

# Annual Comprehensive Financial Report

Albert Lea, Minnesota  
Year ended December 31, 2025





CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2025

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada  
Published June 17, 2026



**City of Albert Lea, Minnesota  
Table of Contents**

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	3
Elected Officials and Administration	7
Organizational Chart	9
GFOA Certificate of Achievement for Excellence in Financial Reporting	11
<b>Financial Section</b>	
Independent Auditor's Report	15
Management's Discussion and Analysis	19
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	34
Statement of Activities	36
Fund Financial Statements	
Governmental Funds	
Balance Sheet	38
Reconciliation of the Balance Sheet to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	44
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	45
Proprietary Funds	
Statement of Net Position	46
Statement of Revenues, Expenses, and Changes in Net Position	48
Statement of Cash Flows	49
Fiduciary Fund	
Statement of Fiduciary Net Position	51
Statement of Changes in Fiduciary Net Position	51
Notes to Basic Financial Statements	53
<b>Required Supplementary Information</b>	
Schedule of Changes in Total OPEB Liability and Related Ratios	98
Schedule of City's Proportionate Share of Net Pension Liability - General Employees Retirement Fund	100
Schedule of City's Proportionate Share of Net Pension Liability - Public Employees Police and Fire Retirement Fund	100
Schedule of City Contributions - General Employees Retirement Fund	101
Schedule of City Contributions - Public Employees Police and Fire Retirement Fund	101
Notes to Required Supplementary Information	102

**City of Albert Lea, Minnesota  
Table of Contents**

	<u>Page</u>
<b>Financial Section (Continued)</b>	
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	115
Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	117
Nonmajor Special Revenue Funds	119
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124
Budgeted Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Senior Center	128
Airport Fund	129
Nonmajor Capital Projects Funds	131
Combining Balance Sheet	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	140
Nonmajor Debt Service Funds	147
Combining Balance Sheet	150
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	154
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	158
 <b>Statistical Section (Unaudited)</b>	
	<u>Table</u>
Financial Trends	
Net Position by Component	1
Change in Net Position	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
Revenue Capacity	
Program Revenues by Function	5
Governmental Activities Tax Revenues by Source	6
Property Tax Levies and Collections	7
Certified Special Assessment Collections	8
Tax Capacity and Estimated Value of Taxable Property	9
Property Tax Rates and Tax Levies	
- Direct and Overlapping Governments	10
Debt Capacity	
Principal Property Taxpayers	11
Ratios of Outstanding Debt by Type	12
Ratios of Net General Bonded Debt Outstanding	13
Legal Debt Margin Information	14
Computation of Direct and Overlapping Debt	15

**City of Albert Lea, Minnesota  
Table of Contents**

<b>Statistical Section (Unaudited) (Continued)</b>	<u>Table</u>	<u>Page</u>
Demographic and Economic Information		
Schedule of Water Fund Bond Coverage	16	197
Schedule of Sewer Fund Bond Coverage	17	198
Demographic Statistics	18	199
Operating Information		
Top 10 Water System Customers	19	201
Principal Employers	20	202
Full-Time Equivalent Employees by Function	21	204
Capital Asset Statistics by Function	22	206
Operating Indicators by Function	23	208



**INTRODUCTORY SECTION**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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June 17, 2026

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, 2025.

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, has issued an unmodified ("clean") opinion on the City of Albert Lea's financial statements for the year ended December 31, 2025. 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 110 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 of Albert Lea continues to experience growth. Our greatest needs continue to be housing, wastewater treatment facility (WWTF) improvements, and industrial warehousing. Continued economic growth requires growth in the workforce population. Housing and daycare that are affordable are vital to expand options for those interested in joining the workforce.

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 and construction is set for 2026. The city directly repaired then sold houses, or repaired and assessed houses to improve housing stock and opportunity. The city provided lots and grant assistance on 3 new housing units that are finishing construction in 2026. There are approximately 10 more lots under agreement or proposal to be filled in 2026 and 2027.

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 hired a construction firm to perform some site and cost analysis on redeveloping the 300 Block after having to take down 3 buildings due to structural issues.

The City completed Phase 1 of the WWTF improvements. With PSIG funding increased in 2025 from \$5 million to \$12 million, the City has altered its phases and plans for construction to maximize this grant and state bonding. Requests have been submitted for the 2026 Minnesota Legislative Session.

The City altered TIF District 5-28 to expand the potential for a \$1.74M land write down to expand the existing facility and build more industrial space in the Port Authorities industrial park. The construction of an oat milling plant in the Port Authority industrial park started in 2025 and is expected to finish in 2026. TIF incentives were used in a land write down and pay-go note for the development.

## **Long-term Financial Planning**

The City has had to increase its operational levy and total levy over 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:

- Addition of one FTE Police Officer and restructuring of the police department to accommodate the ratio of new officers over more tenured or experienced officers.
- Loss of shared cannabis revenue from the State of Minnesota.
- Lower performance in franchise fees.
- Final stage of a 3-year wage adjustment to match market wages and maintain pay equity.

Operational increases and capital planning are planned out for 5 years, and estimated as to how the levy will increase or remain flat. 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 worked on a strategic plan to focus the next 4-5 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, such as 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 of 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. Neighborhood focused projects are underway, such as lead water service line replacements through to 2027. The City has been successful in receiving 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 continues to work to dispose of City owned properties for redevelopment opportunities. Continued grant efforts for remediation costs to remove soil contamination are necessary for the success of full redevelopment. The City has remediated one parcel in 2024 and will officially sell the parcel in 2026. In 2025, phase one of a road and stormwater installation was completed. In 2026, construction of apartments on another parcel will commence, requiring remediation and road extension. Congressionally Directed Spending was awarded to continue remediation of the Blazing star in the amount of \$2.6M.

Staff is working with state and federal legislators on funding for the reconstruction of the wastewater treatment facility and reducing the amount of phosphorus in the Shell Rock River. This project is an estimated \$80 million dollars in construction with approximately \$6M spent on design and Phase 1 completion. City staff is working with Federal legislators on funding certain portions of the project within the Direct Congressional Appropriations process. Staff is working with State Legislators on a \$25M Bonding bill that may be broken into 2 phases while also seeking \$12M in PSIG funding. If successful, this will pay for approximately 50% of the project total, leaving bonding repaid by utilities covering the remainder.

The 2024 recreational facility improvement referendum project is near completion. In 2026 the City will file for its tax incentives for the solar and geothermal expenses at the Arena and the WWTF. Payment is expected in 2027.

The City is proposing a \$40M sales tax referendum with \$20M going to education and recreation expansion or liabilities of the City while \$20M goes towards continued water quality improvements. The expected referendum vote is in November 2026. The current sales tax is expected to expire September 30<sup>th</sup>, 2026 and not resume until October 1<sup>st</sup>, 2027 if the referendum passes.

### **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 annual comprehensive financial report for the year ended December 31, 2024. This is the forty-second consecutive year (1983-2024) that the City of Albert Lea has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized 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,



Patrick Ian Rigg  
City Manager

**City of Albert Lea, Minnesota  
Elected Officials and Administration  
December 31, 2025**

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
Ted Herman	Council Member - Ward 3	December 31, 2026
Reid Olson	Council Member - Ward 4	December 31, 2026
Keith Van Beek	Council Member - Ward 5	December 31, 2028
Brian J. Anderson	Council Member - Ward 6	December 31, 2026

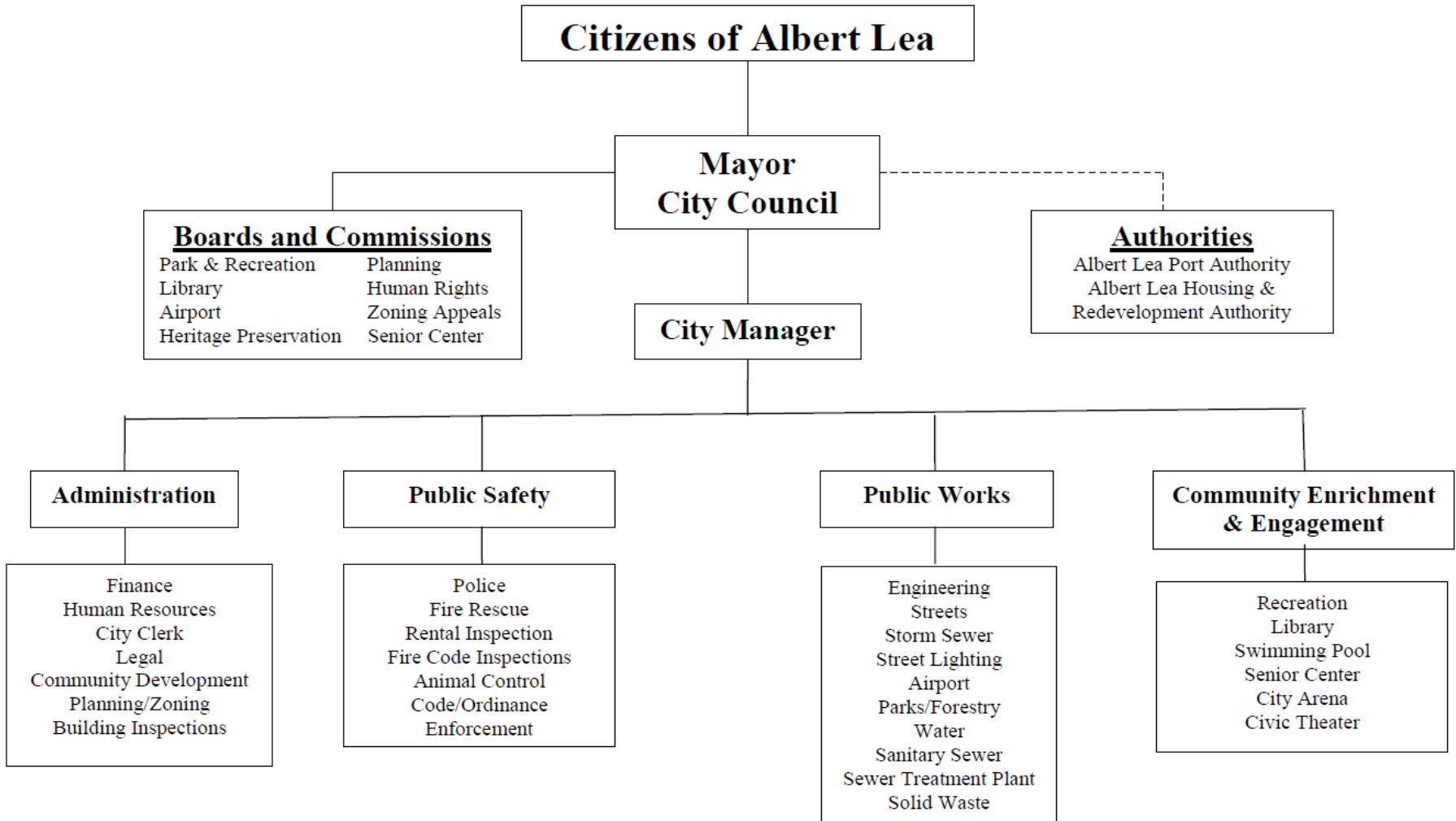
**Administration**

Ian Rigg	City Manager
Kristi Brutlag	Finance Director
Megan Boeck	City Planner
Darren Hanson	Police Chief
Steven Jahnke	Public Works Director/City Engineer
Jeffery Laskowske	Fire Chief
Cathy Malakowsky	Director of Community Engagement and Enrichment
Daphney Maras	City Clerk
Wayne Sorensen	Building Official Zoning Administrator
Mike Zelenak	Human Resources Director

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# Organization Chart City of Albert Lea, Minnesota



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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Albert Lea  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2024

*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, 2025

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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 financial statements 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 (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's 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, 2025, 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.

We did not audit the financial statements of the discretely presented component units, the Port Authority and Housing Redevelopment Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included for these component units, is based solely on the report of other auditors.

#### **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* (GAS), 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 the 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 GAS 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 GAS, 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.

