996
-	1,793,730
-	12,341,751
-	96,763
-	683,846
-	<u>14,977,086</u>
<u>30,590</u>	<u>17,275,512</u>
-	108,840
-	<u>480,823</u>
-	<u>589,663</u>
-	45,782,277
-	5,754
68,412	15,033,088
<u>68,412</u>	<u>60,821,119</u>
<u>\$ 99,002</u>	<u>78,686,294</u>
	<u>(677,630)</u>
	<u>\$ 60,143,489</u>

City of Albert Lea
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Operating Revenues			
Charges for services	\$ 4,171,641	\$ 5,773,869	\$ 189,871
Miscellaneous	-	-	-
Total operating revenues	<u>4,171,641</u>	<u>5,773,869</u>	<u>189,871</u>
Operating Expenses			
Personnel services	825,900	1,308,785	31,227
Materials and supplies	439,172	437,230	2,453
Repairs and maintenance	19,522	171,125	1,477
Other services and charges	157,301	597,502	122,265
Utilities	145,984	784,145	2,187
Depreciation	528,753	1,249,932	775
Equipment	-	451,645	-
Total operating expenses	<u>2,116,632</u>	<u>5,000,364</u>	<u>160,384</u>
Operating income (loss)	2,055,009	773,505	29,487
Nonoperating Revenues (Expenses)			
Investment income	250,633	503,014	3,770
Intergovernmental	-	1,344,388	-
Interest and other charges	(201,753)	(79,588)	-
Antenna lease revenue	40,559	-	-
Other income	-	15,803	2,599
Total nonoperating revenues	<u>89,439</u>	<u>1,783,617</u>	<u>6,369</u>
Income (loss) before capital contributions and transfers	2,144,448	2,557,122	35,856
Capital contributions	2,325	5,225	-
Transfers out	<u>(1,230,000)</u>	<u>(1,370,000)</u>	<u>(30,000)</u>
Change in net position	916,773	1,192,347	5,856
Net Position			
Beginning of year	<u>16,971,116</u>	<u>41,531,963</u>	<u>134,652</u>
End of year	<u>\$ 17,887,889</u>	<u>\$ 42,724,310</u>	<u>\$ 140,508</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Change in net position of business-type activities			

Business-Type Activities Enterprise Funds	
Utility Line Protection Plan (605)	Totals
\$ 392,958	\$ 10,528,339
-	-
<u>392,958</u>	<u>10,528,339</u>
-	2,165,912
-	878,855
-	192,124
366,779	1,243,847
-	932,316
-	1,779,460
-	451,645
<u>366,779</u>	<u>7,644,159</u>
26,179	2,884,180
8	757,425
-	1,344,388
-	(281,341)
-	40,559
-	18,402
<u>8</u>	<u>1,879,433</u>
26,187	4,763,613
-	7,550
-	(2,630,000)
26,187	2,141,163
<u>42,225</u>	<u>58,679,956</u>
<u>\$ 68,412</u>	<u>60,821,119</u>
	<u>(1,841)</u>
	<u>\$ 2,139,322</u>

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 4,114,902	\$ 5,814,148	\$ 209,645
Payments to suppliers	(764,885)	(2,437,778)	(128,687)
Payments to employees	(838,182)	(1,421,748)	(33,115)
Antenna lease revenue	40,559	-	-
Miscellaneous revenue	-	15,803	2,599
Other operating receipts	-	-	-
Net cash flows			
- operating activities	<u>2,552,394</u>	<u>1,970,425</u>	<u>50,442</u>
Cash Flows - Noncapital			
Financing Activities			
Intergovernmental	-	-	-
Borrowing (payments) on			
interfund balances	-	2,479	-
Transfer to other funds	<u>(1,230,000)</u>	<u>(1,370,000)</u>	<u>(30,000)</u>
Net cash flows - noncapital			
financing activities	<u>(1,230,000)</u>	<u>(1,367,521)</u>	<u>(30,000)</u>
Cash Flows - Capital and Related			
Financing Activities			
Special assessments received	4,479	38,126	-
Connection charges collected	16,608	2,000	-
Principal paid on debt	(616,219)	(298,465)	-
Interest paid on debt	(160,736)	46,996	-
Proceeds from debt issuance	792,219	2,446,240	-
Intergovernmental	-	868,267	-
Acquisition of capital assets	<u>(1,068,861)</u>	<u>(1,991,995)</u>	<u>-</u>
Net cash flows			
- capital and related			
financing activities	<u>(1,032,510)</u>	<u>1,111,169</u>	<u>-</u>
Cash Flows - Investing Activities			
Loans	-	35,000	-
Investment income	<u>250,633</u>	<u>515,946</u>	<u>5,000</u>
Net cash flows			
- investing activities	<u>250,633</u>	<u>550,946</u>	<u>5,000</u>
Net change in cash and cash equivalents	540,517	2,265,019	25,442
Cash and Cash Equivalents			
January 1	<u>4,747,298</u>	<u>8,837,980</u>	<u>48,609</u>
December 3	<u>\$ 5,287,815</u>	<u>\$ 11,102,999</u>	<u>\$ 74,051</u>

See notes to basic financial statements.

Business-Type Activities	
Enterprise Funds	
Utility Line	
Protection Plan	
(605)	Total
\$ 393,847	\$ 10,532,542
(366,636)	(3,697,986)
-	(2,293,045)
-	40,559
-	18,402
-	-
27,211	4,600,472
-	-
-	2,479
-	(2,630,000)
-	(2,627,521)
-	42,605
-	18,608
-	(914,684)
-	(113,740)
-	3,238,459
-	868,267
-	(3,060,856)
-	78,659
-	35,000
8	771,587
8	806,587
27,219	2,858,197
-	13,633,887
\$ 27,219	\$ 16,492,084

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2024

	Business-Type Activities Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Reconciliation of Operating			
Income (Loss) to Net Cash Flows -			
Operating Activities			
Operating income (loss)	\$ 2,055,009	\$ 773,505	\$ 29,487
Adjustments to reconcile operating			
income (loss) to net cash flows -			
operating activities			
Other revenues	40,559	13,803	2,599
Depreciation expense	528,753	1,249,932	775
Net pension liability expense	(23,342)	(81,706)	(2,208)
Accounts receivable	(56,739)	42,879	19,774
Due from other governments	-	(600)	-
Inventory	(20,275)	-	-
Accounts payable	17,539	3,869	(305)
Deposits payable	(600)	-	-
Due to other governmental units	430	-	-
Salaries payable	5,306	9,101	320
OPEB expense	(7,055)	(38,407)	-
Compensated absences payable	12,809	(1,951)	-
Total adjustments	<u>497,385</u>	<u>1,196,920</u>	<u>20,955</u>
Net cash flows			
- operating activities	<u>\$ 2,552,394</u>	<u>\$ 1,970,425</u>	<u>\$ 50,442</u>
Supplemental Schedule of			
Noncash Capital and Related			
Financing Activities			
Amortization of bond discounts	\$ 9,953	\$ 3,734	\$ -
Capital additions in AP	-	657,600	-

(Continued)

Business-Type Activities Enterprise Funds	
Utility Line Protection Plan (605)	Total

\$	26,179	\$	2,884,180
----	--------	----	-----------

-	56,961
-	1,779,460
-	(107,256)
889	6,803
-	(600)
-	(20,275)
143	21,246
-	(600)
-	430
-	14,727
-	(45,462)
-	10,858
1,032	1,716,292

\$	27,211	\$	4,600,472
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\$	-	\$	13,687
-	-	\$	657,600

City of Albert Lea
Statement of Fiduciary Net Position
December 31, 2024

	Sales Tax Custodial Fund
Assets	
Taxes receivable	<u>\$ 354,373</u>
Liabilities	
Due to other governments	<u>\$ 354,373</u>

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2024

	Sales Tax Custodial Fund
Additions	
Sales tax deposits	<u>\$ 2,266,758</u>
Deductions	
Sales tax withdrawals	<u>2,266,758</u>
Net Position	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

City of Albert Lea
Notes to Basic 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 and Redevelopment Authority of the City of Albert Lea), entities for which the City is considered financially accountable.

1. Discretely Presented Component Unit - Port Authority

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, 2024, are available upon request from the City Manager of the City at 221 East Clark Street, Albert Lea, MN.

2. Discretely Presented Component Unit - Housing and Redevelopment Authority (HRA)

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 Basic 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 Basic 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.

Recreation Facilities Project Fund - This fund accounts for the capital project activity related to recreation facilities.

2024 CIP - Bond Projects - This fund was established to account for the capital project activity related to the 2024 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.

Utility Line Protection Plan Fund - This fund accounts for the income and expenses related to the utility line protection plan.

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.

City of Albert Lea
Notes to Basic 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)

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.

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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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 2024. 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.

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.

City of Albert Lea
Notes to Basic 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 (Continued)

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 net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The 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.

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 earned 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 activities 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.

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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Fund Balance (Continued)

- 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.

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.

11. 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.

E. Use of Estimates

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

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, Airport and Senior Center Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Airport and Senior Center Funds. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following funds had fund balance deficits at December 31, 2024:

Fund	Amount
Nonmajor Capital Projects	
TIF 5-13 Larson Manufacturing	\$ 911,975
TIF 5-15 Broadway Ridge Redevelopment	1,104,730
TIF 5-25 Zumbro	8,835
TIF 5-26 Unique Opport	163,558
TIF 5-27 Marketplace	39,900
TIF 5-29 Ulland Brothers	49,047
TIF 5-30 Broadway	396,286
TIF 5-31 300 Block Broadway	696,209
TIF Blazing Star Soil District	490,022
District 5-32 Oat Mill	19,079
Lakeview Boulevard	14,275

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

City of Albert Lea
Notes to Basic 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: 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, 2024, 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, 2024, the HRA's bank balance of \$1,594,017 was not exposed to custodial credit risk because it was fully collateralized. The HRA's book balance of all deposits at March 31, 2024, totaled \$1,570,960.

At December 31, 2024, the Port Authority had \$2,015,418 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	\$ 4,878,569	\$ 4,645,797	\$ 232,772	\$ -
Government securities	A+, AA-, AA, AA+, AAA	12,610,236	7,170,028	4,169,731	1,270,477
U.S. treasury obligations	AA-, AAA	7,370,319	4,779,644	408,663	2,182,012
Money market mutual fund	N/A	9,387,294	9,387,294	-	-
Money market accounts	N/A	21,188,697	21,188,697	-	-
Total		<u>\$ 55,435,115</u>	<u>\$ 47,171,460</u>	<u>\$ 4,811,166</u>	<u>\$ 3,452,489</u>

Concentration Risk: This 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, 2024, the City had the following investments in a single issuer exceeding more than 5% of its total investment portfolio: 7% in First American Government Money Market, 17% in Dreyfus Preferred, and 27% in 4M funds.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Credit Risk: This 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.

Interest Rate Risk: This is the risk that fair 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: 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, 2024:

- U.S. treasury obligations and the money market mutual fund totaling \$16,757,613 are valued using quoted market prices (Level 1 inputs)
- Brokered certificates of deposit and government securities of \$17,488,805 are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2024, were as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Cash Equivalents	\$ 21,188,697	\$ 1,570,960	\$ 2,015,418	\$ 24,775,075
Investments	34,246,418	-	-	34,246,418
Petty cash	1,990	-	-	1,990
Total deposits and investments	<u>\$ 55,437,105</u>	<u>\$ 1,570,960</u>	<u>\$ 2,015,418</u>	<u>\$ 59,023,483</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and investments are presented in the December 31, 2024, basic financial statements as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Statement of Net Position				
Cash and investments	\$ 55,437,105	\$ 1,422,562	\$ 2,015,418	\$ 58,875,085
Restricted cash	-	148,398	-	148,398
Total deposits and investments	<u>\$ 55,437,105</u>	<u>\$ 1,570,960</u>	<u>\$ 2,015,418</u>	<u>\$ 59,023,483</u>

NOTE 4 - LOANS RECEIVABLE

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 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, 2024, was \$1,777,508. The total balance has maturities of one to twenty years with interest ranging from 0 to 3%.

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, 2024, is \$913,331.

The Port Authority provided \$500,000 in financing to a borrower in February 2000, to construct a 24-unit affordable housing development. 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 of this loan at December 31, 2024, is \$500,000. Accrued interest at December 31, 2024, is \$30,000.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 5 - INTERFUND BALANCES

At December 31, 2024, interfund balances for the City were as follows:

Receivable Fund	Payable Fund	Amount
<hr/>		
Due from/to other funds		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 110,796
Advance from/to other funds		
General Fund	Nonmajor Governmental Funds	\$ 2,728,417
Sewer Fund	Nonmajor Governmental Funds	8,835
		<hr/>
Total		\$ 2,737,252
		<hr/>

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.

NOTE 6 - INTERFUND TRANSFERS

Transfers during the year ended December 31, 2024, were as follows:

Transfers Out	Transfers In			
	General	Debt Service Reserve	Nonmajor	Total
			Governmental Funds	
General	\$ -	\$ -	\$ 1,380,884	\$ 1,380,884
2024 CIP Bond Projects	-	-	313,587	313,587
Recreation Facilities Project	12,135	-	-	12,135
Debt Service Reserve	-	-	636,365	636,365
Nonmajor governmental funds	-	98,714	891,399	990,113
Water	1,070,000	-	160,000	1,230,000
Sewer	1,210,000	-	160,000	1,370,000
Solid Waste	30,000	-	-	30,000
Total	\$ 2,322,135	\$ 98,714	\$ 3,542,235	\$ 5,963,084

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 Basic Financial Statements

NOTE 7 - CAPITAL ASSETS

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,825,804	\$ -	\$ -	\$ 6,825,804
Construction in progress	10,913,368	5,512,438	13,027,202	3,398,604
Total capital assets not being depreciated	<u>17,739,172</u>	<u>5,512,438</u>	<u>13,027,202</u>	<u>10,224,408</u>
Capital assets being depreciated				
Buildings and structures	32,090,923	58,567	-	32,149,490
Improvements other than buildings	95,713,226	13,027,202	-	108,740,428
Equipment	18,744,740	1,238,070	1,097,857	18,884,953
Total capital assets being depreciated	<u>146,548,889</u>	<u>14,323,839</u>	<u>1,097,857</u>	<u>159,774,871</u>
Less accumulated depreciation for				
Buildings and structures	15,342,280	801,973	-	16,144,253
Improvements other than buildings	44,670,082	2,741,862	-	47,411,944
Equipment	12,898,603	1,244,062	1,043,667	13,098,998
Total accumulated depreciation	<u>72,910,965</u>	<u>4,787,897</u>	<u>1,043,667</u>	<u>76,655,195</u>
Total capital assets being depreciated, net	<u>73,637,924</u>	<u>9,535,942</u>	<u>54,190</u>	<u>83,119,676</u>
Governmental activities capital assets, net	<u><u>\$ 91,377,096</u></u>	<u><u>\$ 15,048,380</u></u>	<u><u>\$ 13,081,392</u></u>	<u><u>\$ 93,344,084</u></u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 375,063	\$ -	\$ -	\$ 375,063
Construction in progress	12,009,794	3,369,313	11,825,585	3,553,522
Total capital assets not being depreciated	<u>12,384,857</u>	<u>3,369,313</u>	<u>11,825,585</u>	<u>3,928,585</u>
Capital assets being depreciated				
Buildings and structures	36,151,652	-	-	36,151,652
Improvements other than buildings	49,882,595	11,765,317	106,000	61,541,912
Machinery and equipment	4,157,371	252,423	9,987	4,399,807
Total capital assets being depreciated	<u>90,191,618</u>	<u>12,017,740</u>	<u>115,987</u>	<u>102,093,371</u>
Less accumulated depreciation for				
Buildings and structures	21,643,215	662,162	-	22,305,377
Improvements other than buildings	20,762,314	971,878	106,000	21,628,192
Machinery and equipment	3,441,604	145,420	9,987	3,577,037
Total accumulated depreciation	<u>45,847,133</u>	<u>1,779,460</u>	<u>115,987</u>	<u>47,510,606</u>
Total capital assets being depreciated, net	<u>44,344,485</u>	<u>10,238,280</u>	<u>-</u>	<u>54,582,765</u>
Business-type activities capital assets, net	<u>\$ 56,729,342</u>	<u>\$ 13,607,593</u>	<u>\$ 11,825,585</u>	<u>\$ 58,511,350</u>

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

Governmental activities	
General government	\$ 225,873
Public safety	528,846
Public works	2,710,945
Culture and recreation	697,523
Airport	<u>624,710</u>
Total depreciation expense - governmental activities	<u>\$ 4,787,897</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

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

Business-type activities	
Water	\$ 528,753
Sewer	1,249,932
Solid Waste	<u>775</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,779,460</u></u>