### **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, 2026, 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, 2026

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## 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, 2025. 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 \$166,058,807 (*net position*). Of this amount, \$29,766,779 (*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 \$2,691,878 and net position of the governmental activities increased by \$2,025,805. This resulted in a total net position increase of \$4,717,683, excluding the restatement to beginning net position of \$896,815.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$31,142,740, a decrease of \$9,691,141 from the prior year. This decrease relates primarily to the spend of debt proceeds as large projects were completed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,262,560. 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 2026 budgeted General Fund expenditures and transfers out, \$1,147,360 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**

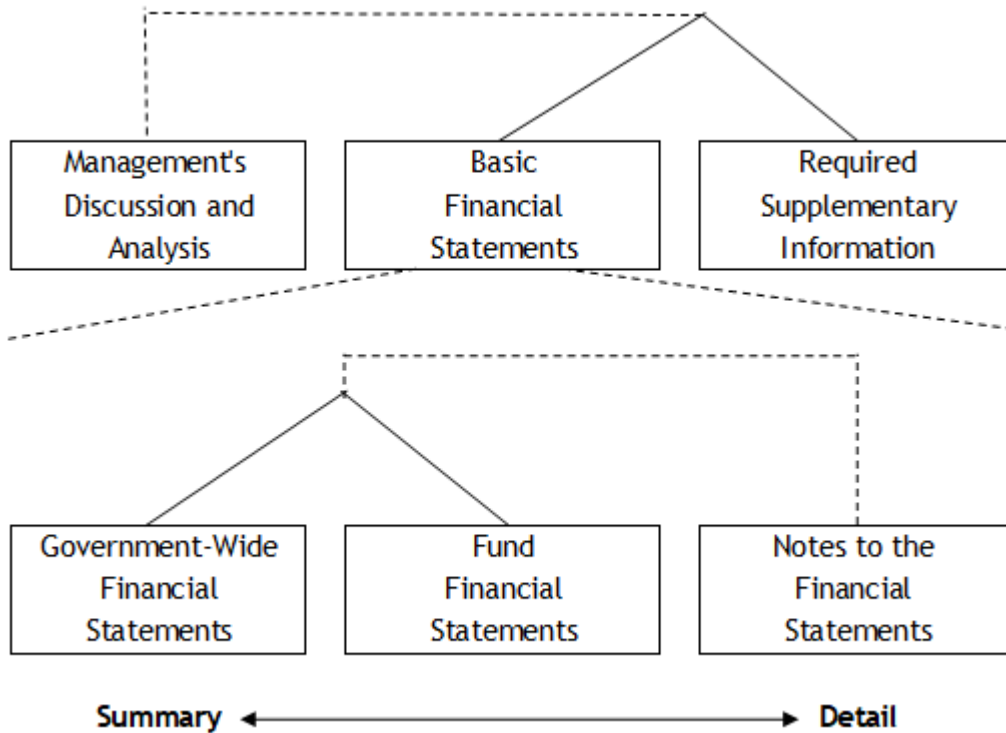


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explain the structure and contents of each of the 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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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

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

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

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**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 38 of this report.

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

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

The basic proprietary funds financial statements start on page 46 of this report.

**Notes to 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 53 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 116 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 \$166,058,807 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (72.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Net Position**

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 44,294,529	\$ 52,082,968	\$ (7,788,439)	\$ 20,062,186	\$ 19,300,860	\$ 761,326
Capital assets	103,934,628	93,344,084	10,590,544	61,961,613	58,511,350	3,450,263
Total assets	<u>148,229,157</u>	<u>145,427,052</u>	<u>2,802,105</u>	<u>82,023,799</u>	<u>77,812,210</u>	<u>4,211,589</u>
<b>Deferred Outflows of Resources</b>						
Deferred OPEB resources	610,222	312,540	297,682	74,192	47,983	26,209
Deferred pension resources	5,263,154	6,908,176	(1,645,022)	143,883	148,471	(4,588)
Total deferred outflows of resources	<u>\$ 5,873,376</u>	<u>\$ 7,220,716</u>	<u>\$ (1,347,340)</u>	<u>\$ 218,075</u>	<u>\$ 196,454</u>	<u>\$ 21,621</u>
<b>Liabilities</b>						
Other liabilities	\$ 7,257,783	\$ 6,822,632	\$ 435,151	\$ 2,436,475	\$ 2,208,456	\$ 228,019
Noncurrent liabilities	35,348,562	36,084,589	(736,027)	16,477,102	15,067,056	1,410,046
Total liabilities	<u>42,606,345</u>	<u>42,907,221</u>	<u>(300,876)</u>	<u>18,913,577</u>	<u>17,275,512</u>	<u>1,638,065</u>
<b>Deferred Inflows of Resources</b>						
Deferred OPEB resources	867,034	708,928	158,106	105,416	108,840	(3,424)
Deferred pension resources	7,405,714	8,730,799	(1,325,085)	387,514	480,823	(93,309)
Total deferred inflows of resources	<u>8,272,748</u>	<u>9,439,727</u>	<u>(1,166,979)</u>	<u>492,930</u>	<u>589,663</u>	<u>(96,733)</u>
<b>Net Position</b>						
Net investment in capital assets	73,133,431	71,677,398	1,456,033	47,212,296	45,782,277	1,430,019
Restricted	15,946,301	14,412,183	1,534,118	-	5,754	(5,754)
Unrestricted	14,143,708	14,211,239	(67,531)	15,623,071	14,355,458	1,267,613
Total net position	<u>\$ 103,223,440</u>	<u>\$ 100,300,820</u>	<u>\$ 2,922,620</u>	<u>\$ 62,835,367</u>	<u>\$ 60,143,489</u>	<u>\$ 2,691,878</u>

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Summary of Net Position (Continued)**

An additional portion of the City's net position (8.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (19.0%) 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 \$2,025,805 (excluding the restatement to beginning net position), thereby accounting for 43% of the growth in the net position of the City. Key elements of this change are as follows:

**Summary of Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 1,772,907	\$ 2,643,116	\$ (870,209)	\$ 11,315,492	\$ 10,587,300	\$ 728,192
Operating grants and contributions	1,236,026	1,122,433	113,593	295,186	-	295,186
Capital grants and contributions	3,308,673	4,972,200	(1,663,527)	1,779,224	1,349,613	429,611
General revenues						
Property taxes	8,830,770	7,660,550	1,170,220	-	-	-
Tax increments	1,011,202	847,397	163,805	-	-	-
Franchise taxes	1,805,588	1,723,312	82,276	-	-	-
State grants and contributions not restricted to specific programs	6,960,345	7,062,627	(102,282)	-	-	-
Unrestricted investment earnings	1,450,401	1,262,194	188,207	809,323	757,425	51,898
Gain on disposal of capital assets	78,643	171,705	(93,062)	-	-	-
<b>Total revenues</b>	<b>26,454,555</b>	<b>27,465,534</b>	<b>(1,010,979)</b>	<b>14,199,225</b>	<b>12,694,338</b>	<b>1,504,887</b>
<b>Expenses</b>						
General government	3,281,653	3,193,826	87,827	-	-	-
Public safety	9,548,238	9,011,059	537,179	-	-	-
Public works	6,062,897	6,085,102	(22,205)	-	-	-
Culture and recreation	4,501,145	4,850,625	(349,480)	-	-	-
Airport	920,539	793,238	127,301	-	-	-
Community development	2,036,714	2,737,812	(701,098)	-	-	-
Interest on long-term debt	1,077,327	763,409	313,918	-	-	-
Water	-	-	-	3,391,554	2,317,991	1,073,563
Sewer	-	-	-	4,604,618	5,080,104	(475,486)
Solid waste	-	-	-	143,941	160,142	(16,201)
Utility line protection plan	-	-	-	367,471	366,779	692
<b>Total expenses</b>	<b>27,428,513</b>	<b>27,435,071</b>	<b>(6,558)</b>	<b>8,507,584</b>	<b>7,925,016</b>	<b>582,568</b>
Change in net position before transfers	(973,958)	30,463	(1,004,421)	5,691,641	4,769,322	922,319
Transfers	2,999,763	2,630,000	369,763	(2,999,763)	(2,630,000)	(369,763)
Change in net position	2,025,805	2,660,463	(634,658)	2,691,878	2,139,322	552,556
Net position, January 1, as previously stated	100,300,820	97,640,357	2,660,463	60,143,489	58,004,167	2,139,322
Restatement - error correction	896,815	-	896,815	-	-	-
Net position, January 1, as restated	101,197,635	97,640,357	3,557,278	60,143,489	58,004,167	2,139,322
Net position, December 31	\$ 103,223,440	\$ 100,300,820	\$ 2,922,620	\$ 62,835,367	\$ 60,143,489	\$ 2,691,878

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

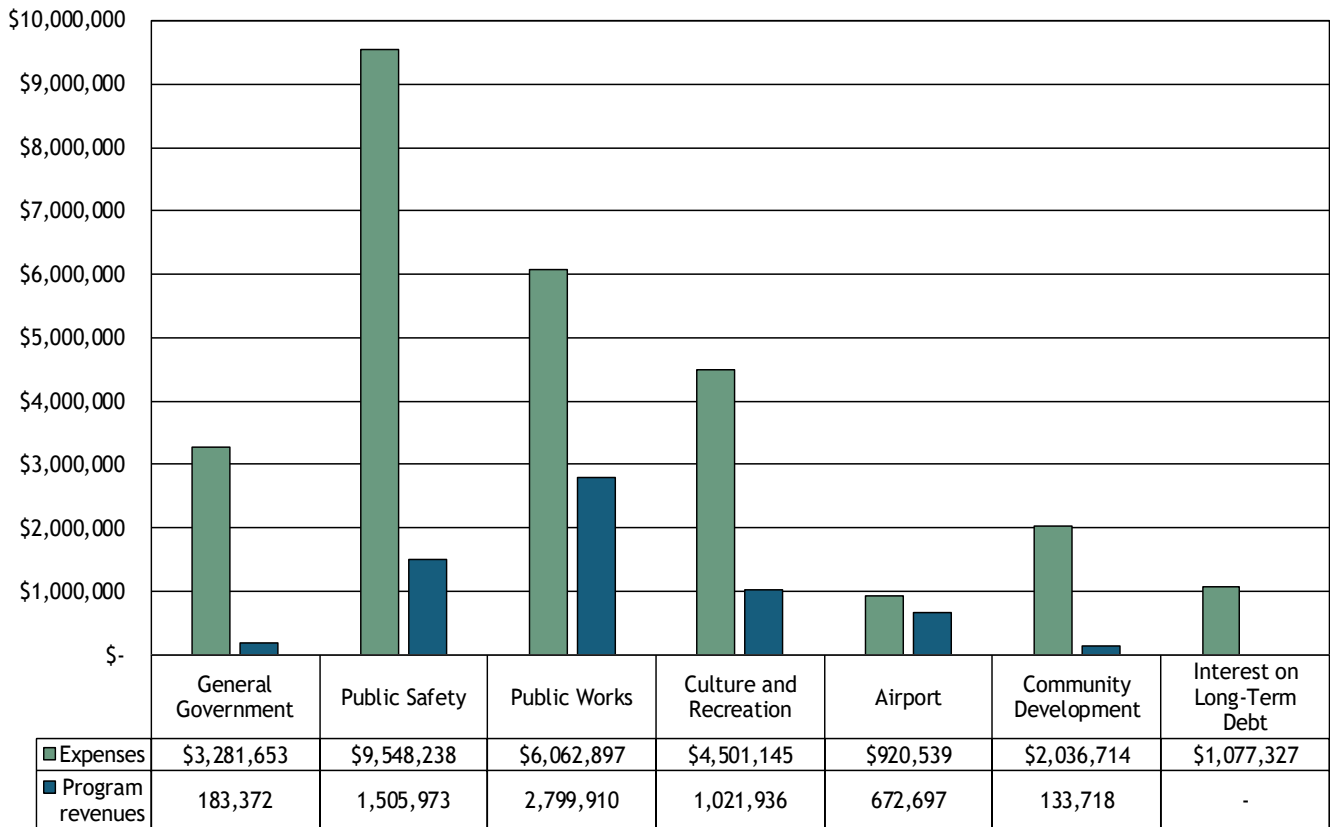
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities. (Continued)**

- Property taxes represent approximately 32.3% of total revenues in 2025 in governmental activities.
- The largest revenue variance was a \$1,170,220 increase in property taxes based on a 14% increase in the levy (9.6% of which relates to voter approved increases for project funding) in 2025 compared to 2024.
- The largest expense variance was a decrease in the community development segment as a result of non-capitalizable expenses as projects for related projects during 2024.

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

**Expenses and Program Revenues - Governmental Activities**

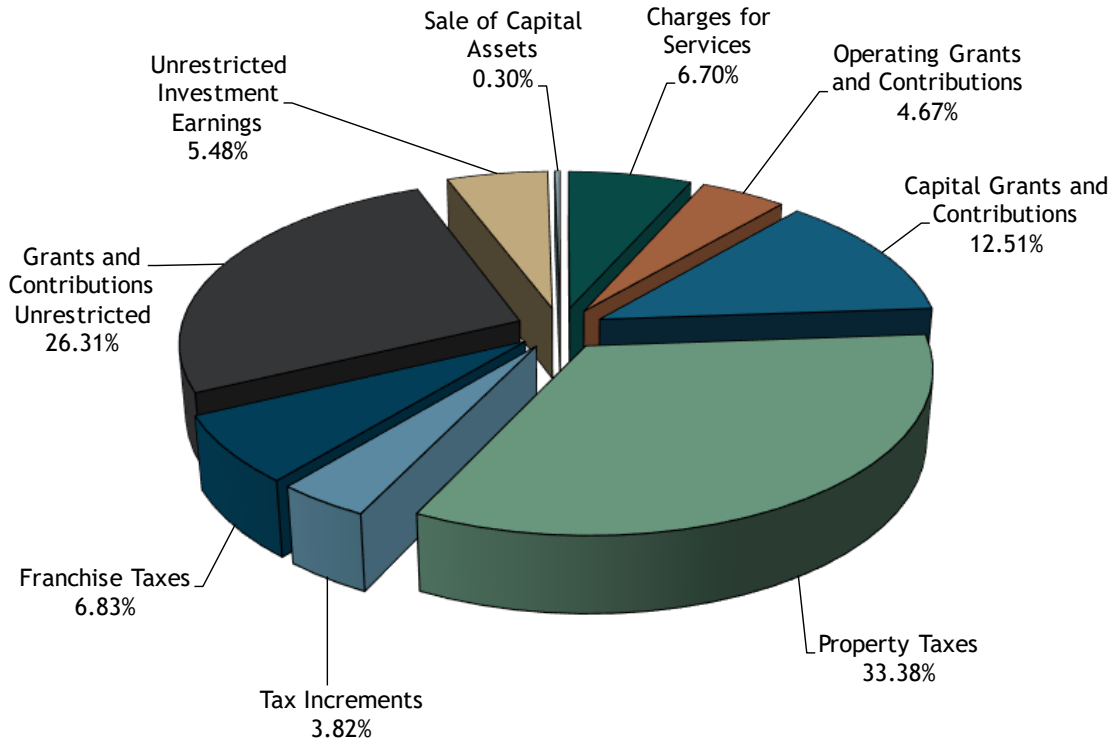


City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

Revenues by Source - Governmental Activities

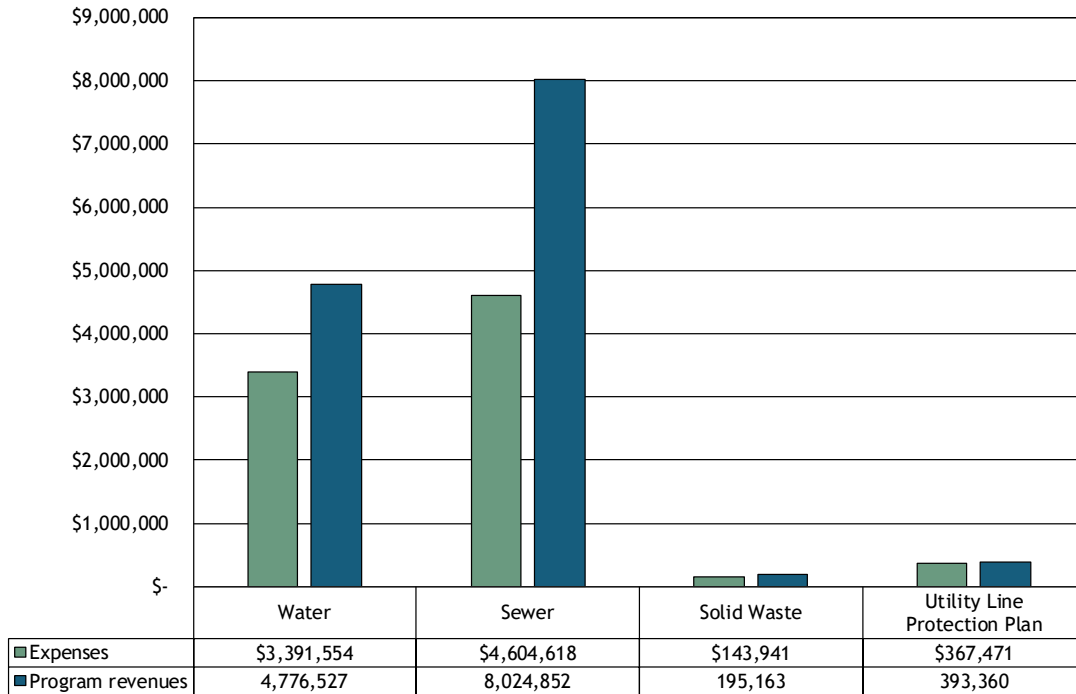


**City of Albert Lea  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Business-Type Activities.** Business-type activities increased the City's net position by \$2,691,878 primarily due to the operating income of the Sewer Fund. Elements of the increase are as follows:

**Expenses and Program Revenues - Business-Type Activities**

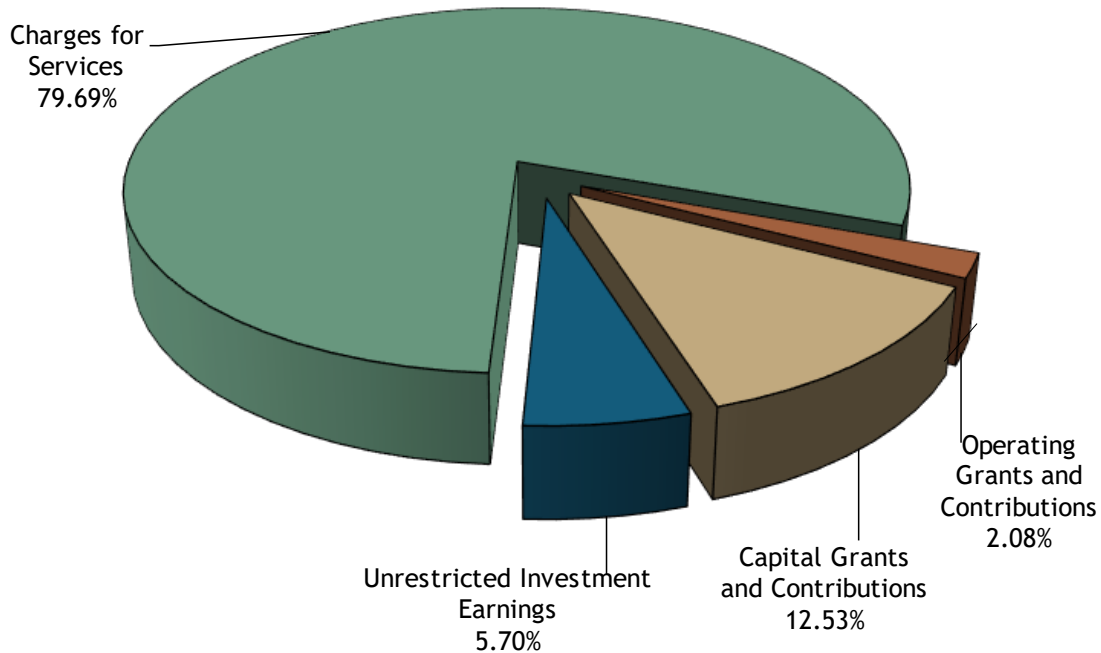


City of Albert Lea  
Management's Discussion and Analysis

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 \$31,142,740, a decrease of \$9,691,141 in comparison with the prior year. Approximately 19% of this total amount (\$5,870,976) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$25,271,764) is not available for new spending because it is either 1) nonspendable (\$2,764,186), 2) restricted (\$9,032,827), 3) committed (\$4,088,012), or 4) assigned (\$9,386,739) for the purposes described in the fund balance section of each balance sheet.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2025	2024	
<b>General</b>	\$ 13,026,746	\$ 12,615,394	\$ 411,352
<b>Debt Service Reserve</b>	\$ 20,208	\$ 2,227	\$ 17,981
<b>Recreation Facilities Projects</b>	\$ (657,563)	\$ 9,306,996	\$ (9,964,559)
<b>2026 Projects</b>	\$ (186,215)	-	N/A

The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$411,352. The incline was related to increased tax revenues and a decrease of transfers out.

The Debt Service Reserve had a total fund balance of \$20,208. Fund balance increased \$17,981 from 2024 due to special assessment revenue exceeding transfers out to other debt service funds.

The Recreation Facilities Projects fund had a total fund balance of \$(657,563). Fund balance decreased \$9,964,559 from 2024 due to completing large projects during the year and the timing of revenues and transfers.

The 2026 Projects fund had a total fund balance of \$(186,215). This was a new fund this year so no revenue or transfers have been recorded but certain expenses have been incurred as projects are in early phases, causing the negative fund balance.

**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 \$16,315,784. The total increase in net position for the funds was \$2,706,961.

**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 \$411,352 in 2025. Some of the larger variances are as follows:

- Overall, actual revenue was \$29,960, or 0.2%, over budget. Tax revenue was \$420,288 under budget related to franchise taxes coming in lower than budgeted. Intergovernmental revenue was \$159,054 over budget due in part to police aid and fire aid being higher than anticipated in 2025. Miscellaneous revenue was \$336,964 over budget because of conservative budgeting.

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

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)**

**General Fund Budgetary Highlights (Continued)**

- Actual expenditures were less than budgeted amounts by \$405,963 or 2.1%. Culture and recreation came in under budget by \$323,268 with personnel costs being lower than anticipated and the arena being shut down for a portion of the year for a remodel.

**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, 2025, amounts to \$165,896,241 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Construction on the arena
- Various street and park improvement projects

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

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
Land	\$ 6,825,804	\$ 6,825,804	\$ -	\$ 375,063	\$ 375,063	\$ -
Construction in progress	14,736,986	3,398,604	11,338,382	8,551,011	3,553,522	4,997,489
Buildings	15,239,383	16,005,237	(765,854)	13,211,852	13,846,275	(634,423)
Improvements other than buildings	59,992,093	61,328,484	(1,336,391)	39,095,416	39,913,720	(818,304)
Equipment	7,140,362	5,785,955	1,354,407	728,271	822,770	(94,499)
<b>Total</b>	<b>\$ 103,934,628</b>	<b>\$ 93,344,084</b>	<b>\$ 10,590,544</b>	<b>\$ 61,961,613</b>	<b>\$ 58,511,350</b>	<b>\$ 3,450,263</b>

Additional information on the City's capital assets can be found in Note 7 starting on page 67 of this report.

**Long-Term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$42,323,665. 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  
Management's Discussion and Analysis**

**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)**

**Long-Term Debt (Continued)**

**City of Albert Lea's Outstanding Debt**

	Governmental Activities			Business-Type Activities		
	2025	2024	Increase (Decrease)	2025	2024	Increase (Decrease)
PRI Assessment Bonds	\$ 30,040,153	\$ 29,105,000	\$ 935,153	\$ -	\$ -	\$ -
Equipment Certificate	-	40,000	(40,000)	-	-	-
Notes Payable	739,981	626,936	113,045	-	-	-
Revenue Bonds	-	-	-	12,283,512	12,500,000	(216,488)
PFA Loans	-	-	-	4,579,069	1,946,775	2,632,294
<b>Total</b>	<b>\$ 30,780,134</b>	<b>\$ 29,771,936</b>	<b>\$ 1,008,198</b>	<b>\$ 16,862,581</b>	<b>\$ 14,446,775</b>	<b>\$ 2,415,806</b>

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 70 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The City approved a balanced budget for 2026.
- The City's General fund property tax levy for 2026 increased \$558,200 to \$6,533,000.
- The City updates annually a long-range financial plan to use as a tool for managing the City's tax levy, tax rate, and debt load.
- 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 2026 budgeted expenses at the end of 2025 - \$1,147,360 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, 2025**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
<b>Assets</b>					
Cash and investments	\$ 30,500,005	\$ 17,464,913	\$ 47,964,918	\$ 2,060,132	\$ 1,056,176
Cash with fiscal agent	582,622	-	582,622	-	-
Restricted cash	-	-	-	-	108,852
Taxes receivable	441,813	-	441,813	-	-
Accounts receivable	586,000	1,748,134	2,334,134	58,343	331,317
Interest receivable	88,541	-	88,541	1,170	-
Loans receivable	1,471,456	-	1,471,456	1,422,640	-
Leases receivable	-	-	-	4,190,276	-
Special assessments receivable	6,021,943	1,133,902	7,155,845	-	-
Due from other governments	2,880,314	151,128	3,031,442	2,000	-
Due from primary government	-	-	-	1,095,858	-
Internal balances	590,909	(590,909)	-	-	-
Inventory	55,048	155,018	210,066	-	-
Property held for resale	-	-	-	3,524,215	-
Prepaid items	1,075,878	-	1,075,878	8,724	1,315
Patronage equity	-	-	-	1,479	-
Investment in limited partnership	-	-	-	280,940	-
Capital assets not being depreciated/amortized					
Land	6,825,804	375,063	7,200,867	262,933	177,998
Construction in progress	14,736,986	8,551,011	23,287,997	-	3,342,594
Capital assets being depreciated/amortized					
Buildings and structures	32,166,989	36,170,039	68,337,028	10,355,684	9,727,328
Improvements other than buildings	110,390,630	61,854,583	172,245,213	-	-
Equipment	21,384,924	4,442,392	25,827,316	-	594,809
Lease buildings	-	-	-	323,288	-
Less accumulated depreciation	(81,570,705)	(49,431,475)	(131,002,180)	(6,291,556)	(8,071,535)
Less accumulated amortization	-	-	-	(53,881)	-
<b>Total assets</b>	<b>148,229,157</b>	<b>82,023,799</b>	<b>230,252,956</b>	<b>17,242,245</b>	<b>7,268,854</b>
<b>Deferred Outflows of Resources</b>					
OPEB related items	610,222	74,192	684,414	-	-
Pension related items	5,263,154	143,883	5,407,037	-	-
<b>Total deferred outflows of resources</b>	<b>5,873,376</b>	<b>218,075</b>	<b>6,091,451</b>	<b>-</b>	<b>-</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 154,102,533</b>	<b>\$ 82,241,874</b>	<b>\$ 236,344,407</b>	<b>\$ 17,242,245</b>	<b>\$ 7,268,854</b>