Discretely Presented Component Units

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	<u>\$ 262,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,933</u>
Capital assets being depreciated				
Buildings and structures	<u>9,914,895</u>	<u>405,118</u>	<u>-</u>	<u>10,320,013</u>
Less accumulated depreciation for				
Buildings and structures	<u>5,892,129</u>	<u>197,879</u>	<u>-</u>	<u>6,090,008</u>
Total capital assets being				
depreciated, net	<u>4,022,766</u>	<u>207,239</u>	<u>-</u>	<u>4,230,005</u>
Capital assets being amortized				
Lease buildings	<u>211,806</u>	<u>323,288</u>	<u>211,806</u>	<u>323,288</u>
Less accumulated amortization for				
Lease buildings	<u>57,765</u>	<u>50,436</u>	<u>86,648</u>	<u>21,553</u>
Total capital assets being				
amortized, net	<u>154,041</u>	<u>272,852</u>	<u>125,158</u>	<u>301,735</u>
Business-type activities				
capital assets, net	<u><u>\$ 4,439,740</u></u>	<u><u>\$ 480,091</u></u>	<u><u>\$ 125,158</u></u>	<u><u>\$ 4,794,673</u></u>

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

Business-type activities	
Port Authority	<u><u>\$ 248,315</u></u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units (Continued)

Capital asset activity for the HRA for the year ended March 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 177,998	\$ -	\$ -	\$ 177,998
Construction in progress	523,331	17,280	-	540,611
Total capital assets not being depreciated	<u>701,329</u>	<u>17,280</u>	<u>-</u>	<u>718,609</u>
Capital assets being depreciated				
Buildings and structures	9,715,353	-	-	9,715,353
Machinery and equipment	398,199	-	-	398,199
Total capital assets being depreciated	<u>10,113,552</u>	<u>-</u>	<u>-</u>	<u>10,113,552</u>
Less accumulated depreciation for capital assets being depreciated	<u>7,636,102</u>	<u>209,224</u>	<u>-</u>	<u>7,845,326</u>
Total capital assets being depreciated, net	<u>2,477,450</u>	<u>(209,224)</u>	<u>-</u>	<u>2,268,226</u>
Business-type activities capital assets, net	<u>\$ 3,178,779</u>	<u>\$ (191,944)</u>	<u>\$ -</u>	<u>\$ 2,986,835</u>

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

Business-type activities	
Housing and Redevelopment	<u>\$ 209,224</u>

NOTE 8 - LONG-TERM LIABILITIES

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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

B. Components of Long-Term Liabilities

Primary Government

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
Governmental activities					
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2010A	07/15/10	3.5%-4.00%	\$ 3,260,000	02/01/26	\$ 210,000
G.O. Bonds, Series 2014B	09/09/14	2.00%-2.50%	3,720,000	02/01/25	210,000
G.O. Bonds, Series 2015A	07/16/15	3.00%-4.00%	4,345,000	02/01/21	1,670,000
G.O. Bonds, Series 2016A	08/02/16	2.00%	3,510,000	02/01/27	1,135,000
G.O. Bonds, Series 2017A	08/17/17	3.00%	2,275,000	02/01/28	1,010,000
G.O. Bonds, Series 2018A	06/28/18	2.78%	2,430,000	02/01/28	1,295,000
G.O. Bonds, Series 2019A	08/15/19	3.00%-4.00%	2,380,000	02/01/30	1,560,000
G.O. Bonds, Series 2020A - Streets Portion	08/04/20	2.00%-3.00%	1,660,000	02/01/31	1,225,000
G.O. Bonds, Series 2020A - Bridge Ave Portion	08/04/20	2.00%-3.00%	915,000	02/01/31	675,000
G.O. Bonds, Series 2021A	06/01/21	2.00%	1,790,000	02/01/32	1,460,000
G.O. Bonds, Series 2022A	07/13/22	4.00%	3,195,000	02/01/33	2,925,000
G.O. Bonds, Series 2023A	07/27/23	4.00%-5.00%	2,455,000	02/01/34	2,455,000
G.O. Bonds, Series 2024B - 15 Year Streets Portion	07/25/24	4.00%-5.00%	1,215,000	02/01/40	1,215,000
G.O. Bonds, Series 2024B - 10 Year Streets Portion	07/25/24	4.00%-5.00%	1,795,000	02/01/35	1,795,000
G.O. Bonds, Series 2024B - Recreation Referendum Portion	07/25/24	4.00%-5.00%	9,800,000	02/01/46	9,800,000
Equipment Certificates					
G.O. Equipment Certificate, Series 2019A	08/15/19	4.00%	185,000	02/01/25	40,000
G.O. Bonds, Series 2024B - Arena Solar Portion	07/25/24	4.00%-5.00%	465,000	02/01/40	465,000
Subtotal bonds payable					<u>29,145,000</u>
Loan payable					
Albert Lea Township Fire Department	2017	0.00%	209,800	2030	80,639
Sweeper Loan	06/27/23	0.00%	713,000	12/15/33	546,297
Subtotal loans payable					<u>626,936</u>
Unamortized bond premium payable					1,644,867
Compensated absences payable					<u>1,385,359</u>
Total governmental activities					<u>32,802,162</u>
Business-type activities					
Revenue Bonds					
G.O. Water Revenue Bonds, Series 2020A	08/04/20	2.00%-3.00%	1,380,000	02/01/31	1,020,000
G.O. Sewer Revenue Bonds, Series 2020A	08/04/20	2.00%-3.00%	890,000	02/01/31	655,000
G.O. Water Revenue Bonds, Series 2021A	06/01/21	2.00%	435,000	02/01/32	355,000
G.O. Water Revenue Bonds, Series 2021B	10/01/21	3.00%	7,155,000	02/01/42	6,625,000
G.O. Water Revenue Bonds, Series 2022A	07/13/22	4.00%	950,000	02/01/33	870,000
G.O. Sewer Revenue Bonds, Series 2022A	07/13/22	4.00%	845,000	02/01/33	775,000
G.O. Water Revenue Bonds, Series 2024B	07/25/24	5.00%	730,000	02/01/35	730,000
G.O. Sewer Revenue Bonds, Series 2024B	07/25/24	5.00%	510,000	02/01/35	510,000
G.O. Sewer Revenue Bonds, Series 2024B - WWTP Solar Portion	07/25/24	4.00%-5.00%	960,000	02/01/40	960,000
Subtotal bonds payable					<u>12,500,000</u>
Revenue Notes					
G.O. PFA Improvement and Sewer					
Revenue Note, Series 2019A	02/26/19	1.00%	1,141,297	08/20/43	793,000
G.O. PFA Improvement and Water					
Revenue Note, Series 2019B	02/26/19	1.00%	466,767	08/20/43	283,000
G.O. PFA Sewer Revenue Note, Series 2024A	05/22/24	2.30%	870,775 *	08/20/44	870,775
Subtotal notes payable					<u>1,946,775</u>
Unamortized bond premium/discount payable					556,751
Compensated absences payable					<u>212,691</u>
Total business-type activities					<u>15,216,217</u>
Total all long-term liabilities					<u>\$ 48,018,379</u>

* Full loan was approved for \$5,098,045 and remaining funds will be drawn down in subsequent years.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (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, 2024, that were issued to finance the purchase of rental property and will be repaid with revenue from the property.

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
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	16,666
MHFA POHP Note	03/23/11	0.00%	200,000	03/23/31	200,000
Total notes and mortgages payable					336,666
Compensated absences					34,338
Total long-term liabilities					\$ 371,004

The Port Authority received financing from a direct borrowing from a local lender for the construction of a spec building during 2017 and 2018 in the amount of \$3,524,465 Effective April 1, 2023, the interest rate was adjusted according to the terms of the agreement to 6.25% (based on the five-year daily treasury rate plus 2%, with a floor of 4.25%), with monthly installments of \$23,894, with the maturity date remaining the same. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2024, the Port Authority obtained a waiver for noncompliance with financial covenants and 120-day financial reporting covenants.

The Port Authority received financing through a direct borrowing from a local lender for the construction of a Spec building in the ALEDA Industrial Park in the amount of \$1,643,014, at 5.5% interest, payable in equal monthly installments of \$11,363 through August 2019. In November 2015, this loan agreement was modified to adjust the interest rate to a floor of 4.25%. Loan payments will continue as monthly installments of \$11,363, with the adjusted loan maturing in April 2029. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2024, the Port Authority obtained a waiver for the noncompliance with financial covenants and 120-day financial reporting covenants.

The Port Authority entered into a lease for office space. In April 2024, the lease agreement was amended to include additional space that became available for rent. This increased monthly rental payments from \$2,950 to \$3,300.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

C. Changes in Long-Term Liabilities

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

Primary Government

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. bonds	\$ 18,755,000	\$ 13,275,000	\$ (2,925,000)	\$ 29,105,000	\$ 2,575,000
Bond premiums	807,138	979,449	(141,720)	1,644,867	-
G.O. equipment certificates	80,000	-	(40,000)	40,000	40,000
Total bonds payable	<u>19,642,138</u>	<u>14,254,449</u>	<u>(3,106,720)</u>	<u>30,789,867</u>	<u>2,615,000</u>
Loans payable	410,548	234,896	(18,508)	626,936	53,650
Compensated absences payable	<u>1,220,497</u>	<u>1,085,457</u>	<u>(920,595)</u>	<u>1,385,359</u>	<u>990,706</u>
Governmental activities long-term liabilities	<u>\$ 21,273,183</u>	<u>\$ 15,574,802</u>	<u>\$ (4,045,823)</u>	<u>\$ 32,802,162</u>	<u>\$ 3,659,356</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 10,995,000	\$ 2,200,000	\$ (695,000)	\$ 12,500,000	\$ 715,000
Bond premiums	567,847	229,503	(53,484)	743,866	-
Bond discounts	(138,985)	(61,817)	13,687	(187,115)	-
Total bonds payable	<u>11,423,862</u>	<u>2,367,686</u>	<u>(734,797)</u>	<u>13,056,751</u>	<u>715,000</u>
Notes payable					
G.O. PFA notes	1,128,000	870,775	(52,000)	1,946,775	153,045
Compensated absences payable	<u>201,833</u>	<u>149,944</u>	<u>(139,086)</u>	<u>212,691</u>	<u>151,695</u>
Business-type activities long-term liabilities	<u>\$ 12,753,695</u>	<u>\$ 3,388,405</u>	<u>\$ (925,883)</u>	<u>\$ 15,216,217</u>	<u>\$ 1,019,740</u>

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

In May of 2024, the City issued a \$5,098,054 G.O. Sewer Revenue Note through the Minnesota Public Facilities Authority. At December 31, 2024, the City had drawn \$870,775 on this note. Payments on this note do not start until the loan is fully disbursed.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (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, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
HRA					
Notes and mortgages payable	\$ 339,013	\$ -	\$ (2,347)	\$ 336,666	\$ 2,485
Compensated absences payable	32,272	2,066	-	34,338	26,219
HRA					
Long-term liabilities	<u>\$ 371,285</u>	<u>\$ 2,066</u>	<u>\$ (2,347)</u>	<u>\$ 371,004</u>	<u>\$ 28,704</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Port Authority					
Notes payable	\$ 3,745,018	\$ -	\$ (181,094)	\$ 3,563,924	\$ 196,021
Leases payable	169,263	323,288	(186,813)	305,738	27,274
Obligation to return Pickerei					
Park loan principal to the City of Albert Lea	500,000	-	-	500,000	-
Compensated absences payable	3,200	-	4,366	7,566	7,566
Port Authority					
Long-term liabilities	<u>\$ 4,417,481</u>	<u>\$ 323,288</u>	<u>\$ (363,541)</u>	<u>\$ 4,377,228</u>	<u>\$ 230,861</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments

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

Primary Government

Year Ending December 31,	Governmental Activities			
	G.O. Bonds		G.O. Equipment Certificates	
	Principal	Interest	Principal	Interest
2025	\$ 2,575,000	\$ 1,069,872	\$ 40,000	\$ 23,573
2026	2,685,000	977,560	10,000	22,150
2027	2,735,000	886,798	25,000	21,275
2028	2,410,000	793,723	25,000	20,025
2029	2,240,000	705,548	25,000	18,775
2030-2034	8,050,000	2,460,523	145,000	73,125
2035-2039	3,415,000	1,275,156	190,000	31,700
2040-2044	3,140,000	592,800	45,000	900
2045-2046	1,390,000	56,200	-	-
Total	<u>\$ 28,640,000</u>	<u>\$ 8,818,180</u>	<u>\$ 505,000</u>	<u>\$ 211,523</u>
Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Loans Payable		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 53,650	\$ -	\$ 715,000	\$ 356,218
2026	89,300	-	830,000	353,919
2027	89,300	-	920,000	300,648
2028	89,300	-	945,000	268,198
2029	79,939	-	975,000	234,773
2030-2034	225,447	-	4,235,000	748,356
2035-2039	-	-	2,515,000	304,900
2040	-	-	1,365,000	42,250
Total	<u>\$ 626,936</u>	<u>\$ -</u>	<u>\$ 12,500,000</u>	<u>\$ 2,609,262</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments (Continued)

Primary Government (Continued)

Year Ending December 31,	Business-Type Activities	
	Revenue Notes	
	Principal	Interest
2025	\$ 153,045	\$ 18,690
2026	266,000	10,240
2027	271,000	9,710
2028	276,000	9,180
2029	169,730	8,650
2030-2034	276,000	35,110
2035-2039	291,000	20,990
2040-2044	244,000	6,130
Total	<u>\$ 1,946,775</u>	<u>\$ 118,700</u>

Discretely Presented Component Units

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

Year Ending March 31,	Business-Type Activities	
	Notes and Mortgages Payable	
	Principal	Interest
2025	\$ 2,485	\$ 602
2026	2,586	501
2027	2,691	396
2028	2,799	288
2029	2,911	176
Thereafter	323,194	46
Total	<u>\$ 336,666</u>	<u>\$ 2,009</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

D. Minimum Debt Payments (Continued)

Discretely Presented Component Units (Continued)

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

Year Ending December 31,	Business-Type Activities		Business-Type Activities	
	Notes Payable		Leases Payable	
	Principal	Interest	Principal	Interest
2025	\$ 196,021	\$ 227,067	\$ 27,274	\$ 12,326
2026	208,247	214,836	28,456	11,144
2027	221,250	201,837	29,689	9,911
2028	234,515	188,572	30,975	8,625
2029	161,318	174,852	32,315	7,282
2030-2034	1,189,115	804,487	157,026	14,573
2035-2039	962,211	471,430	-	-
2040-2044	891,207	111,182	-	-
Total	<u>\$ 4,063,884</u>	<u>\$ 2,394,263</u>	<u>\$ 305,735</u>	<u>\$ 63,861</u>

NOTE 9 - LESSOR LEASE SUMMARY

Discretely Component Unit (Port Authority) - Leases

The Port Authority leases space in an industrial building located at 2510 Y. H. Hanson Drive. The Port Authority receives \$11,250 per month, or \$135,000 annually, for the building under the terms of a lease agreement that expires December 31, 2025.

The Port Authority leases space in an industrial building located at 2105 Myers Road. The Port Authority received \$23,500 per month, or \$258,500 annually, on a month-to-month lease through November 30, 2024. A new lease was signed effective December 1, 2024, with monthly receipts of \$24,300 through November 29, 2029.

The Port Authority leases space in an industrial building built by the Port Authority. The Port Authority received \$27,863, per month for a total of \$334,356, for the building under the terms of a lease agreement that expires March 31, 2033.

The Port Authority leases space in an industrial building located at 590 E. 14th St. The Port Authority received \$3,281 per month, or \$39,375 annually, for the building under the terms of a lease agreement that expires March 31, 2031.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 9 - LESSOR LEASE SUMMARY (CONTINUED)

E. Lessor Lease Summary (Continued)

The annual future minimum rentals on the leases are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2025	\$ 864,550
2026	750,956
2027	750,955
2028	750,956
2029	726,656
Thereafter	<u>1,215,043</u>
Total payments	5,059,116
Less: Interest	<u>(818,810)</u>
Total lease principal	<u>\$ 4,240,306</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 10 - FUND BALANCE

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

	General Fund	Major Fund				Nonmajor Governmental Funds	Total
		Capital Project		Debt Service			
		Recreation Facilities Project	2024 CIP - Bond Projects	Debt Service Reserve			
Nonspendable							
Inventory	\$ 89,986	\$ -	\$ -	\$ -	\$ -	\$ 89,986	
Prepaid items	210,631	-	-	-	-	210,631	
Advances to other funds	2,674,069	-	-	-	-	2,674,069	
Total nonspendable	2,974,686	-	-	-	-	2,974,686	
Restricted							
Fire and police operations	-	-	-	-	49,040	49,040	
Capital improvements	-	9,306,996	828,852	-	166,056	10,301,904	
Airport improvements	-	-	-	-	411,727	411,727	
Economic development	-	-	-	-	1,105,833	1,105,833	
Debt service	-	-	-	2,227	7,069,334	7,071,561	
Insurance	-	-	-	-	438,014	438,014	
Total restricted	-	9,306,996	828,852	2,227	9,240,004	19,378,079	
Committed							
Community development	-	-	-	-	1,829,395	1,829,395	
Blight/Hazardous Mitigation	-	-	-	-	59,641	59,641	
Senior Center	-	-	-	-	24,681	24,681	
Economic development	-	-	-	-	1,718,369	1,718,369	
Total committed	-	-	-	-	3,632,086	3,632,086	
Assigned							
Capital improvements	-	-	-	-	8,450,278	8,450,278	
Building maintenance	-	-	-	-	597,611	597,611	
Total assigned	-	-	-	-	9,047,889	9,047,889	
Unassigned	9,640,708	-	-	-	(3,839,567)	5,801,141	
Total fund balances	\$ 12,615,394	\$ 9,306,996	\$ 828,852	\$ 2,227	\$ 18,080,412	\$ 40,833,881	

NOTE 11 - 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.