**City of Albert Lea**  
**Statement of Net Position**  
**December 31, 2025**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
<b>Liabilities</b>					
Accounts payable	\$ 1,578,382	\$ 634,125	\$ 2,212,507	\$ 15,919	\$ 20,731
Salaries and benefits payable	462,094	60,633	522,727	5,633	20,597
Deposits payable	140,763	10,150	150,913	-	33,498
Contracts payable	603,685	304,149	907,834	-	-
Due to other governments	-	465	465	-	73,732
Due to component unit	812,660	-	812,660	-	-
Unearned revenue	-	-	-	32,793	17,210
Other accrued liabilities	-	-	-	-	35,226
Interest payable					
Payable within one year	472,496	170,651	643,147	12,042	-
Payable after one year	-	-	-	35,000	-
Net bonds payable					
Payable within one year	2,690,000	830,000	3,520,000	-	-
Payable after one year	27,350,153	11,453,512	38,803,665	-	-
Loans/notes payable					
Payable within one year	89,300	266,000	355,300	-	-
Payable after one year	650,681	4,313,069	4,963,750	-	-
Leases payable					
Payable within one year	-	-	-	28,456	-
Payable after one year	-	-	-	250,009	-
Notes and mortgages payable					
Payable within one year	-	-	-	208,250	2,586
Payable after one year	-	-	-	3,670,988	2,726,319
Compensated absences payable					
Payable within one year	377,215	156,510	533,725	8,151	28,476
Payable after one year	1,116,219	25,065	1,141,284	-	6,715
Net pension liability					
Payable after one year	5,205,109	591,609	5,796,718	-	-
Total OPEB liability					
Payable within one year	31,188	3,792	34,980	-	-
Payable after one year	1,026,400	93,847	1,120,247	-	-
Total liabilities	<u>42,606,345</u>	<u>18,913,577</u>	<u>61,519,922</u>	<u>4,267,241</u>	<u>2,965,090</u>
<b>Deferred Inflows of Resources</b>					
OPEB related items	867,034	105,416	972,450	-	-
Pension related items	7,405,714	387,514	7,793,228	-	-
Leases receivable	-	-	-	4,190,276	-
Property taxes levied for subsequent years	-	-	-	-	81,750
Total deferred inflows of resources	<u>8,272,748</u>	<u>492,930</u>	<u>8,765,678</u>	<u>4,190,276</u>	<u>81,750</u>
<b>Net Position</b>					
Net investment in capital assets	73,133,431	47,212,296	120,345,727	1,771,483	3,042,289
Restricted for					
Fire and police operations	328,064	-	328,064	-	-
Capital improvements	1,869,473	-	1,869,473	-	-
Airport improvements	437,204	-	437,204	-	-
Debt service	13,311,560	-	13,311,560	-	-
Public housing	-	-	-	-	55,558
Unrestricted	14,143,708	15,623,071	29,766,779	7,013,245	1,124,167
Total net position	<u>103,223,440</u>	<u>62,835,367</u>	<u>166,058,807</u>	<u>8,784,728</u>	<u>4,222,014</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 154,102,533</u>	<u>\$ 82,241,874</u>	<u>\$ 236,344,407</u>	<u>\$ 17,242,245</u>	<u>\$ 7,268,854</u>

See notes to basic financial statements.

**City of Albert Lea**  
**Statement of Activities**  
**Year Ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 3,281,653	\$ 125,252	\$ 23,856	\$ 34,264
Public safety	9,548,238	696,217	807,516	2,240
Public works	6,062,897	313,160	338,868	2,147,882
Culture and recreation	4,501,145	492,845	28,371	500,720
Community development	2,036,714	96,303	37,415	-
Airport	920,539	49,130	-	623,567
Interest on long-term debt	1,077,327	-	-	-
Total governmental activities	<u>27,428,513</u>	<u>1,772,907</u>	<u>1,236,026</u>	<u>3,308,673</u>
Business-type activities				
Water	3,391,554	4,481,341	295,186	-
Sewer	4,604,618	6,245,628	-	1,779,224
Solid waste	143,941	195,163	-	-
Utility line protection plan	367,471	393,360	-	-
Total business-type activities	<u>8,507,584</u>	<u>11,315,492</u>	<u>295,186</u>	<u>1,779,224</u>
Total primary government	<u>35,936,097</u>	<u>13,088,399</u>	<u>1,531,212</u>	<u>5,087,897</u>
Component Units				
Port Authority	1,072,009	1,012,653	462	-
Housing Redevelopment Authority	2,667,481	821,926	1,395,828	460,243
Total component units	<u>\$ 3,739,490</u>	<u>\$ 1,834,579</u>	<u>\$ 1,396,290</u>	<u>\$ 460,243</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, as previously stated				
Restatement of beginning net position (see Note 16)				
Net position - beginning, as restated				
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
\$ (3,098,281)	\$ -	\$ (3,098,281)	\$ -	\$ -
(8,042,265)	-	(8,042,265)	-	-
(3,262,987)	-	(3,262,987)	-	-
(3,479,209)	-	(3,479,209)	-	-
(1,902,996)	-	(1,902,996)	-	-
(247,842)	-	(247,842)	-	-
(1,077,327)	-	(1,077,327)	-	-
<u>(21,110,907)</u>	<u>-</u>	<u>(21,110,907)</u>	<u>-</u>	<u>-</u>
-	1,384,973	1,384,973	-	-
-	3,420,234	3,420,234	-	-
-	51,222	51,222	-	-
-	25,889	25,889	-	-
<u>-</u>	<u>4,882,318</u>	<u>4,882,318</u>	<u>-</u>	<u>-</u>
<u>(21,110,907)</u>	<u>4,882,318</u>	<u>(16,228,589)</u>	<u>-</u>	<u>-</u>
-	-	-	(58,894)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,516</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,894)</u>	<u>10,516</u>
8,830,770	-	8,830,770	-	-
1,805,588	-	1,805,588	-	-
1,011,202	-	1,011,202	23,675	-
1,450,401	809,323	2,259,724	24,770	60,305
6,960,345	-	6,960,345	-	-
78,643	-	78,643	-	-
2,999,763	(2,999,763)	-	(136,212)	-
<u>23,136,712</u>	<u>(2,190,440)</u>	<u>20,946,272</u>	<u>(87,767)</u>	<u>60,305</u>
2,025,805	2,691,878	4,717,683	(146,661)	70,821
100,300,820	60,143,489	160,444,309	8,931,389	4,151,552
896,815	-	896,815	-	(359)
<u>101,197,635</u>	<u>60,143,489</u>	<u>161,341,124</u>	<u>8,931,389</u>	<u>4,151,193</u>
<u>\$ 103,223,440</u>	<u>\$ 62,835,367</u>	<u>\$ 166,058,807</u>	<u>\$ 8,784,728</u>	<u>\$ 4,222,014</u>

**City of Albert Lea**  
**Balance Sheet - Governmental Funds**  
**December 31, 2025**

	General (101)	Capital Projects		Debt Service
		Recreation Facilities Project (412)	2026 Projects (496)	Debt Service Reserve (301)
<b>Assets</b>				
Cash and investments	\$ 10,203,193	\$ -	\$ -	\$ 18,380
Cash with fiscal agent	-	582,622	-	-
Taxes receivable	437,455	-	-	-
Accounts receivable	520,820	-	-	-
Interest receivable	88,541	-	-	-
Loans receivable	123,660	-	-	-
Special assessments receivable	130,185	-	-	1,221,546
Due from other funds	-	-	-	-
Due from other governments	4,892	-	1,793,630	-
Advances to other funds	2,497,260	-	-	-
Inventory	55,048	-	-	-
Prepaid items	211,878	-	-	-
<b>Total assets</b>	<b>\$ 14,272,932</b>	<b>\$ 582,622</b>	<b>\$ 1,793,630</b>	<b>\$ 1,239,926</b>
<b>Liabilities</b>				
Accounts payable	\$ 327,260	\$ 791,908	\$ 75,401	\$ -
Salaries and benefits payable	462,094	-	-	-
Deposits payable	122,045	10,946	7,772	-
Contracts payable	-	437,331	-	-
Due to other funds	-	-	103,042	-
Advances from other funds	-	-	-	-
Advances from component unit	-	-	-	-
<b>Total liabilities</b>	<b>911,399</b>	<b>1,240,185</b>	<b>186,215</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - loans receivable interest	-	-	-	-
Unavailable revenue - state aid	-	-	1,793,630	-
Unavailable revenue - property taxes	333,339	-	-	-
Unavailable revenue - special assessments	1,448	-	-	1,219,718
<b>Total deferred inflows of resources</b>	<b>334,787</b>	<b>-</b>	<b>1,793,630</b>	<b>1,219,718</b>
<b>Fund Balances</b>				
Nonspendable	2,764,186	-	-	-
Restricted	-	-	-	20,208
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	10,262,560	(657,563)	(186,215)	-
<b>Total fund balances</b>	<b>13,026,746</b>	<b>(657,563)</b>	<b>(186,215)</b>	<b>20,208</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 14,272,932</b>	<b>\$ 582,622</b>	<b>\$ 1,793,630</b>	<b>\$ 1,239,926</b>

See notes to basic financial statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 20,278,432	\$ 30,500,005
-	582,622
4,358	441,813
65,180	586,000
-	88,541
1,347,796	1,471,456
4,670,212	6,021,943
173,556	173,556
1,081,792	2,880,314
-	2,497,260
-	55,048
-	211,878
<u>\$ 27,621,326</u>	<u>\$ 45,510,436</u>
\$ 383,813	\$ 1,578,382
-	462,094
-	140,763
166,354	603,685
70,514	173,556
2,599,064	2,599,064
812,660	812,660
<u>4,032,405</u>	<u>6,370,204</u>
-	-
-	1,793,630
4,348	337,687
<u>4,645,009</u>	<u>5,866,175</u>
<u>4,649,357</u>	<u>7,997,492</u>
-	2,764,186
9,012,619	9,032,827
4,088,012	4,088,012
9,386,739	9,386,739
(3,547,806)	5,870,976
<u>18,939,564</u>	<u>31,142,740</u>
<u>\$ 27,621,326</u>	<u>\$ 45,510,436</u>

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**City of Albert Lea**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2025**

Total fund balances - governmental funds	\$ 31,142,740
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	185,505,333
Less accumulated depreciation	(81,570,705)
Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.	
	864,000
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	(28,425,000)
Unamortized bond premiums/discounts	(1,615,153)
Notes payable	(739,981)
Compensated absences payable	(1,493,434)
Total OPEB liability	(1,057,588)
Net pension liability	(5,205,109)
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	337,687
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	(7,405,714)
Deferred outflows of resources related to pensions	5,263,154
Deferred outflows of resources related to OPEB	610,222
Deferred inflows of resources related to OPEB	(867,034)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred special assessments	5,866,175
Deferred state aid	1,793,630
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	
	(472,496)
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.	
	692,713
Total net position - governmental activities	\$ 103,223,440

**City of Albert Lea**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2025**

	Capital Projects			
	General (101)	Recreation Facilities Project (412)	2026 Projects (496)	Formerly Major Fund - 2024 CIP - Bond Projects (494)
<b>Revenues</b>				
Taxes - property and franchise	\$ 7,744,512	\$ -	\$ -	\$ -
Special assessments	34,264	-	-	-
Licenses and permits	420,965	-	-	-
Intergovernmental	8,357,845	-	-	-
Charges for services	1,020,227	-	-	-
Fines and forfeitures	74,374	-	-	-
Miscellaneous				
Investment income	401,546	271,851	-	-
Contributions and donations	55,171	150,000	-	-
Other	106,671	-	-	-
Total revenues	18,215,575	421,851	-	-
<b>Expenditures</b>				
<b>Current</b>				
General government	2,863,640	-	-	-
Public safety	8,759,805	-	-	-
Public works	3,324,751	-	186,215	-
Culture and recreation	3,876,110	-	-	-
Community development	102,391	-	-	-
Airport	-	-	-	-
<b>Debt service</b>				
Principal	18,008	-	-	-
Interest and other charges	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	19,947	-	-	-
Public works	-	-	-	-
Culture and recreation	-	10,386,410	-	-
Community development	-	-	-	-
Airport	-	-	-	-
Total expenditures	18,964,652	10,386,410	186,215	-
Excess of revenues over (under) expenditures	(749,077)	(9,964,559)	(186,215)	-
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	2,510,000	-	-	-
Transfers out	(1,349,571)	-	-	-
Total other financing sources (uses)	1,160,429	-	-	-
Net change in fund balances	411,352	(9,964,559)	(186,215)	-
<b>Fund Balances</b>				
Beginning of year, as previously stated	12,615,394	9,306,996	-	828,852
Change within financial reporting entity (See Note 16)	-	-	-	(828,852)
Beginning of year, restated	12,615,394	9,306,996	-	-
End of year	\$ 13,026,746	\$ (657,563)	\$ (186,215)	\$ -

See notes to basic financial statements.

Debt Service

Debt Service Reserve (301)	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,808,989	\$ 11,553,501
230,571	1,078,342	1,343,177
-	-	420,965
-	1,339,386	9,697,231
-	135,104	1,155,331
-	359	74,733
35	776,969	1,450,401
-	130,920	336,091
-	42,746	149,417
230,606	7,312,815	26,180,847
-	256,892	3,120,532
-	149,970	8,909,775
-	334,397	3,845,363
-	216,820	4,092,930
-	1,555,632	1,658,023
-	177,206	177,206
-	2,650,650	2,668,658
-	1,210,871	1,210,871
-	66,916	66,916
-	247,149	267,096
-	2,681,173	2,681,173
-	1,115,967	11,502,377
-	378,691	378,691
-	556,942	556,942
-	11,599,276	41,136,553
230,606	(4,286,461)	(14,955,706)
-	78,643	78,643
-	2,061,703	2,061,703
-	124,456	124,456
-	3,647,894	6,157,894
(212,625)	(1,595,935)	(3,158,131)
(212,625)	4,316,761	5,264,565
17,981	30,300	(9,691,141)
2,227	18,080,412	40,833,881
-	828,852	-
2,227	18,909,264	40,833,881
\$ 20,208	\$ 18,939,564	\$ 31,142,740

**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, 2025**

Total change in fund balances - governmental funds \$ (9,691,141)

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	15,601,883
Depreciation expense	(5,011,339)

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	(108,075)
Total other post employment benefits (OPEB) liability	80,362

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	2,615,000
Loan payments	53,658

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.

29,714

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.

(20,626)

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

(2,061,703)

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	431,903
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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.

795,393

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	94,059
Special assessments	(872,788)
Grants	116,505
	116,505

Change in net position - governmental activities

\$ 2,025,805

**City of Albert Lea**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2025**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes - property and franchise	\$ 8,164,800	\$ 8,164,800	\$ 7,744,512	\$ (420,288)
Special assessments	1,000	1,000	34,264	33,264
Licenses and permits	405,900	405,900	420,965	15,065
Intergovernmental	8,198,791	8,198,791	8,357,845	159,054
Charges for services	1,103,700	1,103,700	1,020,227	(83,473)
Fines and forfeitures	85,000	85,000	74,374	(10,626)
Miscellaneous revenues	226,424	226,424	563,388	336,964
Total revenues	<u>18,185,615</u>	<u>18,185,615</u>	<u>18,215,575</u>	<u>29,960</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,885,332	2,885,332	2,863,640	(21,692)
Public safety	8,806,931	8,806,931	8,759,805	(47,126)
Public works	3,334,774	3,334,774	3,324,751	(10,023)
Culture and recreation	4,199,378	4,199,378	3,876,110	(323,268)
Community development	125,200	125,200	102,391	(22,809)
<b>Debt service</b>				
Principal	19,000	19,000	18,008	(992)
<b>Capital outlay</b>				
Public safety	-	-	19,947	19,947
Total expenditures	<u>19,370,615</u>	<u>19,370,615</u>	<u>18,964,652</u>	<u>(405,963)</u>
Excess of revenues over (under) expenditures	(1,185,000)	(1,185,000)	(749,077)	435,923
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,510,000	2,510,000	2,510,000	-
Transfers out	(1,325,000)	(1,325,000)	(1,349,571)	(24,571)
Total other financing sources (uses)	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,160,429</u>	<u>(24,571)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	411,352	<u>\$ 411,352</u>
<b>Fund Balances</b>				
Beginning of year			<u>12,615,394</u>	
End of year			<u>\$ 13,026,746</u>	

**City of Albert Lea**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2025**

	Business-Type Activities - Enterprise Funds				Total
	Water (601)	Sewer (602)	Solid Waste (603)	Utility Line Protection Plan (605)	
<b>Assets</b>					
<b>Current assets</b>					
Cash and investments	\$ 5,612,314	\$ 11,695,480	\$ 102,967	\$ 54,152	\$ 17,464,913
Accounts receivable	733,457	943,902	-	70,775	1,748,134
Due from other governments	-	151,128	-	-	151,128
Special assessments receivable	2,317	33,181	-	-	35,498
Inventory	155,018	-	-	-	155,018
Total current assets	<u>6,503,106</u>	<u>12,823,691</u>	<u>102,967</u>	<u>124,927</u>	<u>19,554,691</u>
<b>Noncurrent assets</b>					
Advances to other funds	-	101,804	-	-	101,804
Special assessments receivable	499,776	598,628	-	-	1,098,404
<b>Capital assets</b>					
Land	110,800	184,192	80,071	-	375,063
Buildings and structures	3,119,181	33,017,858	33,000	-	36,170,039
Equipment	540,810	3,889,959	11,623	-	4,442,392
Improvements other than buildings	27,481,148	34,373,435	-	-	61,854,583
Construction in progress	711,460	7,839,551	-	-	8,551,011
Total capital assets	<u>31,963,399</u>	<u>79,304,995</u>	<u>124,694</u>	<u>-</u>	<u>111,393,088</u>
Less accumulated depreciation	<u>(10,131,106)</u>	<u>(39,259,966)</u>	<u>(40,403)</u>	<u>-</u>	<u>(49,431,475)</u>
Net capital assets	<u>21,832,293</u>	<u>40,045,029</u>	<u>84,291</u>	<u>-</u>	<u>61,961,613</u>
Total noncurrent assets	<u>22,332,069</u>	<u>40,745,461</u>	<u>84,291</u>	<u>-</u>	<u>63,161,821</u>
Total assets	<u>28,835,175</u>	<u>53,569,152</u>	<u>187,258</u>	<u>124,927</u>	<u>82,716,512</u>
<b>Deferred Outflows of Resources</b>					
OPEB related items	25,183	49,009	-	-	74,192
Pension related items	53,096	88,253	2,534	-	143,883
Total deferred outflows of resources	<u>78,279</u>	<u>137,262</u>	<u>2,534</u>	<u>-</u>	<u>218,075</u>
Total assets and deferred outflows of resources	<u>\$ 28,913,454</u>	<u>\$ 53,706,414</u>	<u>\$ 189,792</u>	<u>\$ 124,927</u>	<u>\$ 82,934,587</u>

**City of Albert Lea**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2025**

	Business-Type Activities - Enterprise Funds				Total
	Water (601)	Sewer (602)	Solid Waste (603)	Utility Line Protection Plan (605)	
<b>Liabilities</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 49,421	\$ 548,346	\$ 5,732	\$ 30,626	\$ 634,125
Contracts payable	-	304,149	-	-	304,149
Salaries and benefits payable	21,608	38,333	692	-	60,633
Deposits payable	10,150	-	-	-	10,150
Interest payable	97,029	73,622	-	-	170,651
Due to other governments	465	-	-	-	465
Notes payable due within one year	14,000	252,000	-	-	266,000
Bonds payable due within one year	610,000	220,000	-	-	830,000
Current compensated absences	53,327	103,183	-	-	156,510
Total OPEB liability due within one year	1,287	2,505	-	-	3,792
<b>Total current liabilities</b>	<b>857,287</b>	<b>1,542,138</b>	<b>6,424</b>	<b>30,626</b>	<b>2,436,475</b>
<b>Noncurrent liabilities</b>					
Compensated absences	8,305	16,760	-	-	25,065
Notes payable	754,320	3,558,749	-	-	4,313,069
Bonds payable	8,772,562	2,680,950	-	-	11,453,512
Total OPEB liability	31,855	61,992	-	-	93,847
Net pension liability	218,316	362,872	10,421	-	591,609
Total noncurrent liabilities	9,785,358	6,681,323	10,421	-	16,477,102
<b>Total liabilities</b>	<b>10,642,645</b>	<b>8,223,461</b>	<b>16,845</b>	<b>30,626</b>	<b>18,913,577</b>
<b>Deferred Inflows of Resources</b>					
OPEB related items	35,781	69,635	-	-	105,416
Pension related items	143,001	237,687	6,826	-	387,514
<b>Total deferred inflows of resources</b>	<b>178,782</b>	<b>307,322</b>	<b>6,826</b>	<b>-</b>	<b>492,930</b>
<b>Net Position</b>					
Net investment in capital assets	12,491,936	34,636,069	84,291	-	47,212,296
Unrestricted	5,600,091	10,539,562	81,830	94,301	16,315,784
<b>Total net position</b>	<b>18,092,027</b>	<b>45,175,631</b>	<b>166,121</b>	<b>94,301</b>	<b>63,528,080</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 28,913,454</b>	<b>\$ 53,706,414</b>	<b>\$ 189,792</b>	<b>\$ 124,927</b>	<b>82,934,587</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(692,713)
<b>Net position of business-type activities</b>					<b>\$ 62,835,367</b>

**City of Albert Lea**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**Year Ended December 31, 2025**

	Business-Type Activities - Enterprise Funds				Totals
	Water (601)	Sewer (602)	Solid Waste (603)	Utility Line Protection Plan (605)	
<b>Operating Revenues</b>					
Charges for services	\$ 4,438,581	\$ 6,224,091	\$ 191,990	\$ 393,360	\$ 11,248,022
<b>Operating Expenses</b>					
Personnel services	817,550	1,297,981	33,155	-	2,148,686
Materials and supplies	447,465	450,238	5,537	-	903,240
Repairs and maintenance	64,494	174,589	63	-	239,146
Other services and charges	1,210,915	565,822	102,160	367,471	2,246,368
Utilities	22,430	659,474	2,159	-	684,063
Depreciation	632,250	1,297,888	775	-	1,930,913
Total operating expenses	<u>3,195,104</u>	<u>4,445,992</u>	<u>143,849</u>	<u>367,471</u>	<u>8,152,416</u>
Operating income	1,243,477	1,778,099	48,141	25,889	3,095,606
<b>Nonoperating Revenues</b>					
<b>(Expenses)</b>					
Investment income	246,050	558,974	4,299	-	809,323
Intergovernmental	295,186	1,768,957	-	-	2,064,143
Interest and other charges	(197,872)	(148,768)	-	-	(346,640)
Antenna lease revenue	42,760	-	-	-	42,760
Other income	-	21,537	3,173	-	24,710
Total nonoperating revenues	<u>386,124</u>	<u>2,200,700</u>	<u>7,472</u>	<u>-</u>	<u>2,594,296</u>
Income before capital contributions and transfers	1,629,601	3,978,799	55,613	25,889	5,689,902
Capital contributions	6,555	10,267	-	-	16,822
Transfers out	<u>(1,432,018)</u>	<u>(1,537,745)</u>	<u>(30,000)</u>	<u>-</u>	<u>(2,999,763)</u>
Change in net position	204,138	2,451,321	25,613	25,889	2,706,961
<b>Net Position</b>					
Beginning of year	<u>17,887,889</u>	<u>42,724,310</u>	<u>140,508</u>	<u>68,412</u>	<u>60,821,119</u>
End of year	<u>\$ 18,092,027</u>	<u>\$ 45,175,631</u>	<u>\$ 166,121</u>	<u>\$ 94,301</u>	<u>63,528,080</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(15,083)</u>
Change in net position of business-type activities					<u>\$ 2,691,878</u>