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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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 12 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2024, was \$991,522. 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, 353D, 353E, 353G, and 356. *Minnesota Statutes* Chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

Membership in the Police and Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in *Minnesota Statutes* § 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police and Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the City's governing body. The resolution must state that the position meets plan requirements.

B. Benefits Provided

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% 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%. The 2024 annual increase was 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after 10 years. After five years, vesting increase by 10% each full year of service until members are 100% vested after 10 years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The post-retirement increase is 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. 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, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

General Employees Fund Contributions

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2024, and the City was required to contribute 7.5% for General Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$478,708. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$777,018. 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, 2024, the City reported a liability of \$2,668,691 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 \$69,007.

City's proportionate share of the net pension liability	\$ 2,668,688
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>69,007</u>
Total	<u><u>\$ 2,737,695</u></u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0722% at the end of the measurement period and 0.0734% for the beginning of the period.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2024, the City recognized pension expense of \$228,240 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,850 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedule for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The entity recognized \$122,790 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Fund.

At December 31, 2024, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 251,905	\$ -
Changes in actuarial assumptions	12,905	1,022,453
Net difference between projected and actual investment earnings	-	792,380
Changes in proportion	75,240	61,562
Contributions paid to PERA subsequent to the measurement date	<u>239,354</u>	<u>-</u>
Total	<u>\$ 579,404</u>	<u>\$ 1,876,395</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The \$239,354 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, 2025. 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
2025	\$ (849,872)
2026	(136,526)
2027	(345,409)
2028	(204,538)
Total	<u>\$ (1,536,345)</u>

Police and Fire Fund Pension Costs

At December 31, 2024, the City reported a liability of \$3,972,104 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3019% at the end of the measurement period and 0.3062% for the beginning of the period.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. Additionally, \$9 million supplemental state aid was paid on October 1, 2024. 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 supplemental 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. The State of Minnesota's proportionate share of net position liability associated with the City totaled \$151,415.

City's proportionate share of the net pension liability	\$ 3,972,104
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>151,415</u>
Total	<u><u>\$ 4,123,519</u></u>

For the year ended December 31, 2024, the City recognized pension expense of \$761,304 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$14,703 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City also recognized \$27,173 for the year ended December 31, 2024, 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 Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2024, 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	\$ 1,560,428	\$ -
Changes in actuarial assumptions	4,410,483	5,930,863
Net difference between projected and actual investment earnings	-	1,237,022
Changes in proportion	117,823	167,342
Contributions paid to PERA subsequent to the measurement date	388,509	-
	<u>388,509</u>	<u>-</u>
Total	<u>\$ 6,477,243</u>	<u>\$ 7,335,227</u>

The \$388,509 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, 2025. 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
2025	\$ (171,728)
2026	1,047,794
2027	(609,007)
2028	(1,592,769)
2029	79,217
	<u>79,217</u>
Total	<u>\$ (1,246,493)</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	100.0 %	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2024, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The Police and Fire Plan was reviewed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Discount Rate

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

H. Pension Liability Sensitivity

The following presents the 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:

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0)
City's proportionate share of the General Employees Fund net pension liability	\$ 5,828,845	\$ 2,668,691	\$ 69,171
City's proportionate share of the Police and Fire Fund net pension liability (asset)	\$ 9,386,861	\$ 3,972,104	\$ (474,542)

I. Pension Plan Fiduciary Net Position

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

Public Employee's Defined Contribution Plan (Defined Contribution Plan)

Council members 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.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 - PENSION PLANS (CONTINUED)

Public Employee's Defined Contribution Plan (Defined Contribution Plan) (Continued)

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 and 356, 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 the contributions made. Total contributions made by the City during fiscal year 2024 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,978	\$ 1,978	5%	5%	5%

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 2024, the City contributed \$20,480 to the plan.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

D. Members

As of December 31, 2022, the following were covered by the benefit terms:

Active employees electing coverage	120
Activities waiving coverage	5
Retirees electing coverage	<u>3</u>
Total	<u><u>128</u></u>

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, 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	3.77%
Salary increases	N/A
Inflation	2.50%
Healthcare cost trend increases	6.3% for FY2023, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2075 and later years.
Mortality assumption	Based on the Pub-2010 mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments, for General Employees and for Police and Fire.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study for the period January 1, 2023, through December 31, 2023.

The discount rate used to measure the total OPEB liability was 3.77% based on 20-year municipal bond rates.

F. Total OPEB Liability

The City's total OPEB liability of \$998,376 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
	<u>\$ 572,376</u>
Balances at December 31, 2023	
Changes for the year	
Service cost	146,941
Interest	28,718
Differences between expected and actual experience	254,520
Changes of assumptions	16,301
Benefit payments	<u>(20,480)</u>
Net changes	<u>426,000</u>
Balances at December 31, 2024	<u><u>\$ 998,376</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.05% in 2023 to 3.77% in 2024.

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 3.77% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate 2.77%	Current Discount Rate 3.77%	1% Increase in Discount Rate 4.77%
\$ 1,055,158	\$ 998,376	\$ 939,847

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. OPEB Liability Sensitivity (Continued)

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 in Trend Rate (5.3% Decreasing to 2.9%)	Current Trend Rate (6.3% Decreasing to 3.9%)	1% Increase in Trend Rate (7.3% Decreasing to 4.9%)
\$ 864,225	\$ 998,376	\$ 1,156,707

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

For the year ended December 31, 2024, the City recognized OPEB expense of \$29,187. At December 31, 2024, 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	\$ 221,721	\$ 557,210
Changes of assumptions	138,802	260,558
Total	<u>\$ 360,523</u>	<u>\$ 817,768</u>

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

Year Ending December 31,	Total
2025	\$ (158,326)
2026	(160,930)
2027	(86,547)
2028	(72,689)
2029	(4,331)
Thereafter	<u>25,578</u>
Total	<u>\$ (457,245)</u>

City of Albert Lea
Notes to Basic Financial Statements

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The City has various multi-year construction projects in process which were not completed in the current fiscal year. As of December 31, 2024, outstanding commitments for these multi-year projects total \$13,277,976.

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 2018, management of the Port Authority recorded a liability to remit to the City of Albert Lea the principal amount of a loan receivable from a housing entity.

The Port Authority is committed to make additional capital contributions up \$350,000 to Albert Lea Real Estate Fund LP.

NOTE 15 - SUBSEQUENT EVENT

On February 5, 2025, a resolution passed to authorize the issuance of a taxable grant anticipation revenue note in the amount of \$1,030,781 from the Minnesota Public Facilities Authority to provide funds to finance a lead service line replacement project.

NOTE 16 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES

During the year ended December 31, 2024, the City's 2024 CIP - Bond Projects was changed from a nonmajor governmental fund to a major governmental fund, resulting in an increase of beginning fund balance for the nonmajor governmental funds of \$7,398. **The City's Internal Service funds** changed to nonmajor governmental funds, resulting in an increase in beginning fund balance for the nonmajor governmental funds of \$457,285.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		
	2024 CIP - Bond Projects	ISF	Nonmajor Governmental
12/31/2023, as previously reported	\$ -	\$ 457,285	\$ 16,072,137
Change from nonmajor to major	(7,398)	-	7,398
Change from ISF to nonmajor	-	(457,285)	457,285
12/31/2023, as adjusted or restated	<u>\$ (7,398)</u>	<u>\$ -</u>	<u>\$ 16,536,820</u>

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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	December 31, 2021
Total OPEB Liability				
Service cost	\$ 72,138	\$ 83,830	\$ 80,605	\$ 85,981
Interest	57,640	57,253	43,858	33,952
Differences between expected and actual experience	-	(721,604)	(2,838)	(136,158)
Changes of assumptions	103,810	60,353	(54,999)	(473,253)
Benefit payments	(26,610)	(30,260)	(18,082)	(21,000)
Net change in total OPEB liability	206,978	(550,428)	48,544	(510,478)
Beginning of year	1,454,032	1,661,010	1,110,583	1,159,127
End of year	<u>\$ 1,661,010</u>	<u>\$ 1,110,582</u>	<u>\$ 1,159,127</u>	<u>\$ 648,649</u>
Covered-employee payroll	\$ 7,792,837	\$ 7,933,089	\$ 8,378,237	\$ 8,454,482
Net OPEB liability as a percentage of covered payroll	21.31%	14.00%	13.83%	7.67%

Notes: There are no assets accumulated in a trust. Schedule is intended to show ten year trend. Additional years will be reported as they become available.

December 31, 2022	December 31, 2023	December 31, 2024
\$ 77,498	\$ 81,951	\$ 146,941
14,496	15,176	28,718
(2,550)	(397,277)	254,520
10,404	132,593	16,301
(2,812)	(5,752)	(20,480)
97,036	(173,309)	426,000
648,649	745,685	572,376
\$ 745,685	\$ 572,376	\$ 998,376
\$ 8,890,267	\$ 9,226,784	\$ 9,789,758
8.39%	6.20%	10.20%

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 and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee 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%
2021	0.0725%	3,096,075	94,530	3,190,605	5,219,120	59.32%	87.00%
2022	0.0715%	5,662,824	166,026	5,828,850	5,357,667	105.70%	76.67%
2023	0.0734%	4,104,446	113,110	4,217,556	5,834,240	70.35%	83.10%
2024	0.0722%	2,668,691	69,007	2,737,698	6,109,547	43.68%	89.08%

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 and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee 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%
2021	0.2966%	2,262,744	102,949	2,365,693	3,505,972	64.54%	93.66%
2022	0.3088%	13,437,756	587,054	14,024,810	3,750,780	358.27%	70.53%
2023	0.3062%	5,287,676	212,969	5,500,645	4,020,695	131.51%	86.47%
2024	0.3019%	3,972,104	151,415	4,123,519	4,180,825	95.01%	90.17%

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- Employee Payroll	Contributions as a Percentage of Covered- Employee 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%
2021	412,023	412,023	-	5,493,640	7.50%
2022	406,253	406,253	-	5,416,707	7.50%
2023	430,685	430,685	-	5,742,467	7.50%
2024	478,708	478,708	-	6,382,773	7.50%

Schedule of City Contributions -
Public Employees Police and Fire 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- Employee Payroll	Contributions as a Percentage of Covered- Employee 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%
2021	629,780	629,780	-	3,558,079	17.70%
2022	672,482	672,482	-	3,799,333	17.70%
2023	711,222	711,222	-	4,018,203	17.70%
2024	777,018	777,018	-	4,389,932	17.70%

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund

2024 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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%.

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

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

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.

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.

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund (Continued)

2018 Changes (Continued)

Changes in Plan Provisions (Continued)

- 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.
- Annual 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. This 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 annual 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.

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.

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund (Continued)

2015 Changes (Continued)

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund

2024 Changes

Changes in Plan Provisions

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police and Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5% to 7.0%.
- The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2021 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

- Annual 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.

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

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.
- 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 annual 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 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.

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

2024 Changes

Changes in Actuarial Assumptions

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

2023 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience.
- Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan and 7/1/2021 PERA Police & Fire Plan valuations to rates used in the 7/1/2022 valuations.
- The percent of future Police & Fire retirees assumed to elect coverage at retirement changed from 10% to 20% to reflect recent plan experience.
- The percent of future disabled in line of duty retirees assumed to elect spouse coverage at retirement changed from 75% to 60% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.25% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The payroll growth assumption was changed from 3.00% to 3.25% based on the 7/1/2022 PERA valuations.

2022 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

2021 Changes

Changes in Actuarial Assumptions

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 PERA Police and Fire Plan valuations to the rates used in the 7/1/2021 valuations
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience and new plan offerings
- The inflation assumption was changed from 2.5% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations
- The participation assumption for current retirees was changed to assume that current retirees over age 65 will cease health plan participation.

City of Albert Lea
Notes to Required Supplementary Information

Post Employment Health Care Plan (Continued)

2021 Changes (Continued)

Changes in Plan Provisions

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

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

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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.

City of Albert Lea
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2024

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 3,463,636	\$ 9,081,028	\$ 7,049,616	\$ 19,594,280
Taxes receivable	-	11,288	-	11,288
Accounts receivable	325	180,071	-	180,396
Loans receivable	1,651,545	-	-	1,651,545
Special assessment receivable	582,210	-	4,809,256	5,391,466
Due from other funds	-	110,796	-	110,796
Due from other governments	520,112	163,252	-	683,364
Total assets	\$ 6,217,828	\$ 9,546,435	\$ 11,858,872	\$ 27,623,135
Liabilities				
Accounts payable	\$ 20,300	\$ 449,073	\$ 2,300	\$ 471,673
Contracts payable	-	7,207	-	7,207
Due to other funds	-	110,796	-	110,796
Advances from other funds	-	2,682,904	-	2,682,904
Advances from component unit	-	912,323	-	912,323
Total liabilities	20,300	4,162,303	2,300	4,184,903
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	9,754	-	9,754
Unavailable revenue - special assessments	560,828	-	4,787,238	5,348,066
Total deferred inflows of resources	560,828	9,754	4,787,238	5,357,820
Fund Balances				
Restricted	2,004,614	166,056	7,069,334	9,240,004
Committed	3,632,086	-	-	3,632,086
Assigned	-	9,047,889	-	9,047,889
Unassigned	-	(3,839,567)	-	(3,839,567)
Total fund balances	5,636,700	5,374,378	7,069,334	18,080,412
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,217,828	\$ 9,546,435	\$ 11,858,872	\$ 27,623,135

City of Albert Lea
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 848,145	\$ 1,965,000	\$ 2,813,145
Special assessments	52,017	-	1,406,166	1,458,183
Intergovernmental	288,848	690,985	-	979,833
Charges for services	393,233	87,620	-	480,853
Fines and forfeitures	2,526	-	-	2,526
Miscellaneous				
Investment income	103,248	424,334	174,800	702,382
Contributions and donations	-	613,163	-	613,163
Other	72,128	197,516	-	269,644
Total revenues	<u>912,000</u>	<u>2,861,763</u>	<u>3,545,966</u>	<u>7,319,729</u>
Expenditures				
Current				
General government	-	21,317	-	21,317
Public safety	6,543	79,829	-	86,372
Public works	-	99,024	-	99,024
Culture and recreation	194,103	51,599	-	245,702
Community development	1,258,788	331,418	-	1,590,206
Airport	168,528	-	-	168,528
Debt service				
Principal	-	-	2,965,000	2,965,000
Interest and other charges	-	4,581	572,601	577,182
Capital outlay				
General government	-	76,666	-	76,666
Public safety	-	201,714	-	201,714
Public works	-	944,157	-	944,157
Culture and recreation	-	1,402,327	-	1,402,327
Community development	-	871,503	-	871,503
Total expenditures	<u>1,627,962</u>	<u>4,084,135</u>	<u>3,537,601</u>	<u>9,249,698</u>
Excess of revenues over (under) expenditures	(715,962)	(1,222,372)	8,365	(1,929,969)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	90,363	80,892	-	171,255
Issuance of debt	-	699,896	-	699,896
Bond premium	-	47,240	-	47,240
Miscellaneous revenue	5,400	-	-	5,400
Transfers in	600,234	2,111,826	830,175	3,542,235
Transfers out	(300,000)	(690,113)	-	(990,113)
Total other financing sources (uses)	<u>395,997</u>	<u>2,249,741</u>	<u>830,175</u>	<u>3,475,913</u>
Net change in fund balances	(319,965)	1,027,369	838,540	1,545,944
Fund Balances				
Beginning of year, as previously stated	5,956,665	4,339,611	6,230,794	16,527,070
Change within financial reporting entity (See Note 16)	-	7,398	-	7,398
Beginning balance, restated	<u>5,956,665</u>	<u>4,347,009</u>	<u>6,230,794</u>	<u>16,534,468</u>
End of year	<u>\$ 5,636,700</u>	<u>\$ 5,374,378</u>	<u>\$ 7,069,334</u>	<u>\$ 18,080,412</u>

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City of Albert Lea
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. During the year, the City had the following Nonmajor Special Revenue Funds:

Police Forfeitures - This Fund accounts for forfeiture revenues and expenditures through law enforcement investigation and confiscations as permitted by *Minnesota Statutes*.

Economic Development Revolving - This Fund accounts for the revolving activity relating to economic development.

Small Cities - 2016 Grant - This Fund accounts for the revenues and expenditures associated with the applicable 2016 Small Cities Grant.

1999 Small Cities Grant - This Fund accounts for the revenues and expenditures associated with the applicable 1999 Small Cities Grant.

State Affordable Housing Aid - This Fund accounts for the revenues and expenditures associated with the applicable State Affordable Housing Aid.

Senior Center - This Fund accounts for the revenues and expenditures associated with the Senior Center activities.

Airport - This Fund accounts for the revenues and expenditures associated with the City's airport activities.

Economic Development - This Fund accounts for the activity surrounding economic development.

Housing Development - This Fund accounts for the City's housing and redevelopment activities.

Blight/Hazardous Mitigation - This Fund accounts for the City's activities related to blight and hazardous mitigation.

Broadway Ridge Renewal Grant - This Fund accounts for the revenues and expenditures associated with the applicable Broadway Ridge Renewal Grant.

Health/Workers Compensation Insurance - This Fund accounts for the City's activities related to health and workers compensation insurance.

Property Liability Insurance - This Fund accounts for the City's activities related to property liability insurance.

City of Albert Lea
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2024

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
Assets				
Cash and investments	\$ 49,416	\$ 714,430	\$ 24,924	\$ 93,972
Accounts receivable	-	-	-	-
Loans receivable	-	1,003,939	121,223	-
Due from other governments	-	-	-	500,000
Special assessment receivable	-	-	3,940	-
Total assets	<u>\$ 49,416</u>	<u>\$ 1,718,369</u>	<u>\$ 150,087</u>	<u>\$ 593,972</u>
Liabilities				
Accounts payable	<u>\$ 376</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>-</u>	<u>-</u>	<u>3,940</u>	<u>-</u>
Fund Balances				
Restricted	49,040	-	146,147	593,972
Committed	<u>-</u>	<u>1,718,369</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>49,040</u>	<u>1,718,369</u>	<u>146,147</u>	<u>593,972</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 49,416</u>	<u>\$ 1,718,369</u>	<u>\$ 150,087</u>	<u>\$ 593,972</u>

Special Revenue

State Affordable Housing Aid (209)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Blight/ Hazardous Mitigation (234)
\$ 179,040	\$ 24,449	\$ 402,366	\$ 499,327	\$ 506,561	\$ 340,485
-	325	-	-	-	-
-	-	-	526,383	-	-
-	-	20,112	-	-	-
-	-	-	-	-	578,270
<u>\$ 179,040</u>	<u>\$ 24,774</u>	<u>\$ 422,478</u>	<u>\$ 1,025,710</u>	<u>\$ 506,561</u>	<u>\$ 918,755</u>
\$ -	\$ 93	\$ 10,751	\$ 720	\$ 2,156	\$ 2,226
-	-	-	-	-	556,888
179,040	-	411,727	-	-	-
-	24,681	-	1,024,990	504,405	359,641
<u>179,040</u>	<u>24,681</u>	<u>411,727</u>	<u>1,024,990</u>	<u>504,405</u>	<u>359,641</u>
<u>\$ 179,040</u>	<u>\$ 24,774</u>	<u>\$ 422,478</u>	<u>\$ 1,025,710</u>	<u>\$ 506,561</u>	<u>\$ 918,755</u>

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City of Albert Lea
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2024

	Special Revenue			
	Broadway Ridge Renewal Grant (227)	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total Nonmajor Special Revenue Funds
Assets				
Cash and investments	\$ 186,674	\$ 132,355	\$ 309,637	\$ 3,463,636
Accounts receivable	-	-	-	325
Loans receivable	-	-	-	1,651,545
Due from other governments	-	-	-	520,112
Special assessment receivable	-	-	-	582,210
Total assets	<u>\$ 186,674</u>	<u>\$ 132,355</u>	<u>\$ 309,637</u>	<u>\$ 6,217,828</u>
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ 891</u>	<u>\$ 3,087</u>	<u>\$ 20,300</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>560,828</u>
Fund Balances				
Restricted	186,674	131,464	306,550	2,004,614
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,632,086</u>
Total fund balances	<u>186,674</u>	<u>131,464</u>	<u>306,550</u>	<u>5,636,700</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 186,674</u>	<u>\$ 132,355</u>	<u>\$ 309,637</u>	<u>\$ 6,217,828</u>

City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	2,526	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Other	-	7,435	285	-
Total revenues	<u>2,526</u>	<u>7,435</u>	<u>285</u>	<u>-</u>
Expenditures				
Current				
Public safety	6,543	-	-	-
Culture and recreation	-	-	-	-
Community development	-	60,000	82,715	-
Airport	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Total expenditures	<u>6,543</u>	<u>60,000</u>	<u>82,715</u>	<u>-</u>
Excess of revenues over (under) expenditures	(4,017)	(52,565)	(82,430)	-
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Miscellaneous revenue	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,017)	(52,565)	(82,430)	-
Special item				
Decrease in land held for resale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Beginning of year	<u>53,057</u>	<u>1,770,934</u>	<u>228,577</u>	<u>593,972</u>
End of year	<u>\$ 49,040</u>	<u>\$ 1,718,369</u>	<u>\$ 146,147</u>	<u>\$ 593,972</u>

Special Revenue

State Affordable Housing Aid (209)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Blight/ Hazardous Mitigation (234)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,017
89,520	-	199,328	-	-	-
-	-	47,717	-	-	345,516
-	-	-	-	-	-
-	1,793	14,502	36,934	28,511	14,557
-	-	-	3,927	-	-
89,520	1,793	261,547	40,861	28,511	412,090
-	-	-	-	-	-
-	99,940	-	-	-	-
-	-	-	135,678	46,392	821,159
-	-	168,528	-	-	-
-	-	-	-	-	-
-	99,940	168,528	135,678	46,392	821,159
89,520	(98,147)	93,019	(94,817)	(17,881)	(409,069)
-	-	-	69,000	-	-
-	-	-	-	-	-
-	60,000	75,000	-	-	300,000
-	60,000	75,000	(156,000)	(75,000)	300,000
89,520	(38,147)	168,019	(250,817)	(92,881)	(109,069)
-	-	-	-	-	-
89,520	62,828	243,708	1,275,807	597,286	468,710
\$ 179,040	\$ 24,681	\$ 411,727	\$ 1,024,990	\$ 504,405	\$ 359,641

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City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Special Revenue			
	Broadway Ridge Renewal Grant (227)	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total Nonmajor Special Revenue Funds
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ 52,017
Intergovernmental	-	-	-	288,848
Charges for services	-	-	-	393,233
Fines and forfeitures	-	-	-	2,526
Miscellaneous				
Investment income	6,951	-	-	103,248
Other	10,000	1,622	48,859	72,128
Total revenues	<u>16,951</u>	<u>1,622</u>	<u>48,859</u>	<u>912,000</u>
Expenditures				
Current				
Public safety	-	-	-	6,543
Culture and recreation	-	82,663	11,500	194,103
Community development	112,844	-	-	1,258,788
Airport	-	-	-	168,528
Capital outlay				
Public safety	-	-	-	-
Total expenditures	<u>112,844</u>	<u>82,663</u>	<u>11,500</u>	<u>1,627,962</u>
Excess of revenues over (under) expenditures	(95,893)	(81,041)	37,359	(715,962)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	8,700	12,663	90,363
Proceeds from capital leases	-	5,400	-	5,400
Transfers in	165,234	-	-	600,234
Total other financing sources (uses)	<u>165,234</u>	<u>14,100</u>	<u>12,663</u>	<u>395,997</u>
Net change in fund balances	69,341	(66,941)	50,022	(319,965)
Special item				
Decrease in land held for resale	-	-	-	-
Fund Balances				
Beginning of year	<u>117,333</u>	<u>198,405</u>	<u>256,528</u>	<u>5,956,665</u>
End of year	<u>\$ 186,674</u>	<u>\$ 131,464</u>	<u>\$ 306,550</u>	<u>\$ 5,636,700</u>

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BUDGETED SPECIAL REVENUE FUNDS

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, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024			2023
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final		
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ 60
Investment income	-	-	1,793	3,254
Total revenues	-	-	1,793	3,314
Expenditures				
Current				
Culture and recreation	103,340	103,340	(3,400)	107,862
Excess of revenues over (under) expenditures	(103,340)	(103,340)	5,193	(104,548)
Other Financing Sources				
Transfers in	60,000	60,000	-	60,000
Net change in fund balances	<u>\$ (43,340)</u>	<u>\$ (43,340)</u>	<u>\$ 5,193</u>	(44,548)
Fund Balances				
Beginning of year			62,828	107,376
End of year			<u>\$ 24,681</u>	<u>\$ 62,828</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, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental	\$ 61,000	\$ 61,000	\$ 199,328	\$ 138,328	\$ 106,680
Charges for services	42,000	42,000	47,717	5,717	46,628
Investment income	-	-	14,502	14,502	7,142
Other	-	-	-	-	192
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>261,547</u>	<u>158,547</u>	<u>160,642</u>
Expenditures					
Current					
Airport	147,680	147,680	168,528	20,848	146,592
Capital outlay					
Airport	-	-	-	-	105,462
Total expenditures	<u>147,680</u>	<u>147,680</u>	<u>168,528</u>	<u>20,848</u>	<u>252,054</u>
Excess of revenues under expenditures	(44,680)	(44,680)	93,019	137,699	(91,412)
Other Financing Sources					
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Net change in fund balances	<u>\$ 30,320</u>	<u>\$ 30,320</u>	168,019	<u>\$ 137,699</u>	(16,412)
Fund Balances					
Beginning of year			<u>243,708</u>		<u>260,120</u>
End of year			<u>\$ 411,727</u>		<u>\$ 243,708</u>

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City of Albert Lea
Nonmajor Capital Project 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. During the year, the City had the following Nonmajor Capital Project Funds:

Capital Improvement - This Fund accounts for funds collected for future capital improvement projects.

Capital Project Donations - This Fund accounts for the revenues and expenditures associated with donations made for capital projects.

Building Maintenance - This Fund accounts for the revenues and expenditures associated with building maintenance for the City.

Storm Water Projects - This Fund accounts for the revenues and expenditures associated with capital projects related to storm water activity.

Snyder Field/Inclusive Park- This Fund was established to account for the capital project activity related to Snyder Field and Inclusive Park.

Arena Solar Project- This Fund was established to account for the capital project activity related to Arena Solar Project.

TIF 5-13 Larson Manufacturing - 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 - 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 5-24 St. Johns Housing - 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 5-25 Zumbro - 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 5-26 Unique Opport - 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 5-27 Marketplace - 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.

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City of Albert Lea
Nonmajor Capital Project Funds

TIF 5-28 Vortex - 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 5-29 Ulland Brothers - 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 5-30 201/211 Broadway - 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 5-31 300 Block Broadway - 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 Blazing Star Soil District - 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 5-32 Oat Mill - 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.

Lakeview Boulevard - 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 - This Fund was established to account for the capital project activity related to the 2020 projects.

2022 CIP Projects - This Fund was established to account for the capital project activity related to the 2022 projects.

2023 CIP - Bond Projects - This Fund was established to account for the capital project activity related to the 2023 projects.

2025 CIP - Bond Projects - This Fund was established to account for the capital project activity related to the 2025 projects.

Vehicles and Equipment - This Fund accounts for the revenues and expenditures associated with vehicles and equipment for the City.

Computer Equipment - This Fund accounts for the revenues and expenditures associated with computer equipment for the City.

Fire Pension - This Fund accounts for the City's fire department monies received from the State in prior years for overfunded pensions and restricted to be used for public safety expenditures.

Police Pension - This fund accounts for the City's police department monies received from the State in prior years for overfunded pensions and restricted to be used for public safety expenditures.

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2024

	Capital Projects			
	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)	Storm Water Projects (409)
Assets				
Cash and investments	\$ 986,871	\$ 33,162	\$ 610,979	\$ 213,422
Taxes receivable	-	-	-	-
Accounts receivable	-	14,579	-	106,342
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 986,871</u>	<u>\$ 47,741</u>	<u>\$ 610,979</u>	<u>\$ 319,764</u>
Liabilities				
Accounts payable	\$ 4,522	\$ -	\$ 13,368	\$ 19,365
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Advances from component unit	-	-	-	-
Total liabilities	<u>4,522</u>	<u>-</u>	<u>13,368</u>	<u>26,572</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Restricted	-	47,741	-	-
Assigned	982,349	-	597,611	293,192
Unassigned	-	-	-	-
Total fund balances	<u>982,349</u>	<u>47,741</u>	<u>597,611</u>	<u>293,192</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 986,871</u>	<u>\$ 47,741</u>	<u>\$ 610,979</u>	<u>\$ 319,764</u>

(Continued)

Capital Projects				
Snyder Field / Inclusive Park (411)	Arena Solar Project (414)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)
\$ 311,082	\$ 503,686	\$ 348	\$ -	\$ 62,049
-	-	-	11,288	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 311,082</u>	<u>\$ 503,686</u>	<u>\$ 348</u>	<u>\$ 11,288</u>	<u>\$ 62,049</u>
\$ 12,197	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	1,106,264	-
-	-	912,323	-	-
<u>12,197</u>	<u>-</u>	<u>912,323</u>	<u>1,106,264</u>	<u>-</u>
-	-	-	9,754	-
-	-	-	-	62,049
298,885	503,686	-	-	-
-	-	(911,975)	(1,104,730)	-
<u>298,885</u>	<u>503,686</u>	<u>(911,975)</u>	<u>(1,104,730)</u>	<u>62,049</u>
<u>\$ 311,082</u>	<u>\$ 503,686</u>	<u>\$ 348</u>	<u>\$ 11,288</u>	<u>\$ 62,049</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2024

	Capital Projects			
	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)
Assets				
Cash and investments	\$ -	\$ 41,754	\$ -	\$ 56,266
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 41,754</u>	<u>\$ -</u>	<u>\$ 56,266</u>
Liabilities				
Accounts payable	\$ -	\$ 41,754	\$ 75	\$ -
Due to other funds	-	-	-	-
Advances from other funds	8,835	163,558	39,825	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>8,835</u>	<u>205,312</u>	<u>39,900</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Restricted	-	-	-	56,266
Assigned	-	-	-	-
Unassigned	(8,835)	(163,558)	(39,900)	-
Total fund balances	<u>(8,835)</u>	<u>(163,558)</u>	<u>(39,900)</u>	<u>56,266</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 41,754</u>	<u>\$ -</u>	<u>\$ 56,266</u>

(Continued)

Capital Projects					
TIF 5-29 Ulland Brothers (438)	TIF 5-30 201/211 Broadway (439)	TIF 5-31 300 Block Broadway (440)	TIF-Blazing Star Soil District (441)	TIF 5-32 Oat Mill (442)	Lakeview Boulevard (443)
\$ -	\$ -	\$ -	\$ 1	\$ 6,671	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	52,456	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,457</u>	<u>\$ 6,671</u>	<u>\$ -</u>
\$ -	\$ -	\$ 5,000	\$ 261,075	\$ 25,750	\$ 13,450
-	-	-	-	-	-
49,047	396,286	691,209	227,055	-	825
-	-	-	-	-	-
<u>49,047</u>	<u>396,286</u>	<u>696,209</u>	<u>488,130</u>	<u>25,750</u>	<u>14,275</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(49,047)</u>	<u>(396,286)</u>	<u>(696,209)</u>	<u>(435,673)</u>	<u>(19,079)</u>	<u>(14,275)</u>
<u>(49,047)</u>	<u>(396,286)</u>	<u>(696,209)</u>	<u>(435,673)</u>	<u>(19,079)</u>	<u>(14,275)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,457</u>	<u>\$ 6,671</u>	<u>\$ -</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2024

	Capital Projects			
	2022 CIP Projects (492)	2023 CIP - Bond Projects (493)	2025 CIP - Bond Projects (495)	Vehicles and Equipment (701)
Assets				
Cash and investments	\$ -	\$ -	\$ 169,326	\$ 4,322,835
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	59,150
Due from other funds	-	-	110,796	-
Due from other governments	110,796	-	-	-
Total assets	<u>\$ 110,796</u>	<u>\$ -</u>	<u>\$ 280,122</u>	<u>\$ 4,381,985</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,000
Due to other funds	110,796	-	-	-
Advances from other funds	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>110,796</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Assigned	-	-	280,122	4,373,985
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>280,122</u>	<u>4,373,985</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 110,796</u>	<u>\$ -</u>	<u>\$ 280,122</u>	<u>\$ 4,381,985</u>

(Continued)

<u>Capital Projects</u>		
<u>Computer Equipment (702)</u>	<u>Police Pension (251)</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 263,138	\$ 1,398,574	\$ 9,081,028
-	-	11,288
-	-	180,071
-	-	110,796
-	-	163,252
<u>\$ 263,138</u>	<u>\$ 1,398,574</u>	<u>\$ 9,546,435</u>
\$ 12,350	\$ 32,167	\$ 449,073
-	-	110,796
-	-	2,682,904
-	-	912,323
<u>12,350</u>	<u>32,167</u>	<u>4,162,303</u>
-	-	9,754
-	-	166,056
250,788	1,366,407	9,047,889
-	-	(3,839,567)
<u>250,788</u>	<u>1,366,407</u>	<u>5,374,378</u>
<u>\$ 263,138</u>	<u>\$ 1,398,574</u>	<u>\$ 9,546,435</u>