**City of Albert Lea**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2025**

	Business-Type Activities - Enterprise Funds				Total
	Water (601)	Sewer (602)	Solid Waste (603)	Utility Line Protection Plan (605)	
<b>Cash Flows - Operating Activities</b>					
Receipts from customers and users	\$ 4,406,402	\$ 6,194,023	\$ 201,053	\$ 394,368	\$ 11,195,846
Payments to suppliers	(1,789,162)	(2,099,363)	(113,786)	(367,435)	(4,369,746)
Payments to employees	(906,677)	(1,439,608)	(35,823)	-	(2,382,108)
Antenna lease revenue	42,760	-	-	-	42,760
Miscellaneous revenue	-	21,537	3,173	-	24,710
Net cash flows					
- operating activities	<u>1,753,323</u>	<u>2,676,589</u>	<u>54,617</u>	<u>26,933</u>	<u>4,511,462</u>
<b>Cash Flows - Noncapital</b>					
<b>Financing Activities</b>					
Intergovernmental	295,186	-	-	-	295,186
Borrowing (payments) on interfund balances	-	(92,969)	-	-	(92,969)
Transfer to other funds	(1,432,018)	(1,537,745)	(30,000)	-	(2,999,763)
Net cash flows - noncapital financing activities	<u>(1,136,832)</u>	<u>(1,630,714)</u>	<u>(30,000)</u>	<u>-</u>	<u>(2,797,546)</u>
<b>Cash Flows - Capital and Related</b>					
<b>Financing Activities</b>					
Special assessments received	13,081	25,772	-	-	38,853
Connection charges collected	7,980	5,600	-	-	13,580
Principal paid on debt	(569,000)	(299,046)	-	-	(868,046)
Interest paid on debt	(242,604)	(152,096)	-	-	(394,700)
Proceeds from debt issuance	499,320	2,286,020	-	-	2,785,340
Intergovernmental	-	2,094,550	-	-	2,094,550
Acquisition of capital assets	(246,819)	(4,973,168)	-	-	(5,219,987)
Net cash flows					
- capital and related financing activities	<u>(538,042)</u>	<u>(1,012,368)</u>	<u>-</u>	<u>-</u>	<u>(1,550,410)</u>
<b>Cash Flows - Investing Activities</b>					
Investment income	<u>246,050</u>	<u>558,974</u>	<u>4,299</u>	<u>-</u>	<u>809,323</u>
Net change in cash and cash equivalents	324,499	592,481	28,916	26,933	972,829
<b>Cash and Cash Equivalents</b>					
January 1	<u>5,287,815</u>	<u>11,102,999</u>	<u>74,051</u>	<u>27,219</u>	<u>16,492,084</u>
December 31	<u>\$ 5,612,314</u>	<u>\$ 11,695,480</u>	<u>\$ 102,967</u>	<u>\$ 54,152</u>	<u>\$ 17,464,913</u>

**City of Albert Lea**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2025**

	Business-Type Activities - Enterprise Funds				Total
	Water (601)	Sewer (602)	Solid Waste (603)	Utility Line Protection Plan (605)	
<b>Reconciliation of Operating Income to Net Cash Flows</b>					
<b>- Operating Activities</b>					
Operating income	\$ 1,243,477	\$ 1,778,099	\$ 48,141	\$ 25,889	\$ 3,095,606
Adjustments to reconcile operating income to net cash flows - operating activities					
Other revenues	42,760	21,537	3,173	-	67,470
Depreciation expense	632,250	1,297,888	775	-	1,930,913
Net pension liability expense	(64,565)	(113,660)	(2,733)	-	(180,958)
Accounts receivable	(32,179)	(30,068)	9,063	1,008	(52,176)
Inventory	(19,639)	-	-	-	(19,639)
Accounts payable	(17,919)	(249,240)	(3,867)	36	(270,990)
Deposits payable	150	-	-	-	150
Due to other governmental units	(6,450)	-	-	-	(6,450)
Salaries payable	2,484	7,100	65	-	9,649
OPEB expense	(13,080)	(17,917)	-	-	(30,997)
Compensated absences payable	(13,966)	(17,150)	-	-	(31,116)
Total adjustments	<u>509,846</u>	<u>898,490</u>	<u>6,476</u>	<u>1,044</u>	<u>1,415,856</u>
Net cash flows - operating activities	<u>\$ 1,753,323</u>	<u>\$ 2,676,589</u>	<u>\$ 54,617</u>	<u>\$ 26,933</u>	<u>\$ 4,511,462</u>
<b>Supplemental Schedule of Noncash Capital and Related Financing Activities</b>					
Amortization of bond discounts	\$ 9,757	\$ 4,079	\$ -	\$ -	\$ 13,836
Capital Contributions	6,555	10,267	-	-	\$ 16,822

City of Albert Lea  
Statement of Fiduciary Net Position  
December 31, 2025

	<u>Sales Tax Custodial Fund</u>
<b>Assets</b>	
Taxes receivable	<u>\$ 327,806</u>
<b>Liabilities</b>	
Due to other governments	<u>\$ 327,806</u>

Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2025

	<u>Sales Tax Custodial Fund</u>
<b>Additions</b>	
Sales tax deposits	<u>\$ 2,087,518</u>
<b>Deductions</b>	
Sales tax withdrawals	<u>2,087,518</u>
<b>Net Position</b>	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

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**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 Mayor of Albert Lea. The City is considered financially accountable for the Port Authority because the City Council approves their annual budget. Additionally, two of the commissioners are City Council members and five are residents of the City. 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, 2025, 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.

2026 Projects Fund - This fund was established to account for the capital project activity related to the 2026 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:

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 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 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 2025. 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 four sources: property taxes, special assessments, loans receivable interest, and state aid. 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.

The liability for compensated absences reported in the Statement of Net Position consists of leave that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

**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.

**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**

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

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

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.

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

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

**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.
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.

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

The following funds had fund balance deficits at December 31, 2025:

Fund	Amount
Nonmajor Capital Projects	
TIF 5-13 Larson Manufacturing	\$ 812,660
TIF 5-15 Broadway Ridge Redevelopment	934,122
TIF 5-25 Zumbro	6,014
TIF 5-26 Unique Opport	166,910
TIF 5-27 Marketplace	39,648
TIF 5-29 Ulland Brothers	51,052
TIF 5-30 Broadway	413,692
TIF 5-31 300 Block Broadway	843,707
TIF Blazing Star Soil District	60,303
District 5-32 Oat Mill	20,816
Arena Solar Project	128,368
2030 Capital Projects	70,514

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

**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, 2025, 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, 2025, the HRA's bank balance of \$1,237,973 was exposed to custodial credit risk to the extent that it exceeded \$250,000. The HRA does not have an investment policy that would limit the exposure to custodial credit risk for deposits. All deposits were added together and insured up to \$250,000. Fluctuating cash flows during the year due to receipt of federal grants and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts. The HRA's book balance of all deposits at March 31, 2025, totaled \$1,165,028.

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

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

**Discretely Presented Component Units (Continued)**

At December 31, 2025, the Port Authority had \$2,060,132 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	\$ 679,316	\$ 433,010	\$ -	\$ 246,306
Government securities	A+, AA-, AA, AA+, AAA, Aaa, Aa1, Aa2, Aa3	10,532,828	6,362,976	1,973,409	2,196,443
U.S. treasury obligations	AA-, AAA	12,108,998	9,653,900	395,504	2,059,594
Money market mutual fund	N/A	2,016,942	2,016,942	-	-
Money market accounts	N/A	23,207,816	23,207,816	-	-
<b>Total</b>		<b>\$ 48,545,900</b>	<b>\$ 41,674,644</b>	<b>\$ 2,368,913</b>	<b>\$ 4,502,343</b>

**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, 2025, the City had the following investments in a single issuer exceeding more than 5% of its total investment portfolio: 6% in municipal bonds and 18% in 4M funds.

**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.

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

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

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, 2025:

- Money market and the money market mutual fund totaling \$25,186,184 are valued using quoted market prices (Level 1 inputs)
- U.S. treasury obligations, brokered certificates of deposit and government securities of \$23,321,142 are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2025, were as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Cash equivalents	\$ 23,207,816	\$ 1,165,028	\$ 2,060,132	\$ 26,432,976
Investments	25,338,084	-	-	25,338,084
Petty cash	1,640	-	-	1,640
<b>Total deposits and investments</b>	<b>\$ 48,547,540</b>	<b>\$ 1,165,028</b>	<b>\$ 2,060,132</b>	<b>\$ 51,772,700</b>

Deposits and investments are presented in the December 31, 2025, basic financial statements as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Statement of Net Position				
Cash and investments	\$ 47,964,918	\$ 1,056,176	\$ 2,060,132	\$ 51,081,226
Cash with fiscal agent	582,622	-	-	582,622
Restricted cash	-	108,852	-	108,852
<b>Total deposits and investments</b>	<b>\$ 48,547,540</b>	<b>\$ 1,165,028</b>	<b>\$ 2,060,132</b>	<b>\$ 51,772,700</b>

**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, 2025, was \$1,471,456. The total balance has maturities of one to twenty years with interest ranging from 0 to 3%.

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

**NOTE 4 - LOANS RECEIVABLE (CONTINUED)**

The Port Authority provided \$1,750,000 in financing to the City in October 2006. This advance was in exchange for the sale of some land to the City in the amount of \$1,750,000 which was immediately resold to a manufacturer for \$1. Repayment of this advance will be made solely from available tax increment. Tax increment started to be received in 2017. This is a 0% interest advance. To the extent available tax increment is insufficient to repay the principal amount, the outstanding balance shall be forgiven by the Port Authority. There is no indication that tax increment will be insufficient to repay the principal amount. The balance of the advance was \$823,873 as of December 31, 2025.

The City Council passed a resolution in 2021 whereby the City is reimbursing the Port Authority for the costs of water and sewer infrastructure related to a land sale to a cold storage facility in 2021. Monthly payments of \$20,000 are due commencing January 2022 and continuing through December 31, 2042, bearing interest at 1.98%. The balance of the receivable was \$271,985 as of December 31, 2025.

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, 2025, is \$887,640.

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, 2025, is \$500,000. Accrued interest at December 31, 2025, is \$35,000.

**NOTE 5 - INTERFUND BALANCES**

At December 31, 2025, interfund balances for the City were as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 70,514
Nonmajor Governmental Funds	2026 Projects Fund	103,042
Total due from/to other funds		173,556
Advance from/to other funds		
General Fund	Nonmajor Governmental Funds	2,497,260
Sewer Fund	Nonmajor Governmental Funds	101,804
Total		\$ 2,599,064

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

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

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

**NOTE 6 - INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2025, were as follows:

Transfers Out	Transfers In		
	General	Nonmajor Governmental Funds	Total
General	\$ -	\$ 1,349,571	\$ 1,349,571
Debt Service Reserve	-	212,625	212,625
Nonmajor governmental funds	-	1,595,935	1,595,935
Water	1,175,000	257,018	1,432,018
Sewer	1,305,000	232,745	1,537,745
Solid Waste	30,000	-	30,000
Total	<u>\$ 2,510,000</u>	<u>\$ 3,647,894</u>	<u>\$ 6,157,894</u>

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

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

**NOTE 7 - CAPITAL ASSETS**

*Primary Government*

Capital asset activity for the year ended December 31, 2025, 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	3,398,604	14,150,549	2,812,167	14,736,986
Total capital assets not being depreciated	<u>10,224,408</u>	<u>14,150,549</u>	<u>2,812,167</u>	<u>21,562,790</u>
Capital assets being depreciated				
Buildings and structures	32,149,490	17,499	-	32,166,989
Improvements other than buildings	108,740,428	1,650,202	-	110,390,630
Equipment	18,884,953	2,595,800	95,829	21,384,924
Total capital assets being depreciated	<u>159,774,871</u>	<u>4,263,501</u>	<u>95,829</u>	<u>163,942,543</u>
Less accumulated depreciation for				
Buildings and structures	16,144,253	783,353	-	16,927,606
Improvements other than buildings	47,411,944	2,986,593	-	50,398,537
Equipment	13,098,998	1,241,393	95,829	14,244,562
Total accumulated depreciation	<u>76,655,195</u>	<u>5,011,339</u>	<u>95,829</u>	<u>81,570,705</u>
Total capital assets being depreciated, net	<u>83,119,676</u>	<u>(747,838)</u>	<u>-</u>	<u>82,371,838</u>
Governmental activities capital assets, net	<u>\$ 93,344,084</u>	<u>\$ 13,402,711</u>	<u>\$ 2,812,167</u>	<u>\$ 103,934,628</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	3,553,522	5,310,160	312,671	8,551,011
Total capital assets not being depreciated	<u>3,928,585</u>	<u>5,310,160</u>	<u>312,671</u>	<u>8,926,074</u>
Capital assets being depreciated				
Buildings and structures	36,151,652	18,387	-	36,170,039
Improvements other than buildings	61,541,912	312,671	-	61,854,583
Machinery and equipment	4,399,807	52,629	10,044	4,442,392
Total capital assets being depreciated	<u>102,093,371</u>	<u>383,687</u>	<u>10,044</u>	<u>102,467,014</u>
Less accumulated depreciation for				
Buildings and structures	22,305,377	652,810	-	22,958,187
Improvements other than buildings	21,628,192	1,130,975	-	22,759,167
Machinery and equipment	3,577,037	147,128	10,044	3,714,121
Total accumulated depreciation	<u>47,510,606</u>	<u>1,930,913</u>	<u>10,044</u>	<u>49,431,475</u>
Total capital assets being depreciated, net	<u>54,582,765</u>	<u>(1,547,226)</u>	<u>-</u>	<u>53,035,539</u>
Business-type activities capital assets, net	<u>\$ 58,511,350</u>	<u>\$ 3,762,934</u>	<u>\$ 312,671</u>	<u>\$ 61,961,613</u>