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2024

	Capital Projects			
	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)	Storm Water Projects (409)
Revenues				
Taxes				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	52,138	2,336	33,005	14,772
Contributions and donations	-	-	-	-
Other	-	-	-	131,342
Total revenues	52,138	2,336	33,005	146,114
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	65,092
Culture and recreation	-	-	-	-
Community development	59,530	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	76,666	-
Public safety	-	-	-	-
Public works	448	-	-	165,334
Culture and recreation	146,057	-	68,343	-
Community development	-	-	-	-
Total expenditures	206,035	-	145,009	230,426
Excess of revenues over (under) expenditures	(153,897)	2,336	(112,004)	(84,312)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	6,841	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	60,000	80,000
Transfers out	(18,015)	(20,233)	-	-
Total other financing sources (uses)	(11,174)	(20,233)	60,000	80,000
Net change in fund balances	(165,071)	(17,897)	(52,004)	(4,312)
Fund balances				
Beginning of year, as previously stated	1,147,420	65,638	649,615	297,504
Change within financial reporting entity (See Note 16)	-	-	-	-
Beginning balance, restated	1,147,420	65,638	649,615	297,504
End of year	\$ 982,349	\$ 47,741	\$ 597,611	\$ 293,192

(Continued)

Capital Projects				
Snyder Field / Inclusive Park (411)	Arena Solar Project (414)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)
\$ -	\$ -	\$ 97,914	\$ 135,025	\$ 128,408
-	-	-	-	-
-	-	-	-	-
25,667	8,414	-	-	-
613,163	-	-	-	-
-	-	-	-	-
638,830	8,414	97,914	135,025	128,408
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,233
-	-	1,233	1,233	-
-	4,581	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
886,747	12,387	-	-	-
-	-	-	-	101,719
886,747	16,968	1,233	1,233	102,952
(247,917)	(8,554)	96,681	133,792	25,456
-	-	-	-	-
-	465,000	-	-	-
-	47,240	-	-	-
-	-	-	-	-
-	-	-	-	-
-	512,240	-	-	-
(247,917)	503,686	96,681	133,792	25,456
546,802	-	(1,008,656)	(1,238,522)	36,593
-	-	-	-	-
546,802	-	(1,008,656)	(1,238,522)	36,593
\$ 298,885	\$ 503,686	\$ (911,975)	\$ (1,104,730)	\$ 62,049

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2024

	Capital Projects			
	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)
Revenues				
Taxes				
Tax increment	\$ 36,226	\$ 46,393	\$ 34,758	\$ 369,421
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>36,226</u>	<u>46,393</u>	<u>34,758</u>	<u>369,421</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	1,143	17,687	6,309	1,775
Debt service				
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	32,604	41,754	31,282	332,479
Total expenditures	<u>33,747</u>	<u>59,441</u>	<u>37,591</u>	<u>334,254</u>
Excess of revenues over (under) expenditures	2,479	(13,048)	(2,833)	35,167
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,479	(13,048)	(2,833)	35,167
Fund balances				
Beginning of year	(11,314)	(150,510)	(37,067)	21,099
Change within financial reporting entity (See Note 16)	-	-	-	-
Beginning balance, restated	<u>(11,314)</u>	<u>(150,510)</u>	<u>(37,067)</u>	<u>21,099</u>
End of year	<u>\$ (8,835)</u>	<u>\$ (163,558)</u>	<u>\$ (39,900)</u>	<u>\$ 56,266</u>

(Continued)

Capital Projects

TIF 5-29 Ulland Brothers (438)	TIF 5-30 201/211 Broadway (439)	TIF 5-31 300 Block Broadway (440)	TIF-Blazing Star Soil District (441)	District 5-32 Oat Mill (442)	Lakeview Boulevard (443)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	130,527	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	130,527	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,232	19,176	32,708	156,038	19,079	14,275
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	331,665	-	-
1,232	19,176	32,708	487,703	19,079	14,275
-	-	-	-	-	-
(1,232)	(19,176)	(32,708)	(357,176)	(19,079)	(14,275)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,884	-	-
-	-	-	-	-	-
-	-	-	20,884	-	-
-	-	-	-	-	-
(1,232)	(19,176)	(32,708)	(336,292)	(19,079)	(14,275)
(47,815)	(377,110)	(663,501)	(99,381)	-	-
-	-	-	-	-	-
(47,815)	(377,110)	(663,501)	(99,381)	-	-
-	-	-	-	-	-
\$ (49,047)	\$ (396,286)	\$ (696,209)	\$ (435,673)	\$ (19,079)	\$ (14,275)

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2024

	Capital Projects			
	2020 CIP Projects (490)	2022 CIP Projects (492)	2023 CIP - Bond Projects (493)	Formerly Nonmajor Fund - 2024 CIP - Bond Projects (494)
Revenues				
Taxes				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	74,868	485,590	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	2,803	6,535	9,316	-
Contributions and donations	-	-	-	-
Other	-	34,104	-	-
Total revenues	<u>77,671</u>	<u>526,229</u>	<u>9,316</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	8,489	14,755	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Debt service				
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	133,605	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>-</u>	<u>8,489</u>	<u>148,360</u>	<u>-</u>
Excess of revenues over (under) expenditures	77,671	517,740	(139,044)	-
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	366,547	-	10,808	-
Transfers out	-	(556,966)	(94,899)	-
Total other financing sources (uses)	<u>366,547</u>	<u>(556,966)</u>	<u>(84,091)</u>	<u>-</u>
Net change in fund balances	444,218	(39,226)	(223,135)	-
Fund balances				
Beginning of year	(444,218)	39,226	223,135	(7,398)
Change within financial reporting entity (See Note 16)	-	-	-	7,398
Beginning balance, restated	<u>(444,218)</u>	<u>39,226</u>	<u>223,135</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Capital Projects					
2025 CIP - Bond Projects (495)	Vehicles and Equipment (701)	Computer Equipment (702)	Fire Pension (250)	Police Pension (251)	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 848,145
-	-	-	-	-	690,985
-	87,620	-	-	-	87,620
-	186,394	8,715	5,563	68,676	424,334
-	-	-	-	-	613,163
-	32,070	-	-	-	197,516
-	306,084	8,715	5,563	68,676	2,861,763
-	-	21,317	-	-	21,317
-	-	15,354	16,225	48,250	79,829
-	-	10,688	-	-	99,024
33,465	-	16,901	-	-	51,599
-	-	-	-	-	331,418
-	-	-	-	-	4,581
-	-	-	-	-	76,666
-	110,909	-	-	90,805	201,714
-	644,770	-	-	-	944,157
-	288,793	-	-	-	1,402,327
-	-	-	-	-	871,503
33,465	1,044,472	64,260	16,225	139,055	4,084,135
(33,465)	(738,388)	(55,545)	(10,662)	(70,379)	(1,222,372)
-	74,051	-	-	-	80,892
-	234,896	-	-	-	699,896
-	-	-	-	-	47,240
313,587	1,120,000	140,000	-	-	2,111,826
-	-	-	-	-	(690,113)
313,587	1,428,947	140,000	-	-	2,249,741
280,122	690,559	84,455	(10,662)	(70,379)	1,027,369
-	3,683,426	166,333	111,526	1,436,786	4,339,611
-	-	-	-	-	7,398
-	3,683,426	166,333	111,526	1,436,786	4,347,009
\$ 280,122	\$ 4,373,985	\$ 250,788	\$ 100,864	\$ 1,366,407	\$ 5,374,378

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City of Albert Lea
Nonmajor Debt Service 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. During the year, the City had the following Nonmajor Debt Service Funds:

PIR Bonds Series 2010A - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

PIR Bonds Series 2013A - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

PIR and Refunding Bonds Series 2014B - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

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

2016 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2017 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2018 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2019 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2020 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2021 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2022 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2023 G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

2024B G.O. Bonds - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2024

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2013A (309)	2014A G.O. Equipment Certificate (310)	PIR and Refunding Bonds Series 2014B (311)
Assets				
Cash and investments	\$ 191,895	\$ -	\$ -	\$ -
Special assessment receivable	372,607	-	-	38,383
Total assets	<u>\$ 564,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,383</u>
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>372,607</u>	<u>-</u>	<u>-</u>	<u>38,383</u>
Fund Balances				
Restricted	<u>191,895</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 564,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,383</u>

(Continued)

Debt Service			
2015 G. O. Bonds (312)	2016 G. O. Bonds (313)	2017 G. O. Bonds (314)	2018 G. O. Bonds (315)
\$ 1,028,669	\$ 617,696	\$ 567,872	\$ 791,926
1,165,533	146,502	141,024	194,145
<u>\$ 2,194,202</u>	<u>\$ 764,198</u>	<u>\$ 708,896</u>	<u>\$ 986,071</u>
\$ -	\$ -	\$ -	\$ -
1,163,500	145,139	140,204	190,403
1,030,702	619,059	568,692	795,668
<u>\$ 2,194,202</u>	<u>\$ 764,198</u>	<u>\$ 708,896</u>	<u>\$ 986,071</u>

City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2024

	Debt Service			
	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)	2021 G.O. Bonds (321)	2022 G.O. Bonds (322)
Assets				
Cash and investments	\$ 795,598	\$ 717,371	\$ 667,471	\$ 808,513
Special assessment receivable	276,658	352,206	401,747	452,678
Total assets	<u>\$ 1,072,256</u>	<u>\$ 1,069,577</u>	<u>\$ 1,069,218</u>	<u>\$ 1,261,191</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources				
Unavailable revenue - special assessments	270,266	345,349	401,722	452,396
Fund Balances				
Restricted	801,990	724,228	667,496	808,795
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,072,256</u>	<u>\$ 1,069,577</u>	<u>\$ 1,069,218</u>	<u>\$ 1,261,191</u>

(Continued)

Debt Service		
2023 G.O. Bonds (323)	2024B G.O. Bonds (324)	Total Nonmajor Debt Service Funds
\$ 395,884	\$ 466,721	\$ 7,049,616
274,113	993,660	4,809,256
<u>\$ 669,997</u>	<u>\$ 1,460,381</u>	<u>\$ 11,858,872</u>
\$ -	\$ 2,300	\$ 2,300
273,609	993,660	4,787,238
396,388	464,421	7,069,334
<u>\$ 669,997</u>	<u>\$ 1,460,381</u>	<u>\$ 11,858,872</u>

City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2013A (309)	PIR and Refunding Bonds Series 2014B (311)	2015 G.O. Bonds (312)
Revenues				
Taxes	\$ 117,968	\$ -	\$ 96,665	\$ 113,807
Special assessments	6,966	-	52,775	184,798
Miscellaneous				
Investment income	4,002	-	-	31,564
Total revenues	<u>128,936</u>	<u>-</u>	<u>149,440</u>	<u>330,169</u>
Expenditures				
Debt service				
Principal	100,000	570,000	205,000	305,000
Interest and other charges	9,976	8,123	10,358	60,390
Total expenditures	<u>109,976</u>	<u>578,123</u>	<u>215,358</u>	<u>365,390</u>
Excess of revenues over (under) expenditures	18,960	(578,123)	(65,918)	(35,221)
Other Financing Sources (Uses)				
Transfers in	-	572,264	64,101	-
Net change in fund balances	18,960	(5,859)	(1,817)	(35,221)
Fund Balances				
Beginning of year	<u>172,935</u>	<u>5,859</u>	<u>1,817</u>	<u>1,065,923</u>
End of year	<u>\$ 191,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030,702</u>

(Continued)

Debt Service	
2016 G.O. Bonds (313)	2017 G.O. Bonds (314)
\$ 212,079	\$ 144,404
90,852	54,034
15,726	16,625
318,657	215,063
365,000	230,000
27,152	34,552
392,152	264,552
(73,495)	(49,489)
-	-
(73,495)	(49,489)
692,554	618,181
\$ 619,059	\$ 568,692

City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2024

	Debt Service			
	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)	2021 G.O. Bonds (321)
Revenues				
Taxes	\$ 160,746	\$ 224,637	\$ 211,191	\$ 100,891
Special assessments	72,537	73,149	73,664	116,839
Miscellaneous				
Investment income	24,197	22,967	20,270	19,550
Total revenues	<u>257,480</u>	<u>320,753</u>	<u>305,125</u>	<u>237,280</u>
Expenditures				
Debt service				
Principal	245,000	270,000	240,000	165,000
Interest and other charges	43,327	67,602	55,601	26,522
Total expenditures	<u>288,327</u>	<u>337,602</u>	<u>295,601</u>	<u>191,522</u>
Excess of revenues over (under) expenditures	(30,847)	(16,849)	9,524	45,758
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(30,847)	(16,849)	9,524	45,758
Fund Balances				
Beginning of year	<u>826,515</u>	<u>818,839</u>	<u>714,704</u>	<u>621,738</u>
End of year	<u>\$ 795,668</u>	<u>\$ 801,990</u>	<u>\$ 724,228</u>	<u>\$ 667,496</u>

(Continued)

Debt Service		
2022 G.O. Bonds (322)	2024B G.O. Bonds (324)	Total Nonmjr Debt Service Funds
\$ 303,174	\$ -	\$ 1,965,000
160,053	465,957	1,406,166
11,461	764	174,800
<u>474,688</u>	<u>466,721</u>	<u>3,545,966</u>
270,000	-	2,965,000
116,596	2,300	572,601
<u>386,596</u>	<u>2,300</u>	<u>3,537,601</u>
88,092	464,421	8,365
<u>193,810</u>	<u>-</u>	<u>830,175</u>
281,902	464,421	838,540
<u>526,893</u>	<u>-</u>	<u>6,230,794</u>
<u>\$ 808,795</u>	<u>\$ 464,421</u>	<u>\$ 7,069,334</u>

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 5,779,500	\$ 5,779,500	\$ 5,633,891	\$ (145,609)	\$ 5,564,776
Franchise fees	2,080,000	2,080,000	1,723,312	(356,688)	1,986,933
Lodging	13,000	13,000	13,778	778	12,654
Total taxes	7,872,500	7,872,500	7,370,981	(501,519)	7,564,363
Special assessments	1,000	1,000	11,382	10,382	-
Licenses and permits	374,600	374,600	433,975	59,375	330,106
Intergovernmental revenue					
Local government aid	6,868,836	6,868,836	6,868,836	-	5,794,636
Other intergovernmental	1,182,130	1,182,130	1,336,941	154,811	1,250,002
Total intergovernmental revenue	8,050,966	8,050,966	8,205,777	154,811	7,044,638
Charges for services	985,050	985,050	1,265,468	280,418	1,104,521
Fines and forfeitures	92,500	92,500	76,899	(15,601)	84,440
Miscellaneous revenues					
Investment income	148,000	148,000	333,620	185,620	311,675
Contributions and donations	12,000	12,000	20,742	8,742	13,183
Other	35,684	35,684	40,479	4,795	-
Total miscellaneous revenues	195,684	195,684	394,841	199,157	324,858
Total revenues	17,572,300	17,572,300	17,759,323	187,023	16,452,926
Expenditures					
Current					
General government					
City Council					
Personnel services	65,298	65,298	63,825	(1,473)	64,414
Supplies	800	800	1,342	542	1,564
Other services and charges	105,445	105,445	90,667	(14,778)	100,429
Total city council	171,543	171,543	155,834	(15,709)	166,407
City Manager					
Personnel services	274,621	274,621	274,712	91	273,360
Supplies	1,000	1,000	2,010	1,010	595
Other services and charges	15,105	15,105	11,621	(3,484)	12,970
Total City Manager	290,726	290,726	288,343	(2,383)	286,925
City Clerk					
Personnel services	151,266	151,266	151,399	133	120,255
Supplies	200	200	414	214	1,174
Other services and charges	17,075	17,075	15,361	(1,714)	12,314
Total City Clerk	168,541	168,541	167,174	(1,367)	133,743

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts			Variance with Final Budget - Over (Under)	
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Elections					
Personnel services	\$ 32,000	\$ 32,000	\$ 42,861	\$ 10,861	\$ -
Supplies	9,525	9,525	10,024	499	-
Other services and charges	4,475	4,475	21,963	17,488	-
Total elections	46,000	46,000	74,848	28,848	-
Finance					
Personnel services	484,641	484,641	498,300	13,659	446,470
Supplies	7,500	7,500	5,903	(1,597)	3,436
Other services and charges	102,485	102,485	93,311	(9,174)	100,843
Total finance	594,626	594,626	597,514	2,888	550,749
City attorney					
Personnel services	94,152	94,152	94,247	95	92,828
Supplies	500	500	104	(396)	177
Other services and charges	153,955	153,955	329,737	175,782	196,311
Total city attorney	248,607	248,607	424,088	175,481	289,316
Personnel administration					
Personnel services	255,985	255,985	258,333	2,348	196,081
Supplies	150	150	273	123	496
Other services and charges	72,600	72,600	53,814	(18,786)	99,637
Total personnel administration	328,735	328,735	312,420	(16,315)	296,214
Zoning and planning					
Personnel services	128,714	128,714	128,685	(29)	120,421
Supplies	300	300	316	16	118
Other services and charges	21,345	21,345	4,314	(17,031)	29,787
Total personnel administration	150,359	150,359	133,315	(17,044)	150,326
City center					
Personnel services	25,978	25,978	21,961	(4,017)	10,161
Supplies	8,600	8,600	7,358	(1,242)	8,269
Other services and charges	117,565	117,565	112,313	(5,252)	114,345
Total city center	152,143	152,143	141,632	(10,511)	132,775
Communications					
Personnel services	253,105	253,105	253,486	381	234,784
Supplies	2,500	2,500	2,214	(286)	982
Other services and charges	98,750	98,750	58,961	(39,789)	25,593
Total communications	354,355	354,355	314,661	(39,694)	261,359
Information technology					
Supplies	-	-	-	-	20
Other services and charges	278,550	278,550	277,781	(769)	34,145
Total information technology	278,550	278,550	277,781	(769)	34,165
Total general government	2,784,185	2,784,185	2,887,610	103,425	2,301,979

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024			2023
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (Continued)				
Public safety				
Police				
Personnel services	\$ 4,151,310	\$ 4,151,310	\$ (51,680)	\$ 3,866,041
Supplies	127,650	127,650	12,298	128,333
Other services and charges	539,895	539,895	(53,875)	489,153
Total police	<u>4,818,855</u>	<u>4,818,855</u>	<u>(93,257)</u>	<u>4,483,527</u>
Fire				
Personnel services	2,350,283	2,350,283	66,132	2,432,587
Supplies	122,500	122,500	(4,375)	134,333
Other services and charges	177,835	177,835	(24)	180,037
Total fire	<u>2,650,618</u>	<u>2,650,618</u>	<u>61,733</u>	<u>2,746,957</u>
Inspection services				
Personnel services	449,363	449,363	76	418,418
Supplies	7,750	7,750	(2,083)	4,030
Other services and charges	31,950	31,950	(5,763)	26,849
Total inspection services	<u>489,063</u>	<u>489,063</u>	<u>(7,770)</u>	<u>449,297</u>
Community services				
Personnel services	156,889	156,889	(22,960)	165,932
Supplies	4,400	4,400	906	6,599
Other services and charges	89,670	89,670	23,503	110,794
Total community services	<u>250,959</u>	<u>250,959</u>	<u>1,449</u>	<u>283,325</u>
Total public safety	<u>8,209,495</u>	<u>8,209,495</u>	<u>(37,845)</u>	<u>7,963,106</u>
Public works				
Engineering				
Personnel services	738,160	738,160	14,555	669,871
Supplies	16,675	16,675	(9,116)	6,720
Other services and charges	29,480	29,480	9,349	24,779
Total engineering	<u>784,315</u>	<u>784,315</u>	<u>14,788</u>	<u>701,370</u>
Street maintenance				
Personnel services	584,390	584,390	7,562	551,268
Supplies	340,800	340,800	(25,195)	308,422
Other services and charges	142,004	142,004	29,977	117,532
Total street maintenance	<u>1,067,194</u>	<u>1,067,194</u>	<u>12,344</u>	<u>977,222</u>
Snow and ice removal				
Personnel services	384,481	384,481	(24,340)	330,060
Supplies	145,300	145,300	(60,973)	128,930
Other services and charges	11,824	11,824	(4,455)	9,035
Total snow and ice removal	<u>541,605</u>	<u>541,605</u>	<u>(89,768)</u>	<u>468,025</u>

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts			Variance with Final Budget - Over (Under)	
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (Continued)					
Current (Continued)					
Public works (Continued)					
Storm drainage					
Personnel services	\$ 148,679	\$ 148,679	\$ 151,403	\$ 2,724	\$ 142,499
Supplies	36,700	36,700	39,682	2,982	40,215
Other services and charges	73,260	73,260	101,230	27,970	59,689
Total storm drainage	258,639	258,639	292,315	33,676	242,403
Street lighting					
Supplies	15,000	15,000	858	(14,142)	9,941
Other services and charges	267,270	267,270	265,470	(1,800)	285,652
Total street lighting	282,270	282,270	266,328	(15,942)	295,593
City garage					
Personnel services	215,553	215,553	218,754	3,201	198,241
Supplies	43,900	43,900	54,807	10,907	52,378
Other services and charges	81,660	81,660	86,429	4,769	88,867
Total city garage	341,113	341,113	359,990	18,877	339,486
Total public works	3,275,136	3,275,136	3,249,111	(26,025)	3,024,099
Culture and recreation					
Recreation administration					
Personnel services	356,087	356,087	349,190	(6,897)	322,649
Supplies	20,325	20,325	15,810	(4,515)	13,696
Other services and charges	42,165	42,165	38,844	(3,321)	39,330
Total recreation administration	418,577	418,577	403,844	(14,733)	375,675
Arena					
Personnel services	256,584	256,584	253,028	(3,556)	245,695
Supplies	34,850	34,850	29,454	(5,396)	28,067
Other services and charges	253,209	253,209	242,910	(10,299)	228,635
Total arena	544,643	544,643	525,392	(19,251)	502,397
Swimming pool					
Personnel services	139,030	139,030	129,378	(9,652)	118,091
Supplies	40,175	40,175	34,286	(5,889)	24,891
Other services and charges	48,066	48,066	34,852	(13,214)	43,822
Total swimming pool	227,271	227,271	198,516	(28,755)	186,804

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024				2023
	Budgeted Amounts			Variance with Final Budget - Over (Under)	
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (Continued)					
Current (Continued)					
Culture and recreation (Continued)					
Theater					
Supplies	\$ 3,200	\$ 3,200	\$ 1,217	\$ (1,983)	\$ 893
Other services and charges	28,600	28,600	24,243	(4,357)	16,167
Total theater	31,800	31,800	25,460	(6,340)	17,060
Parks					
Personnel services	1,014,749	1,014,749	970,391	(44,358)	871,807
Supplies	181,600	181,600	157,970	(23,630)	167,160
Other services and charges	165,233	165,233	153,419	(11,814)	148,350
Total parks	1,361,582	1,361,582	1,281,780	(79,802)	1,187,317
Forestry					
Personnel services	131,692	131,692	130,896	(796)	123,707
Supplies	46,750	46,750	27,788	(18,962)	24,619
Other services and charges	71,841	71,841	49,268	(22,573)	163,703
Total forestry	250,283	250,283	207,952	(42,331)	312,029
Library					
Personnel services	976,573	976,573	908,159	(68,414)	829,304
Supplies	160,700	160,700	152,750	(7,950)	149,728
Other services and charges	81,505	81,505	57,994	(23,511)	61,466
Total library	1,218,778	1,218,778	1,118,903	(99,875)	1,040,498
Total culture and recreation	4,052,934	4,052,934	3,761,847	(291,087)	3,621,780
Community development					
Property acquisitions					
Supplies	-	-	425	425	262
Other services and charges	2,050	2,050	38,750	36,700	44,502
Total property acquisitions	2,050	2,050	39,175	37,125	44,764
Economic development					
Other services and charges	159,500	159,500	124,858	(34,642)	115,192
Total community development	161,550	161,550	164,033	2,483	159,956
Total current expenditures	18,483,300	18,483,300	18,234,251	(249,049)	17,070,920

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2024
With Comparative Actual Amounts for the Year Ended December 31, 2023

	2024			2023
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Debt Service				
Principal	\$ 15,000	\$ 15,000	\$ 3,508	\$ 18,439
Capital outlay				
General government	20,000	20,000	(676)	6,097
Public works	-	-	-	23,989
Culture and recreation	39,000	39,000	(19,954)	15,770
Total capital outlay	59,000	59,000	(20,630)	45,856
Total expenditures	18,557,300	18,557,300	(266,171)	17,135,215
Excess of revenues over (under) expenditures	(985,000)	(985,000)	453,194	(682,289)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	450	1,871
Transfers in	2,310,000	2,310,000	12,135	2,317,000
Transfers out	(1,325,000)	(1,325,000)	(55,884)	(930,000)
Total other financing sources (uses)	985,000	985,000	(43,299)	1,388,871
Net change in fund balances	\$ -	\$ -	\$ 409,895	706,582
Fund Balances				
Beginning of year			12,205,499	11,498,917
End of year			\$ 12,615,394	\$ 12,205,499

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STATISTICAL SECTION (UNAUDITED)

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2024

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City of Albert Lea
Statistical Section (Unaudited)

This part of the City of Albert Lea's annual comprehensive 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			
	2015	2016	2017	2018
Governmental Activities				
Net investment in capital assets	\$ 42,082,378	\$ 42,945,205	\$ 47,259,002	\$ 51,854,858
Restricted	21,453,540	24,221,520	24,314,972	23,938,762
Unrestricted	12,533,192	10,664,422	9,968,233	10,547,381
Total governmental activities net position	<u>\$ 76,069,110</u>	<u>\$ 77,831,147</u>	<u>\$ 81,542,207</u>	<u>\$ 86,341,001</u>
Business-Type Activities				
Net investment in capital assets	\$ 39,661,982	\$ 42,729,009	\$ 42,939,676	\$ 42,141,720
Restricted	-	-	-	-
Unrestricted	12,613,332	11,238,332	10,698,663	11,003,827
Total business-type activities net position	<u>\$ 52,275,314</u>	<u>\$ 53,967,341</u>	<u>\$ 53,638,339</u>	<u>\$ 53,145,547</u>
Total Primary Government				
Net investment in capital assets	\$ 81,744,360	\$ 85,674,214	\$ 90,198,678	\$ 93,996,578
Restricted	21,453,540	24,221,520	24,314,972	23,938,762
Unrestricted	25,146,524	21,902,754	20,666,896	21,551,208
Total primary government	<u>\$ 128,344,424</u>	<u>\$ 131,798,488</u>	<u>\$ 135,180,546</u>	<u>\$ 139,486,548</u>

Table 1

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 59,788,439	\$ 62,676,110	\$ 64,920,908	\$ 69,755,089	\$ 71,324,410	\$ 71,677,398
18,624,347	17,183,548	16,911,070	16,046,115	15,110,745	14,412,183
9,745,316	11,359,395	13,404,704	11,338,156	11,205,202	14,211,239
<u>\$ 88,158,102</u>	<u>\$ 91,219,053</u>	<u>\$ 95,236,682</u>	<u>\$ 97,139,360</u>	<u>\$ 97,640,357</u>	<u>\$ 100,300,820</u>
\$ 44,963,435	\$ 44,674,279	\$ 44,914,570	\$ 44,271,081	\$ 44,633,953	\$ 45,782,277
-	-	-	-	-	5,754
11,595,802	12,242,153	12,098,097	13,034,145	13,370,214	14,355,458
<u>\$ 56,559,237</u>	<u>\$ 56,916,432</u>	<u>\$ 57,012,667</u>	<u>\$ 57,305,226</u>	<u>\$ 58,004,167</u>	<u>\$ 60,143,489</u>
\$ 104,751,874	\$ 107,350,389	\$ 109,835,478	\$ 114,026,170	\$ 115,958,363	\$ 117,459,675
18,624,347	17,183,548	16,911,070	16,046,115	15,110,745	14,417,937
21,341,118	23,601,548	25,502,801	24,372,301	24,575,416	28,566,697
<u>\$ 144,717,339</u>	<u>\$ 148,135,485</u>	<u>\$ 152,249,349</u>	<u>\$ 154,444,586</u>	<u>\$ 155,644,524</u>	<u>\$ 160,444,309</u>

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

	Fiscal Year			
	2015	2016	2017	2018
Expenses				
Governmental activities				
General government	\$ 1,735,013	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413
Public safety	6,051,784	7,793,711	6,989,633	6,983,401
Public works	4,186,823	3,448,159	3,420,520	4,012,349
Culture and recreation	3,694,414	3,614,932	4,006,557	3,631,330
Airport	546,100	578,473	1,125,612	620,411
Community development	506,248	1,135,736	803,201	449,376
Interest on long-term debt	432,617	501,753	525,704	564,742
Total governmental activities expenses	<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>
Business-type activities				
Water	1,628,018	1,674,260	1,673,215	1,904,474
Sewer	3,677,161	3,603,255	3,540,898	4,118,407
Solid waste	130,506	140,752	145,871	104,009
Parking maintenance district	11,368	10,861	-	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>
Total expenses	<u><u>\$ 22,600,052</u></u>	<u><u>\$ 24,564,426</u></u>	<u><u>\$ 24,397,772</u></u>	<u><u>\$ 24,557,912</u></u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 91,998	\$ 100,449	\$ 140,139	\$ 165,619
Culture and recreation	547,688	593,500	672,198	599,705
Other activities	896,380	955,216	790,990	937,108
Operating grants and contributions	604,428	613,416	574,252	593,197
Capital grants and contributions	5,239,394	4,749,991	4,013,023	5,026,013
Total governmental activities program revenue	<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>
Business-type activities				
Charges for services				
Water	2,538,061	2,778,218	2,979,526	3,172,833
Sewer	4,534,385	4,230,589	4,250,258	4,236,478
Other activities	178,641	164,168	159,616	183,978
Operating grants and contributions	-	2,620	187	-
Capital grants and contributions	192,197	59,774	35,686	18,034
Total governmental activities program revenue	<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>
Total program revenues	<u><u>\$ 14,823,172</u></u>	<u><u>\$ 14,247,941</u></u>	<u><u>\$ 13,615,875</u></u>	<u><u>\$ 14,932,965</u></u>

Continued
Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 2,466,797	\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630	\$ 3,193,826
6,853,580	7,110,586	6,951,984	8,643,912	9,371,247	9,011,059
4,858,591	4,783,978	3,536,516	6,767,143	5,140,112	6,085,102
4,219,744	3,622,589	3,760,769	4,425,231	4,598,875	4,850,625
719,033	741,140	930,211	661,675	776,785	793,238
597,661	838,465	1,810,521	1,838,469	1,643,875	2,737,812
597,515	681,353	467,067	533,935	555,080	763,409
20,312,921	20,187,763	19,868,546	25,444,644	24,826,604	27,435,071
1,746,635	1,769,325	1,865,980	2,085,679	2,416,996	2,317,991
4,116,664	4,233,447	4,039,871	4,102,829	4,771,273	5,080,104
138,355	142,238	158,194	145,871	144,239	160,142
-	-	-	-	-	-
-	-	-	158,112	371,296	366,779
6,001,654	6,145,010	6,064,045	6,492,491	7,703,804	7,925,016
\$ 26,314,575	\$ 26,332,773	\$ 25,932,591	\$ 31,937,135	\$ 32,530,408	\$ 35,360,087
\$ 169,971	\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220	\$ 126,737
561,087	318,690	513,111	526,678	569,123	553,452
1,038,574	881,717	1,000,158	910,558	1,166,427	1,962,927
656,566	1,550,687	2,330,966	1,018,904	986,689	1,122,433
2,675,884	3,004,849	3,200,609	7,928,692	3,079,569	4,972,200
5,102,082	5,890,153	7,125,117	10,464,870	5,894,028	8,737,749
3,356,138	3,528,741	3,793,951	3,900,428	4,124,002	4,212,200
4,466,819	4,462,862	4,393,485	5,039,665	5,501,096	5,789,672
162,093	176,446	207,790	356,746	593,026	585,428
13,711	7,570	7,125	22,719	-	-
3,118,474	249,325	22,792	32,879	26,463	1,349,613
11,117,235	8,424,944	8,425,143	9,352,437	10,244,587	11,936,913
\$ 16,219,317	\$ 14,315,097	\$ 15,550,260	\$ 19,817,307	\$ 16,138,615	\$ 20,674,662

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

	Fiscal Year			
	2015	2016	2017	2018
Net (Expenses) Revenues				
Governmental activities	\$ (9,773,111)	\$ (12,122,726)	\$ (12,847,186)	\$ (11,109,380)
Business-type activities	1,996,231	1,806,241	2,065,289	1,484,433
Total primary government	<u>\$ (7,776,880)</u>	<u>\$ (10,316,485)</u>	<u>\$ (10,781,897)</u>	<u>\$ (9,624,947)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes				
Property taxes - general purposes	\$ 4,859,193	\$ 4,790,563	\$ 4,938,679	\$ 4,849,730
Property taxes - debt service	1,200,097	1,398,161	1,388,212	1,552,317
Tax increments	133,114	125,907	321,562	354,442
Franchise and lodging taxes	1,465,245	1,603,182	1,659,893	1,798,752
Unrestricted grants and contributions	5,252,535	5,316,055	5,246,746	5,410,140
Unrestricted investment earnings	400,659	347,736	402,765	431,089
Sale of capital assets	51,070	56,707	33,956	84,402
Transfers - capital related	-	(1,435,368)	652,489	-
Transfers	1,503,063	1,681,820	1,913,944	1,997,884
Total governmental activities expenses	<u>14,864,976</u>	<u>13,884,763</u>	<u>16,558,246</u>	<u>16,478,756</u>
Business-type activities				
Unrestricted investment earnings	96,193	132,238	172,142	151,632
Transfers - capital related	-	1,435,368	(652,489)	-
Transfers	(1,503,063)	(1,681,820)	(1,913,944)	(1,997,884)
Total business-type activities expenses	<u>(1,406,870)</u>	<u>(114,214)</u>	<u>(2,394,291)</u>	<u>(1,846,252)</u>
Total primary government	<u>\$ 13,458,106</u>	<u>\$ 13,770,549</u>	<u>\$ 14,163,955</u>	<u>\$ 14,632,504</u>
Change in Net Position				
Governmental activities	\$ 5,091,865	\$ 1,762,037	\$ 3,711,060	\$ 5,369,376
Business-type activities	589,361	1,692,027	(329,002)	(361,819)
Total primary government	<u>\$ 5,681,226</u>	<u>\$ 3,454,064</u>	<u>\$ 3,382,058</u>	<u>\$ 5,007,557</u>