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

Governmental activities	
General government	\$ 209,780
Public safety	528,364
Public works	2,949,659
Culture and recreation	697,455
Airport	626,081
Total depreciation expense - governmental activities	<u>\$ 5,011,339</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	\$	632,250
Sewer		1,297,888
Solid Waste		<u>775</u>
Total depreciation expense - business-type activities	<u>\$</u>	<u>1,930,913</u>

*Discretely Presented Component Units*

Capital asset activity for the Port Authority for the year ended December 31, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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>10,320,013</u>	<u>35,671</u>	<u>-</u>	<u>10,355,684</u>
Less accumulated depreciation for				
Buildings and structures	<u>6,090,008</u>	<u>201,548</u>	<u>-</u>	<u>6,291,556</u>
Total capital assets being depreciated, net	<u>4,230,005</u>	<u>(165,877)</u>	<u>-</u>	<u>4,064,128</u>
Capital assets being amortized				
Lease buildings	<u>323,288</u>	<u>-</u>	<u>-</u>	<u>323,288</u>
Less accumulated amortization for				
Lease buildings	<u>21,553</u>	<u>32,328</u>	<u>-</u>	<u>53,881</u>
Total capital assets being amortized, net	<u>301,735</u>	<u>(32,328)</u>	<u>-</u>	<u>269,407</u>
Business-type activities capital assets, net	<u>\$ 4,794,673</u>	<u>\$ (198,205)</u>	<u>\$ -</u>	<u>\$ 4,596,468</u>

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

Business-type activities	
Port Authority	<u>\$ 233,876</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, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 177,998	\$ -	\$ -	\$ 177,998
Construction in progress	540,611	2,801,983	-	3,342,594
Total capital assets not being depreciated	<u>718,609</u>	<u>2,801,983</u>	<u>-</u>	<u>3,520,592</u>
Capital assets being depreciated				
Buildings and structures	9,715,353	11,975	-	9,727,328
Machinery and equipment	398,199	196,610	-	594,809
Total capital assets being depreciated	<u>10,113,552</u>	<u>208,585</u>	<u>-</u>	<u>10,322,137</u>
Less accumulated depreciation for capital assets being depreciated	<u>7,845,326</u>	<u>226,209</u>	<u>-</u>	<u>8,071,535</u>
Total capital assets being depreciated, net	<u>2,268,226</u>	<u>(17,624)</u>	<u>-</u>	<u>2,250,602</u>
Business-type activities capital assets, net	<u>\$ 2,986,835</u>	<u>\$ 2,784,359</u>	<u>\$ -</u>	<u>\$ 5,771,194</u>

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

Business-type activities	
Housing and Redevelopment	<u>\$ 226,209</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
<b>Governmental activities</b>					
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2010A	07/15/10	3.5%-4.00%	\$ 3,260,000	02/01/26	\$ 105,000
G.O. Bonds, Series 2015A	07/16/15	3.00%-4.00%	4,345,000	02/01/36	1,350,000
G.O. Bonds, Series 2016A	08/02/16	2.00%	3,510,000	02/01/27	765,000
G.O. Bonds, Series 2017A	08/17/17	3.00%	2,275,000	02/01/28	770,000
G.O. Bonds, Series 2018A	06/28/18	2.78%	2,430,000	02/01/28	1,050,000
G.O. Bonds, Series 2019A	08/15/19	3.00%-4.00%	2,380,000	02/01/30	1,325,000
G.O. Bonds, Series 2020A - Streets Portion	08/04/20	2.00%-3.00%	1,660,000	02/01/31	1,065,000
G.O. Bonds, Series 2020A - Bridge Ave Portion	08/04/20	2.00%-3.00%	915,000	02/01/31	585,000
G.O. Bonds, Series 2021A	06/01/21	2.00%	1,790,000	02/01/32	1,290,000
G.O. Bonds, Series 2022A	07/13/22	4.00%	3,195,000	02/01/33	2,650,000
G.O. Bonds, Series 2023A	07/27/23	4.00%-5.00%	2,455,000	02/01/34	2,300,000
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
G.O. Bonds, Series 2025B	08/25/25	4.150%-5.00%	1,050,000	02/01/47	1,050,000
G.O. Bonds, Series 2025B - TIF	08/25/25	4.150%-5.00%	845,000	02/01/47	845,000
Equipment Certificates					
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					28,425,000
Loan Payable					
Albert Lea Township Fire Department	2017	0.00%	209,800	2030	62,631
Sweeper Loan	06/27/23	0.00%	713,000	12/15/33	677,350
Subtotal loans payable					739,981
Unamortized bond premium payable					
Compensated absences payable					
Total governmental activities					
					32,273,568
<b>Business-type activities</b>					
Revenue Bonds					
G.O. Water Revenue Bonds, Series 2020A	08/04/20	2.00%-3.00%	1,380,000	02/01/31	885,000
G.O. Sewer Revenue Bonds, Series 2020A	08/04/20	2.00%-3.00%	890,000	02/01/31	570,000
G.O. Water Revenue Bonds, Series 2021A	06/01/21	2.00%	435,000	02/01/32	315,000
G.O. Water Revenue Bonds, Series 2021B	10/01/21	3.00%	7,155,000	02/01/42	6,325,000
G.O. Water Revenue Bonds, Series 2022A	07/13/22	4.00%	950,000	02/01/33	790,000
G.O. Sewer Revenue Bonds, Series 2022A	07/13/22	4.00%	845,000	02/01/33	700,000
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					11,785,000
Revenue Notes					
G.O. PFA Improvement and Sewer					
Revenue Note, Series 2019A	02/26/19	1.00%	1,141,297	08/20/43	755,000
G.O. PFA Improvement and Water					
Revenue Note, Series 2019B	02/26/19	1.00%	466,767	08/20/43	269,000
G.O. PFA Sewer Revenue Note, Series 2024A	05/22/24	2.30%	3,156,795 *	08/20/44	3,055,750
Taxable Grant Anticipation Revenue Note, Series 2025	06/25/25	0.00%	473,984 **	06/30/27	473,984
Taxable Grant Anticipation Revenue Note, Series 2026	12/24/25	0.00%	25,336 ***	06/30/28	25,336
Subtotal notes payable					4,579,070
Unamortized bond premium/discount payable					
Compensated absences payable					
Total business-type activities					
					17,044,156
Total all long-term liabilities					
					\$ 49,317,724

\* Full loan was approved for \$5,098,045. \$3,156,795 was drawn through 2025, which the City determined to be fully drawn and the note will enter the repayment phase.

\*\* Full loan was approved for \$1,030,781 and remaining funds will be drawn in 2026.

\*\*\* Full loan was approved for \$637,142 and remaining funds will be drawn in 2026.

**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, 2025, 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	14,225
MHFA POHP Note 2024	11/22/24	0.00%	2,784,000	11/22/44	2,394,680
MHFA POHP Note	03/23/11	0.00%	200,000	03/23/31	200,000
					<u>2,728,905</u>
Total notes and mortgages payable					<u>2,728,905</u>
Compensated absences					<u>35,191</u>
Total long-term liabilities					<u>\$ 2,764,096</u>

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, 2025, 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, 2025, 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, 2025, was as follows:

*Primary Government*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. bonds	\$ 29,105,000	\$ 1,895,000	\$ (2,575,000)	\$ 28,425,000	\$ 2,690,000
Bond premiums	1,644,867	124,456	(154,170)	1,615,153	-
G.O. equipment certificates	40,000	-	(40,000)	-	-
Total bonds payable	<u>30,789,867</u>	<u>2,019,456</u>	<u>(2,769,170)</u>	<u>30,040,153</u>	<u>2,690,000</u>
Loans payable	626,936	166,703	(53,658)	739,981	89,300
Compensated absences payable	<u>1,385,359</u>	<u>108,075</u>	<u>-</u>	<u>1,493,434</u>	<u>377,215</u>
Governmental activities long-term liabilities	<u>\$ 32,802,162</u>	<u>\$ 2,294,234</u>	<u>\$ (2,822,828)</u>	<u>\$ 32,273,568</u>	<u>\$ 3,156,515</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 12,500,000	\$ -	\$ (715,000)	\$ 11,785,000	\$ 830,000
Bond premiums	743,866	-	(73,190)	670,676	-
Bond discounts	(171,916)	(14,400)	14,152	(172,164)	-
Total bonds payable	<u>13,071,950</u>	<u>(14,400)</u>	<u>(774,038)</u>	<u>12,283,512</u>	<u>830,000</u>
Notes payable					
G.O. PFA notes	1,946,775	2,785,340	(153,046)	4,579,069	266,000
Compensated absences payable	<u>212,691</u>	<u>-</u>	<u>(31,116)</u>	<u>181,575</u>	<u>156,510</u>
Business-type activities long-term liabilities	<u>\$ 15,231,416</u>	<u>\$ 2,770,940</u>	<u>\$ (958,200)</u>	<u>\$ 17,044,156</u>	<u>\$ 1,252,510</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, 2025, the City had drawn \$3,156,795 on this note, which was determined to be fully drawn and repayments began.

In June 2025, the City issued a \$1,030,731 Grant Anticipation Note through the Minnesota Public Facilities Authority. At December 31, 2025, the City had drawn \$473,984 on this note. The loan fully matures once the last draw is taken and it is anticipated a grant will be issued to be used to repay the note at that time.

In December 2025, the City issued a \$637,142 Grant Anticipation Note through the Minnesota Public Facilities Authority. At December 31, 2025, the City had drawn \$25,336 on this note. The loan fully matures once the last draw is taken and it is anticipated a grant will be issued to be used to repay the note at that time.

**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, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
HRA					
Notes and mortgages payable	\$ 336,666	\$ 2,394,724	\$ (2,485)	\$ 2,728,905	\$ 2,586
Compensated absences payable	34,338	27,925	(27,072)	35,191	28,476
HRA					
Long-term liabilities	<u>\$ 371,004</u>	<u>\$ 2,422,649</u>	<u>\$ (29,557)</u>	<u>\$ 2,764,096</u>	<u>\$ 31,062</u>

Long-term liability activity for the Port Authority for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Port Authority					
Notes payable	\$ 3,563,924	\$ -	\$ (184,686)	\$ 3,379,238	\$ 208,250
Leases payable	305,738	-	(27,273)	278,465	28,456
Obligation to return Pickerel Park loan principal to the City of Albert Lea	500,000	-	-	500,000	-
Compensated absences payable	7,566	-	585	8,151	8,151
Port Authority					
Long-term liabilities	<u>\$ 4,377,228</u>	<u>\$ -</u>	<u>\$ (211,374)</u>	<u>\$ 4,165,854</u>	<u>\$ 244,857</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
2026	\$ 2,685,000	\$ 1,086,951	\$ 10,000	\$ 22,150
2027	2,805,000	971,855	25,000	21,275
2028	2,510,000	874,530	25,000	20,025
2029	2,340,000	781,355	25,000	18,775
2030	2,175,000	695,705	25,000	17,525
2031-2035	7,550,000	2,404,519	155,000	65,625
2036-2040	3,610,000	1,242,738	200,000	22,575
2041-2045	3,450,000	522,818	-	-
2046-2050	835,000	19,491	-	-
Total	<u>\$ 27,960,000</u>	<u>\$ 8,599,962</u>	<u>\$ 465,000</u>	<u>\$ 187,950</u>

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Loans Payable		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2026	\$ 89,300	\$ -	\$ 830,000	\$ 329,398
2027	89,300	-	920,000	299,398
2028	89,300	-	945,000	266,948
2029	79,931	-	975,000	233,523
2030	71,300	-	1,010,000	200,398
2031-2035	320,850	-	3,830,000	625,334
2036-2040	-	-	2,415,000	233,725
2041-2045	-	-	860,000	17,300
Total	<u>\$ 739,981</u>	<u>\$ -</u>	<u>\$ 11,785,000</u>	<u>\$ 2,206,024</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
2026	\$ 266,000	\$ 80,313
2027	770,320	119,503
2028	276,000	113,970
2029	282,000	108,322
2030	287,000	102,549
2031-2035	1,526,000	424,880
2036-2040	987,749	132,899
2041-2045	184,000	3,690
Total	<u>\$ 4,579,069</u>	<u>\$ 1,086,126</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
2026	\$ 2,586	\$ 501
2027	2,691	396
2028	2,799	288
2029	2,911	176
Thereafter	2,717,918	46
Total	<u>\$ 2,728,905</u>	<u>\$ 1,407</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
2026	\$ 208,249	\$ 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	171,571	174,852	32,318	7,282
2030	620,162	226,566	33,718	5,882
2031-2035	736,712	696,930	123,309	8,691
2036-2040	1,028,446	405,195	-	-
2041-2044	658,333	58,409	-	-
Total	<u>\$ 3,879,238</u>	<u>\$ 2,167,197</u>	<u>\$ 278,465</u>	<u>\$ 51,535</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, 2030.