Continued
Table 2

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ (9,773,111)	\$ (14,297,610)	\$ (12,743,429)	\$ (14,979,774)	\$ (18,932,576)	\$ (18,697,322)
1,996,231	2,279,934	2,361,098	2,859,946	2,540,783	4,011,897
<u>\$ (7,776,880)</u>	<u>\$ (12,017,676)</u>	<u>\$ (10,382,331)</u>	<u>\$ (12,119,828)</u>	<u>\$ (16,391,793)</u>	<u>\$ (14,685,425)</u>
\$ 4,733,069	\$ 4,878,635	\$ 4,849,455	\$ 5,152,501	\$ 5,463,178	\$ 5,695,550
1,552,317	1,737,902	1,881,233	1,876,914	1,935,337	1,965,000
367,775	386,348	398,482	353,317	631,480	847,397
1,730,997	1,657,164	1,649,356	2,023,232	1,986,933	1,723,312
5,415,747	5,626,401	5,709,861	5,876,300	5,810,318	7,062,627
1,009,666	614,346	(82,131)	(808,593)	1,078,113	1,262,194
31,369	197,265	132,802	124,781	43,214	171,705
-	-	-	-	-	-
2,187,000	2,260,500	2,222,000	2,284,000	2,485,000	2,630,000
<u>17,027,940</u>	<u>17,358,561</u>	<u>16,761,058</u>	<u>16,882,452</u>	<u>19,433,573</u>	<u>21,357,785</u>
485,109	337,761	(42,863)	(283,387)	643,158	757,425
-	-	-	-	-	-
(2,187,000)	(2,260,500)	(2,222,000)	(2,284,000)	(2,485,000)	(2,630,000)
<u>(1,701,891)</u>	<u>(1,922,739)</u>	<u>(2,264,863)</u>	<u>(2,567,387)</u>	<u>(1,841,842)</u>	<u>(1,872,575)</u>
<u>\$ 15,326,049</u>	<u>\$ 15,435,822</u>	<u>\$ 14,496,195</u>	<u>\$ 14,315,065</u>	<u>\$ 17,591,731</u>	<u>\$ 19,485,210</u>
\$ 7,254,829	\$ 3,060,951	\$ 4,017,629	\$ 1,902,678	\$ 500,997	\$ 2,660,463
294,340	357,195	96,235	292,559	698,941	2,139,322
<u>\$ 7,549,169</u>	<u>\$ 3,418,146</u>	<u>\$ 4,113,864</u>	<u>\$ 2,195,237</u>	<u>\$ 1,199,938</u>	<u>\$ 4,799,785</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			
	2015	2016	2017	2018
General Fund				
Nonspendable	\$ 1,899,194	\$ 1,804,829	\$ 1,731,572	\$ 1,702,641
Committed	1,875,000	1,875,000	-	-
Unassigned	8,407,722	9,155,071	8,398,760	7,879,629
Total general fund	<u>\$ 12,181,916</u>	<u>\$ 12,834,900</u>	<u>\$ 10,130,332</u>	<u>\$ 9,582,270</u>
All other governmental funds				
Nonspendable	\$ 19,968	\$ 7,415	\$ 4,927	\$ 3,083
Restricted	16,579,219	16,391,488	16,965,298	16,951,572
Committed	2,102,482	2,037,501	2,615,975	3,171,609
Assigned	6,827,722	6,812,232	7,764,741	7,813,460
Unassigned	(3,529,262)	(3,766,025)	(3,279,636)	(3,202,420)
Total all other governmental funds	<u>\$ 22,000,129</u>	<u>\$ 21,482,611</u>	<u>\$ 24,071,305</u>	<u>\$ 24,737,304</u>

Table 3

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 1,671,527	\$ 1,695,073	\$ 1,761,349	\$ 2,443,094	\$ 2,889,364	\$ 2,974,686
-	-	-	-	-	-
8,713,892	9,985,667	9,038,246	9,055,823	9,316,135	9,640,708
<u>\$ 10,385,419</u>	<u>\$ 11,680,740</u>	<u>\$ 10,799,595</u>	<u>\$ 11,498,917</u>	<u>\$ 12,205,499</u>	<u>\$ 12,615,394</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,777,732	9,772,899	9,934,296	9,482,588	9,478,366	19,378,079
3,229,423	3,430,091	4,035,980	4,153,686	4,175,565	3,632,086
7,235,022	7,224,916	7,918,744	5,401,645	6,870,794	9,047,889
<u>(2,977,074)</u>	<u>(3,092,060)</u>	<u>(3,233,883)</u>	<u>(2,701,758)</u>	<u>(4,085,492)</u>	<u>(3,839,567)</u>
<u>\$ 18,265,103</u>	<u>\$ 17,335,846</u>	<u>\$ 18,655,137</u>	<u>\$ 16,336,161</u>	<u>\$ 16,439,233</u>	<u>\$ 28,218,487</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			
	2015	2016	2017	2018
Revenues				
Taxes	\$ 7,663,371	\$ 7,957,791	\$ 8,286,427	\$ 8,541,532
Licenses and permits	342,797	280,282	296,467	328,177
Intergovernmental	9,739,172	6,886,655	8,481,280	9,551,765
Charges for services	830,200	1,028,636	877,925	1,056,646
Fines and forfeits	100,990	97,655	100,315	105,300
Special assessments	1,696,849	1,659,298	1,725,872	1,702,227
Interest on investments	392,003	331,854	387,807	413,355
Interest on loans	5,408	1,078	1,827	7,761
Miscellaneous	234,395	282,580	468,774	266,724
Total revenues	<u>21,005,185</u>	<u>18,525,829</u>	<u>20,626,694</u>	<u>21,973,487</u>
Expenditures				
General government	1,701,942	1,859,435	1,930,519	1,997,162
Public safety	5,849,404	6,016,086	6,333,491	6,771,675
Public works	2,635,489	2,468,244	2,437,700	3,147,116
Culture and recreation	3,356,548	3,282,690	3,374,156	3,471,282
Airport	136,980	306,591	227,124	205,596
Community development	193,453	416,995	731,839	301,095
Capital outlay	8,786,119	6,612,275	6,758,610	7,117,729
Debt service				
Principal	2,114,000	2,400,000	2,639,510	2,828,875
Interest and fiscal charges	382,836	508,374	532,519	571,309
Total expenditures	<u>25,156,771</u>	<u>23,870,690</u>	<u>24,965,468</u>	<u>26,411,839</u>
Deficiency of revenues under expenditures	<u>(4,151,586)</u>	<u>(5,344,861)</u>	<u>(4,338,774)</u>	<u>(4,438,352)</u>
Other financing sources (uses)				
Bond issued	4,900,000	3,510,000	2,275,000	2,430,000
Premium on bonds issued	-	-	-	49,409
Loan proceeds	-	-	-	-
Sale of capital assets	51,070	56,707	33,956	88,996
Miscellaneous revenue	-	-	-	-
Payment to refunding agent	-	209,800	-	-
Transfer out	(4,121,500)	(1,821,366)	(4,919,775)	(3,626,190)
Transfer in	5,649,563	3,525,186	6,833,719	5,614,074
Total other financing sources (uses)	<u>6,479,133</u>	<u>5,480,327</u>	<u>4,222,900</u>	<u>4,556,289</u>
Net change in fund balances	<u>\$ 2,327,547</u>	<u>\$ 135,466</u>	<u>\$ (115,874)</u>	<u>\$ 117,937</u>
Debt service as a percentage of non capital expenditures	15.19%	17.15%	17.51%	18.11%

Table 4

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 8,351,045	\$ 8,638,196	\$ 8,776,541	\$ 9,445,104	\$ 10,022,103	\$ 10,184,126
311,538	294,938	336,338	367,084	330,106	433,975
7,452,543	9,024,657	9,390,216	13,993,457	9,011,271	9,686,519
1,175,316	873,804	1,021,910	1,010,725	1,337,972	1,746,321
116,077	70,336	109,827	102,678	89,107	79,425
1,571,186	1,478,069	1,518,488	1,380,624	1,262,205	1,636,905
980,692	594,207	(79,900)	(784,489)	1,053,603	1,250,597
24,640	25,331	28,081	19,486	49,660	11,597
199,793	78,388	115,952	103,794	111,458	1,581,522
<u>20,182,830</u>	<u>21,077,926</u>	<u>21,217,453</u>	<u>25,638,463</u>	<u>23,267,485</u>	<u>26,610,987</u>
2,152,625	2,087,627	2,101,907	2,152,786	2,306,499	2,908,927
6,481,734	6,651,818	7,191,519	7,526,368	7,997,304	8,258,022
3,170,733	2,978,719	3,187,706	3,352,909	3,369,452	3,683,551
3,585,183	3,071,308	3,304,307	3,604,036	3,748,623	4,007,549
173,816	236,389	248,802	189,569	146,592	168,528
409,751	569,302	1,681,486	1,697,679	1,353,641	1,866,309
11,586,282	7,052,832	3,755,120	11,018,356	5,380,159	7,593,439
2,810,156	2,749,931	2,900,115	2,886,068	3,078,439	2,983,508
604,575	629,322	629,786	587,601	636,061	703,388
<u>30,974,855</u>	<u>26,027,248</u>	<u>25,000,748</u>	<u>33,015,372</u>	<u>28,016,770</u>	<u>32,173,221</u>
<u>(10,792,025)</u>	<u>(4,949,322)</u>	<u>(3,783,295)</u>	<u>(7,376,909)</u>	<u>(4,749,285)</u>	<u>(5,562,234)</u>
2,565,000	2,575,000	1,790,000	3,195,000	2,455,000	13,509,896
291,086	282,621	76,639	153,474	192,324	979,449
-	-	-	-	311,401	-
31,369	197,265	132,802	124,781	43,214	171,705
-	-	-	-	-	5,400
-	-	-	-	-	-
(2,065,268)	(3,982,595)	(3,066,311)	(3,125,810)	(1,671,309)	(3,333,084)
4,300,786	6,243,095	5,288,311	5,409,810	4,228,309	5,963,084
<u>5,122,973</u>	<u>5,315,386</u>	<u>4,221,441</u>	<u>5,757,255</u>	<u>5,558,939</u>	<u>17,296,450</u>
<u>\$ (5,669,052)</u>	<u>\$ 366,064</u>	<u>\$ 438,146</u>	<u>\$ (1,619,654)</u>	<u>\$ 809,654</u>	<u>\$ 11,734,216</u>
17.79%	17.75%	17.96%	14.98%	20.43%	15.00%

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

	Fiscal Year			
	2015	2016	2017	2018
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 91,998	\$ 100,449	\$ 140,139	\$ 165,619
Culture and recreation	547,688	593,500	672,198	599,705
Other activities	896,380	955,216	790,990	937,108
Operating grants and contributions	604,428	613,416	574,252	593,197
Capital grants and contributions	5,239,394	4,749,991	4,013,023	5,026,013
Total governmental activities program revenue	<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>
Business-type activities				
Charges for services				
Water	2,538,061	2,778,218	2,979,526	3,172,833
Sewer	4,534,385	4,230,589	4,250,258	4,236,478
Other Activities	178,641	164,168	159,616	183,978
Operating grants and contributions	-	2,620	187	-
Capital grants and contributions	192,197	59,774	35,686	18,034
Total business-type activities program revenue	<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>
Total program revenues	<u>\$ 14,823,172</u>	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>	<u>\$ 14,932,965</u>
Expenses				
Governmental activities				
General government	\$ 1,735,013	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413
Public safety	6,051,784	7,793,711	6,989,633	6,983,401
Public works	4,186,823	3,448,159	3,420,520	4,012,349
Culture and recreation	3,694,414	3,614,932	4,006,557	3,631,330
Airport	546,100	578,473	1,125,612	620,411
Community development	506,248	1,135,736	803,201	449,376
Interest on long-term debt	432,617	501,753	525,704	564,742
Total governmental activities expenses	<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>
Business-type activities				
Water	1,628,018	1,674,260	1,673,215	1,904,474
Sewer	3,677,161	3,603,255	3,540,898	4,118,407
Solid waste	130,506	140,752	145,871	104,009
Parking	11,368	10,861	-	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>
Total expenses	<u>\$ 22,600,052</u>	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>	<u>\$ 24,557,912</u>

Table 5

Fiscal Year					
2019	2020	2021	2022	2023	2024
\$ 169,971	\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220	\$ 126,737
561,087	318,690	513,111	526,678	569,123	553,452
1,038,574	881,717	1,000,158	910,558	1,166,427	1,962,927
656,566	1,550,687	2,330,966	1,018,904	986,689	1,122,433
2,675,884	3,004,849	3,200,609	7,928,692	3,079,569	4,972,200
5,102,082	5,890,153	7,125,117	10,464,870	5,894,028	8,737,749
3,356,138	3,528,741	3,793,951	3,900,428	4,124,002	4,212,200
4,466,819	4,462,862	4,393,485	5,039,665	5,501,096	5,789,672
162,093	176,446	207,790	356,746	593,026	585,428
13,711	7,570	7,125	22,719	-	-
3,118,474	249,325	22,792	32,879	26,463	1,349,613
11,117,235	8,424,944	8,425,143	9,352,437	10,244,587	11,936,913
\$ 16,219,317	\$ 14,315,097	\$ 15,550,260	\$ 19,817,307	\$ 16,138,615	\$ 20,674,662
\$ 2,466,797	\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630	\$ 3,193,826
6,853,580	7,110,586	6,951,984	8,643,912	9,371,247	9,011,059
4,858,591	4,783,978	3,536,516	6,767,143	5,140,112	6,085,102
4,219,744	3,622,589	3,760,769	4,425,231	4,598,875	4,850,625
719,033	838,465	930,211	661,675	776,785	793,238
597,661	741,140	1,810,521	1,838,469	1,643,875	2,737,812
597,515	681,353	467,067	533,935	555,080	763,409
20,312,921	20,187,763	19,868,546	25,444,644	24,826,604	27,435,071
1,746,635	1,769,325	1,865,980	2,085,679	2,416,996	2,317,991
4,116,664	4,233,447	4,039,871	4,102,829	4,771,273	5,080,104
138,355	142,238	158,194	145,871	144,239	160,142
-	-	-	-	-	-
-	-	-	158,112	371,296	366,779
6,001,654	6,145,010	6,064,045	6,492,491	7,703,804	7,925,016
\$ 26,314,575	\$ 26,332,773	\$ 25,932,591	\$ 31,937,135	\$ 32,530,408	\$ 35,360,087

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
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
2021	6,719,318	1,649,356	11,370	398,482	8,778,526
2022	7,016,229	2,023,232	13,186	353,317	9,405,964
2023	7,385,862	1,986,933	12,654	631,480	10,016,929
2024	7,646,772	1,723,312	13,778	847,397	10,231,259

Sources of Data: Included General Fund, Special Revenue funds Capital Project funds, and Debt

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
2015	\$ 5,958,550	\$ 5,879,780	97.71 %	\$ 78,770	\$ 5,958,312	100.00 %
2016	6,156,614	6,086,218	97.82	70,396	6,156,353	100.00
2017	6,236,269	6,210,749	98.68	25,520	6,235,294	99.98
2018	6,310,770	6,199,264	98.86	111,506	6,310,127	99.99
2019	6,310,770	6,182,403	99.59	128,367	6,308,072	99.96
2020	6,520,259	6,370,347	97.70	149,912	6,518,352	99.97
2021	6,707,233	6,544,859	97.58	162,374	6,698,521	99.87
2022	6,941,914	6,820,799	98.26	121,115	6,925,237	99.76
2023	7,341,000	7,210,118	98.22	130,882	7,282,122	99.20
2024	7,691,500	7,544,885	98.09	146,615	7,544,885	98.09

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

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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
2015	\$ 1,425,096	\$ 1,425,096	100.00 %	\$ 47	\$ 308,792
2016	1,710,255	1,710,193	100.00	62	495,935
2017	1,341,595	1,340,381	99.91	1,214	277,776
2018	1,389,166	1,387,665	99.89	1,501	360,006
2019	1,321,102	1,314,480	99.50	6,622	246,620
2020	1,265,153	1,258,224	99.45	6,929	217,588
2021	1,150,627	1,134,559	98.60	16,068	154,962
2022	726,865	656,833	90.37	70,032	235,370
2023	641,602	554,564	86.43	87,038	156,703
2024	1,517,456	1,251,137	82.45	266,319	109,069

Note: Certified assessments only.

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

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

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>	
<u>Year Ended December 31,</u>	<u>Tax Capacity</u>	<u>Estimated Market Value</u>	<u>Tax Capacity</u>	<u>Estimated Market Value</u>
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	11,111,511	1,040,769,500	326,642	16,341,200
2021	11,518,988	1,078,331,800	210,992	10,558,700
2022	14,301,565	1,317,774,800	252,841	12,657,800
2023	14,744,364	1,353,731,800	235,959	11,811,600
2024	14,708,934	1,353,988,000	227,527	11,390,000

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.

Source: Freeborn County Auditor/Treasurer.

Table 9

Total		Percent of Tax Capacity to Estimated Market Value		Total Direct Rate
Tax Capacity	Estimated Market Value			
\$ 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
11,438,153	1,057,110,700	1.08		60.064
11,729,980	1,088,890,500	1.08		60.337
14,554,406	1,330,432,600	1.09		60.677
14,980,323	1,365,543,400	1.10		52.290
14,936,461	1,365,378,000	1.09		54.025

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
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
2021	43.414	0.000	16.923	60.337
2022	44.271	0.000	16.405	60.677
2023	39.305	0.000	12.985	52.290
2024	40.223	0.000	13.802	54.025

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.

Source: Freeborn County Auditor/Treasurer.

Table 10

Overlapping Governments			Direct and Overlapping Total
School District	County	Special District	
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
27.344	63.737	2.972	154.390
25.869	63.069	3.015	152.630
21.540	52.214	2.756	128.800
19.692	48.388	3.341	125.446

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

Taxpayer	Business Type	2024		
		Taxable Market Value	Rank	Percentage of Total Market Valuation
Vortex Cold Storage LLC	Warehouse	\$ 19,002,900	1	1.40 %
Saint Paul Properties	Industrial	9,588,200	2	0.71
Minnesota Energy Resources	Utility	7,565,500	3	0.56
Freeborn-Mower Coop	Utility	7,289,200	4	0.54
Wal-Mart Real Estate Business	Retail	6,678,000	5	0.49
ITC Midwest, LLC	Utility	5,659,900	6	0.42
Pratt Properties	Corrugated Box	5,628,800	7	0.42
Albert Lea Port Authority	Economic Development	5,807,600	8	0.43
St John's Lutheran Home	Healthcare	7,907,900	9	0.58
Larson Manufacturing Company	Manufacturing	5,320,990	10	0.39
Home Depot USA	Retail	-	-	-
E Family C	Office Park	-	-	-
Interstate Power Company	Utility	-	-	-
Continental Albert Lea LLP	Warehouse	-	-	-
Trails Truck & Travel Plaza	Travel Center	-	-	-
MCB Properties, LTD	Corrugated Box	-	-	-
Mayo Clinic Health Systems	Healthcare	-	-	-
Carrington Family Trust	Commercial Land & Bldgs	-	-	-
Total		<u>\$ 80,448,990</u>		<u>5.94 %</u>

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

Table 11

2015		
Market Value	Rank	Percentage of Total Market Valuation
\$ -	-	- %
-	-	-
-	-	-
-	-	-
5,510,950	2	0.62
-	-	-
-	-	-
2,847,650	10	0.32
-	-	-
-	-	-
3,435,200	6	0.39
3,242,250	8	0.36
18,159,250	1	2.04
5,466,100	3	0.61
2,865,900	9	0.32
5,409,600	4	0.61
3,330,500	7	0.37
4,041,550	5	0.45
<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 Armory Bonds	G.O. Tax Increment Bonds	Notes Payable	Equipment Certificates	Special Assessment Bonds (2)	
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	
2021	-	-	133,654	405,000	19,327,762	
2022	-	-	117,585	250,000	19,889,805	
2023	-	-	410,548	80,000	19,562,138	
2024	-	-	626,936	505,000	30,284,867	

(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)
\$ 1,252,353	\$ 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
10,499,445	80,000	1,228,465	31,674,326	3.73	1,713
12,040,697	40,000	1,179,000	33,517,087	3.59	1,831
11,423,862	-	1,128,000	32,604,548	3.13	1,762
13,056,751	-	1,946,775	46,420,329	3.68	2,540

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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)
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	22,817,923	(13,519,419)	9,298,504	83.27%	512
2020	25,129,965	(13,527,062)	11,602,903	101.44%	640
2021	31,674,326	(13,676,863)	17,997,463	153.43%	973
2022	32,338,087	(13,283,697)	19,054,390	130.92%	1,041
2023	31,476,548	(12,324,424)	19,152,124	127.85%	1,035
2024	44,473,554	(12,796,378)	31,677,176	212.08%	1,733

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

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

(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			
	2015	2016	2017	2018
Debt Limit	\$ 26,752,776	\$ 27,590,142	\$ 27,518,049	\$ 26,752,776
Total net debt applicable to limit	<u>1,163,189</u>	<u>944,521</u>	<u>879,593</u>	<u>692,982</u>
Legal debt margin	<u>\$ 25,589,587</u>	<u>\$ 26,645,621</u>	<u>\$ 26,638,456</u>	<u>\$ 26,059,794</u>
Total net debt applicable to the limited as a percentage of debt limit	4.35%	3.42%	3.20%	2.59%

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					
2019	2020	2021	2022	2023	2024
\$ 27,590,142	\$ 28,983,831	\$ 32,666,715	\$ 39,912,978	\$ 40,966,302	\$ 40,961,340
690,940	670,000	485,000	290,000	80,000	505,000
<u>\$ 26,899,202</u>	<u>\$ 28,313,831</u>	<u>\$ 32,181,715</u>	<u>\$ 39,622,978</u>	<u>\$ 40,886,302</u>	<u>\$ 40,456,340</u>
2.50%	2.31%	1.48%	0.73%	0.20%	1.23%

Legal Debt Margin Calculation for Fiscal Year

Estimated Taxable Market Value	<u>\$ 1,365,378,000</u>
Debt Limit (3% of taxable market value)	<u>\$ 40,961,340</u>
Legal Debt Margin	<u>\$ 40,961,340</u>

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

Table 15

Jurisdiction	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Albert Lea</u>	<u>City of Albert Lea's Share of the Debt</u>
Direct			
City of Albert Lea	\$ 29,771,936	100.00 %	<u>\$ 29,771,936</u>
Overlapping			
School District #241	33,850,318	21.96	7,434,979
County of Freeborn	9,065,000	44.27	4,013,019
Shell Rock River Watershed	888,162	22.52	<u>200,057</u>
Total overlapping debt			<u>11,648,055</u>
Total direct and overlapping debt			<u><u>\$ 41,419,991</u></u>

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.

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

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		
2015	\$ 2,510,268	\$ 1,301,217	\$ 1,209,051	\$ 185,000	\$ 54,059	\$ 239,059	506% %
2016	2,729,257	1,344,681	1,384,576	205,000	54,362	259,362	534%
2017	2,929,831	1,347,363	1,582,468	205,000	44,249	249,249	635%
2018	3,120,669	1,541,431	1,579,238	215,000	34,284	249,284	634%
2019	3,321,001	1,358,060	1,962,941	223,767	28,929	252,696	777%
2020	3,491,601	1,332,705	2,158,896	118,666	50,942	169,608	1273%
2021	3,754,751	1,380,451	2,374,300	246,000	195,651	441,651	538%
2022	3,862,862	1,467,465	2,395,397	242,196	152,740	394,936	607%
2023	4,084,332	1,747,905	2,336,427	548,000	241,453	789,453	296%
2024	4,171,641	1,587,879	2,583,762	554,000	221,996	775,996	333%

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		
2015	\$ 4,534,385	\$ 2,564,397	\$ 1,969,988	\$ -	\$ -	\$ -	- %
2016	4,230,589	2,462,142	1,768,447	-	-	-	-
2017	4,250,258	2,361,015	1,889,243	-	-	-	-
2018	4,213,234	2,874,193	1,339,041	-	-	-	-
2019	4,450,023	2,867,173	1,582,850	20,297	4,337	24,634	6425%
2020	4,446,636	2,969,112	1,477,524	111,000	8,267	119,267	1239%
2021	4,374,686	2,725,514	1,649,172	39,000	17,941	56,941	2896%
2022	5,015,365	2,763,889	2,251,476	107,383	10,339	117,722	1913%
2023	5,485,454	3,421,318	2,064,136	118,000	64,208	182,208	1133%
2024	5,773,869	3,750,432	2,023,437	193,000	57,986	250,986	806%

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)
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
2021	18,492	849,319,068	45,929	3,572	2.9
2022	18,301	934,211,147	51,047	3,460	3.1
2023	18,500	1,042,419,500	56,347	3,338	2.7
2024	18,278	1,261,401,336	69,012	3,335	2.3

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).

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City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Top 10 Water System Customers
(by Units of Consumption for 2024)

Table 19

Customers	Business Type	Consumption in Cubic Feet for 12 months ended 12/31/24	Percent of Total Consumption
Mrs. Gerry's Kitchen	Industrial	9,180,301	10.0 %
Cargill Meat Solution Corporation	Industrial	6,373,496	7.0
Hormel Albert Lea Select Foods	Industrial	5,876,653	6.4
Mayo Clinic Health Systems Albert Lea	Clinic/Hospital	1,973,647	2.2
AmTech Ingredients, LLC	Industrial	1,640,751	1.8
Ventura Foods LLC	Industrial	1,615,948	1.8
Albert Lea Electro Plating Inc	Industrial	984,486	1.1
Stoney Creek Estates	Commercial	895,700	1.0
Lou Rich	Industrial	864,780	0.9
Schipp's Pro Power Wash	Industrial	773,984	0.8

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	2024		
		Number of Employees	Rank	Percent of Total City Employee
Albert Lea Area Schools	Education (Pre K-12)	820	1	8.14 %
Mayo Clinic Health Systems - Albert Lea	Medical	800	2	7.94
Albert Lea Select Foods	Pork Processing	560	3	5.56
Innovance	Manufacturing	411	4	4.08
Freeborn County	County Government	313	5	3.11
Riverland Community College	Post-Secondary education	300	6	2.98
Cargill Incorporated	Agribusiness	295	7	2.93
Mrs Gerry's Kitchen	Agribusiness	278	8	2.76
Hy-Vee Food Store	Grocery	259	9	2.57
Wal-Mart	Discount retail	251	10	2.49
Lou-Rich, Inc	Manufacturing	-		-
St. John's Lutheran Home	Nursing Home, Assisted Living	-		-
Good Samaritan Center	Nursing Home, Assisted Living	-		-
Total		<u>4,287</u>		<u>42.54 %</u>

Table 20

2015		
Number of Employees	Rank	Percent of Total City Employee
482	2	3.17 %
1,230	1	7.63
387	3	2.46
-	-	-
281	6	1.79
296	4	-
278	8	2.03
-	-	-
-	-	-
285	5	1.81
250	9	1.59
280	7	1.91
240	10	2.23
<u>4,009</u>		<u>24.62 %</u>

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

Function	Fiscal Year			
	2015	2016	2017	2018
General Government				
Administration	4.00	4.00	4.00	4.00
Human resources	1.50	1.50	1.50	1.50
Finance	4.50	4.00	4.50	4.50
Legal	2.00	2.00	2.00	2.00
Public information	1.00	1.00	1.00	1.00
Planning	-	-	-	-
City Center	1.00	1.00	1.00	1.00
Police				
Sworn officers	26.50	26.50	26.50	26.50
Other	2.50	2.50	2.90	2.90
Fire and Inspection				
Fire	16.50	16.50	16.50	16.50
Inspection	3.00	3.00	4.00	4.00
Public Works				
Engineering	5.40	5.40	5.40	5.40
Street and garage	12.00	12.00	12.34	12.59
Water	9.00	9.00	9.33	9.58
Sewer	13.50	13.50	13.83	14.08
Solid waste management	1.00	1.00	1.00	1.00
Parks and Recreation				
Recreation	2.85	2.85	2.85	2.35
Swimming	0.15	0.15	0.15	0.15
Senior citizen center	1.50	1.50	1.50	1.50
Arena	3.00	3.00	3.00	2.50
Parks	8.00	8.00	8.00	9.25
Library	11.50	12.70	12.70	13.70
Community Development	-	-	-	-
Total employees	<u>141.22</u>	<u>140.95</u>	<u>140.50</u>	<u>140.50</u>

Source: 2024 Budget

Table 21

Fiscal Year					
2019	2020	2021	2022	2023	2024
4.00	4.00	4.00	4.00	4.00	3.00
1.50	1.50	1.50	1.50	1.50	1.50
4.35	4.35	4.50	4.50	4.50	4.50
2.00	2.00	2.00	2.00	2.00	1.00
1.00	1.00	1.00	2.00	2.00	2.00
-	1.25	1.25	1.00	1.00	1.00
0.50	0.50	0.60	0.60	0.60	0.60
27.50	27.50	27.50	27.50	27.50	28.50
3.00	2.50	3.50	4.00	4.00	3.00
16.50	17.00	17.00	17.50	17.50	17.50
3.50	3.75	3.75	4.00	4.00	4.00
5.40	5.40	5.40	5.40	5.40	5.40
12.29	12.29	12.54	12.54	12.54	12.50
8.58	8.58	8.63	8.63	8.63	8.60
15.08	15.08	15.13	15.13	15.13	15.10
1.25	1.25	1.25	1.25	1.25	1.00
2.85	2.85	2.70	3.00	3.00	3.00
0.25	0.25	0.35	0.20	0.20	0.20
1.55	1.70	-	-	-	-
1.90	1.90	1.75	2.13	2.13	2.30
9.25	9.25	9.20	9.54	9.54	9.50
13.58	12.65	12.25	12.25	12.25	12.30
1.15	-	-	-	-	-
136.98	136.55	135.80	138.67	138.67	136.50

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

Function	Fiscal Year			
	2015	2016	2017	2018
Police				
Stations	1	1	1	1
Patrol units	18	18	18	18
Fire Station	1	1	1	1
Streets				
Streets (miles)	138	138	138	138
Streetlights	1,862	1,862	1,862	1,862
Parks and Recreation				
Arena	1	1	1	1
Civic theater	1	1	1	1
Senior citizen center	1	1	1	1
Softball fields	5	5	5	5
Swimming pools	1	1	1	1
Splash pad	-	-	1	1
Tennis courts	3	3	3	3
Parks acreage	432	432	432	432
Parks	44	44	44	44
Water				
Storage capacity (millions of gallons)	2	2	2	2
Watermains (miles)	116	116	116	116
Pumping plants	4	4	4	4
Fire hydrants	1,156	1,156	1,156	1,156
Sewer				
Sanitary sewers (miles)	110	110	110	110
Storm sewers (miles)	59	59	59	59
Maximum daily treatment capacity (millions of gallons)	13	13	13	13

Table 22

Fiscal Year					
2019	2020	2021	2022	2023	2024
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
138	138	138	138	138	138
1,869	1,870	1,870	1,870	1,870	1,870
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
5	5	5	5	5	5
1	1	1	1	1	1
1	1	1	1	1	1
3	7	7	7	7	7
432	432	432	432	432	432
44	44	44	44	44	44
2	2	2	2	2	2
117	117	117	117	117	117
4	4	4	4	4	4
1,169	1,169	1,169	1,169	1,169	1,169
111	111	111	111	111	111
59	59	59	59	59	59
13	13	13	13	13	13

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

	Fiscal Year			
	2015	2016	2017	2018
Police				
Class I crimes	406	347	433	496
Class II crimes	599	571	372	624
Fire				
Number of calls answered	2,084	2,143	2,091	2,271
Inspections	388	437	395	610
Highways and Streets				
Street resurfacing (miles)	1.43	5.19	3.35	4.51
Culture and recreation				
Boat dock permits	257	265	262	266
Park facility rentals	341	311	343	340
Water				
New connections	17	19	10	20
Watermain breaks	28	26	39	59
Average daily consumptions (thousand of gallons)	3,073	2,930	2,853	2,753
Wastewater				
Average daily sewage treatment (thousand of gallons)	3,615	4,376	3,654	3,630

Table 23

Fiscal Year					
2019	2020	2021	2022	2023	2024
551	522	485	352	411	302
678	708	693	766	727	621
2,404	2,445	2,656	2,888	2,742	2,950
1,052	473	155	558	505	526
2.19	3.23	2.19	3.89	1.51	2.31
269	271	279	275	269	269
383	7	339	327	332	366
68	38	20	16	12	5
38	40	41	36	35	25
5,501	2,548	2,566	2,434	2,483	2,336
4,853	3,216	2,947	2,615	2,926	3,250