The Port Authority leases space in an industrial building located at 2105 Myers Road. The Port Authority receives \$24,300 per month, or \$291,600 annually, for the building under the terms of a lease agreement that expires November 30, 2029.

The Port Authority leases space in an industrial building built by the Port Authority. The Port Authority received \$24,000 per month from January 2018 to May 2023. The rent increased in June 2023 to \$27,863 per month 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 from January 2025 through March 2025. From April through December the monthly rent received was \$10,417, or \$125,000 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:

Year Ending December 31,	Total
2025	\$ 885,955
2026	885,955
2027	885,955
2028	861,656
2029	594,356
Thereafter	755,688
Total payments	4,869,565
Less: Interest	(679,289)
Total lease principal	\$ 4,190,276

**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.

	Major Fund					Total
	General Fund	Capital Project		Debt Service	Nonmajor Governmental Funds	
		Recreation Facilities Project	2026 Projects	Debt Service Reserve		
<b>Nonspendable</b>						
Inventory	\$ 55,048	\$ -	\$ -	\$ -	\$ -	\$ 55,048
Prepaid items	211,878	-	-	-	-	211,878
Advances to other funds	2,497,260	-	-	-	-	2,497,260
Total nonspendable	<u>2,764,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,764,186</u>
<b>Restricted</b>						
Fire and police operations	-	-	-	-	26,476	26,476
Capital improvements	-	-	-	-	136,813	136,813
Airport improvements	-	-	-	-	437,204	437,204
Economic development	-	-	-	-	438,300	438,300
Debt service	-	-	-	20,208	7,587,161	7,607,369
Insurance	-	-	-	-	386,665	386,665
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,208</u>	<u>9,012,619</u>	<u>9,032,827</u>
<b>Committed</b>						
Community development	-	-	-	-	1,263,378	1,263,378
Blight/Hazardous Mitigation	-	-	-	-	326,222	326,222
Economic development	-	-	-	-	2,498,412	2,498,412
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,088,012</u>	<u>4,088,012</u>
<b>Assigned</b>						
Capital improvements	-	-	-	-	8,802,811	8,802,811
Building maintenance	-	-	-	-	583,928	583,928
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,386,739</u>	<u>9,386,739</u>
<b>Unassigned</b>	<u>10,262,560</u>	<u>(657,563)</u>	<u>(186,215)</u>	<u>-</u>	<u>(3,547,806)</u>	<u>5,870,976</u>
Total fund balances	<u>\$ 13,026,746</u>	<u>\$ (657,563)</u>	<u>\$ (186,215)</u>	<u>\$ 20,208</u>	<u>\$ 18,939,564</u>	<u>\$ 31,142,740</u>

**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.

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

**NOTE 11 - RISK MANAGEMENT (CONTINUED)**

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

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

**NOTE 12 - PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2025, was \$810,282. 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)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (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 at 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 2025 annual increase was 1.25%. 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.

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

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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.

**General Employees Fund Contributions**

General Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2025, 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, 2025, were \$511,025. 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 2025 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, 2025, were \$837,332. 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, 2025, the City reported a liability of \$2,378,428 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 \$57,375.

City's proportionate share of the net pension liability	\$ 2,378,428
State of Minnesota's proportionate share of the net pension liability associated with the City	57,375
	57,375
Total	\$ 2,435,803
	2,435,803

The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0718% at the end of the measurement period and 0.0722% 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, 2025, the City recognized pension expense of \$(105,574) for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$(8,801) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2025, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 228,014	\$ -
Changes in actuarial assumptions	57,306	556,636
Net difference between projected and actual investment earnings	-	955,827
Changes in proportion	37,620	45,447
Contributions paid to PERA subsequent to the measurement date	255,513	-
Total	\$ 578,453	\$ 1,557,910

The \$255,513 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, 2026. 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
2026	\$ (263,005)
2027	(471,886)
2028	(331,016)
2029	(169,062)
Total	\$ (1,234,969)

**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**

At December 31, 2025, the City reported a liability of \$3,418,290 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2917% at the end of the measurement period and 0.3019% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million, which was paid on October 1, 2025. Thereafter, by October 1 of each year, the State will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$118,495.

City's proportionate share of the net pension liability	\$ 3,418,290
State of Minnesota's proportionate share of the net pension liability associated with the City	118,495
<b>Total</b>	<b>\$ 3,536,785</b>

For the year ended December 31, 2025, the City recognized pension expense of \$915,856 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$57,334 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 \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City also recognized \$57,334 for the year ended December 31, 2025, 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, 2025, 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	\$ 1,627,174	\$ -
Changes in actuarial assumptions	2,715,985	4,492,516
Net difference between projected and actual investment earnings	-	1,525,422
Changes in proportion	66,759	217,380
Contributions paid to PERA subsequent to the measurement date	418,666	-
Total	\$ 4,828,584	\$ 6,235,318

The \$418,666 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, 2026. 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
2026	\$ 843,346
2027	(813,472)
2028	(1,797,225)
2029	(125,241)
2030	67,193
Total	\$ (1,825,399)

**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:

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

**F. Actuarial Methods and Assumptions**

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used to determination of the total liability is 7.0%. The 7.0% 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 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 1.5% 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 11.5% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3.0% after 23 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. The assumption changes were adopted by the board and became effective with the July 1, 2025, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members. The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

**Changes in Plan Provisions**

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

**Police and Fire Fund**

**Changes in Actuarial Assumptions**

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

**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)**

Police and Fire Fund (Continued)

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2025 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 (asset)	\$ 5,776,832	\$ 2,378,428	\$ (378,440)

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

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**H. Pension Liability Sensitivity (Continued)**

	1% Decrease in Discount Rate <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase in Discount Rate <u>(8.0)</u>
City's proportionate share of the Police and Fire Fund net pension liability (asset)	\$ 8,956,644	\$ 3,418,290	\$ (1,129,573)

**I. Pension Plan Fiduciary Net Position**

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

**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.

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.

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

**NOTE 12 - PENSION PLANS (CONTINUED)**

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

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,209	\$ 2,209	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 2025, the City contributed \$18,096 to the plan.

**D. Members**

As of December 31, 2024, the following were covered by the benefit terms:

Active employees electing coverage	123
Activities waiving coverage	7
Retirees electing coverage	3
Total	133

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

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, 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**

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Discount rate	4.08%
Salary increases	N/A
Inflation	2.50%
Healthcare cost trend increases	9.0% for FY2025, 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, 2024, valuation were based on the results of an actuarial experience study for the period January 1, 2024, through December 31, 2024.

The discount rate used to measure the total OPEB liability was 4.08% based on 20-year municipal bond rates.

**F. Total OPEB Liability**

The City's total OPEB liability of \$1,155,227 was measured as of December 31, 2024, 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:

	<u>Total OPEB Liability</u>
Balances at December 31, 2024	<u>\$ 998,376</u>
Changes for the year	
Service cost	155,249
Interest	43,151
Differences between expected and actual experience	(431,192)
Changes of assumptions	407,739
Benefit payments	<u>(18,096)</u>
Net changes	<u>156,851</u>
Balances at December 31, 2025	<u><u>\$ 1,155,227</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.77% in 2024 to 4.08% in 2025.

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 4.08% 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 3.08%	Current Discount Rate 4.08%	1% Increase in Discount Rate 5.08%
\$ 1,187,044	\$ 1,155,227	\$ 1,110,344

**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 (8.0% Decreasing to 2.9%)	Current Trend Rate (9.0% Decreasing to 3.9%)	1% Increase in Trend Rate (10.0% Decreasing to 4.9%)
\$ 993,385	\$ 1,155,227	\$ 1,347,139

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

For the year ended December 31, 2025, the City recognized OPEB expense of \$37,052. At December 31, 2025, 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	\$ 188,922	\$ 777,116
Changes of assumptions	464,178	195,334
Subsequent Contributions	31,314	
Total	\$ 684,414	\$ 972,450

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

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

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

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

Year Ending December 31,	Total
2026	\$ (163,952)
2027	(89,569)
2028	(75,711)
2029	(7,353)
2030	(697)
Thereafter	17,932
Total	\$ (319,350)

**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, 2025, outstanding commitments for these multi-year projects total \$2,949,635.

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.

**NOTE 15 - SUBSEQUENT EVENT**

On April 27, 2026, the City Council adopted Resolution No. 26-082, which amended Resolution No. 25-170 related to financing for a development project within the City’s tax increment financing district. Under the amended resolution, the City authorized an interfund loan of up to \$2,300,000 from the General Fund to finance qualified project costs. Advances made under the interfund loan will bear interest at a fixed rate of 5% per annum, accruing from the date of each advance, and the City may reimburse itself for such advances from available project resources in accordance with applicable Minnesota statutes.

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

**NOTE 15 - SUBSEQUENT EVENT (CONTINUED)**

In addition, the resolution authorized repayment by the City to the Port Authority for a land write-down in the principal amount of \$1,740,000. The outstanding principal balance will bear interest at a simple, non-compounded rate of 5% per annum beginning on the date of sale of the additional parcels. Repayments are scheduled to begin on February 1, 2027, and continue semiannually each February 1 and August 1 through February 1, 2032, or until paid in full. Payments are limited to available tax increment revenues, defined as 80% of tax increment received by the City from the related tax increment financing district during the applicable period. The obligation is a limited obligation of the City and does not constitute a general obligation of the City. The resolution also permits prepayment without penalty and allows the Port Authority to forgive all or a portion of the outstanding balance, as permitted by law.

**NOTE 16 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING FUND BALANCES**

During the year ended December 31, 2025, the City's 2024 CIP - Bond Projects was changed from a major governmental fund to a nonmajor governmental fund, resulting in an increase of beginning fund balance for the nonmajor governmental funds of \$828,852.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	
	2024 CIP - Bond Projects	Nonmajor Governmental
12/31/2024, as previously reported	\$ 828,852	\$ 18,080,412
Change from major to nonmajor	(828,852)	828,852
12/31/2024, as adjusted or restated	\$ -	\$ 18,909,264

Additionally, during the year ended December 31, 2025, an error was identified related to the recognition of state aid funding from 2024. The funding met applicable eligibility requirements as of December 31, 2024 and should have been recognized as revenue in the government-wide financial statements. Accordingly, beginning net position has been restated to correct this error. The restatement resulted in an increase in beginning net position of \$896,815.

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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
<b>Total OPEB Liability</b>				
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	<u>206,978</u>	<u>(550,428)</u>	<u>48,544</u>	<u>(510,478)</u>
Beginning of year	<u>1,454,032</u>	<u>1,661,010</u>	<u>1,110,583</u>	<u>1,159,127</u>
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	December 31, 2025
\$ 77,498	\$ 81,951	\$ 146,941	\$ 155,249
14,496	15,176	28,718	43,151
(2,550)	(397,277)	254,520	(431,192)
10,404	132,593	16,301	407,739
<u>(2,812)</u>	<u>(5,752)</u>	<u>(20,480)</u>	<u>(18,096)</u>
<u>97,036</u>	<u>(173,309)</u>	<u>426,000</u>	<u>156,851</u>
<u>648,649</u>	<u>745,685</u>	<u>572,376</u>	<u>998,376</u>
<u>\$ 745,685</u>	<u>\$ 572,376</u>	<u>\$ 998,376</u>	<u>\$ 1,155,227</u>
\$ 8,890,267	\$ 9,226,784	\$ 9,789,758	\$ 10,654,170
8.39%	6.20%	10.20%	10.84%

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered-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
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%
2025	0.0718%	2,378,428	57,375	2,435,803	6,500,200	36.59%	90.78%

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered-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
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%
2025	0.2917%	3,418,290	118,495	3,536,785	4,427,763	77.20%	91.78%

**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
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%
2025	511,025	511,025	-	6,813,667	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
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%
2025	837,332	837,332	-	4,730,689	17.70%

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2025 Changes**

Changes in Actuarial Assumptions

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

**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.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2022 Changes (Continued)**

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%.
- 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.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

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.
- 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.

**City of Albert Lea  
Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2016 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Changes in Plan Provisions**

- There have been no changes since the prior valuation.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2025 Changes**

Changes in Actuarial Assumptions

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police and Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

**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%.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2023 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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).
- 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.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2021 Changes (Continued)**

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.

**2017 Changes**

Changes in Actuarial Assumptions

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

**City of Albert Lea  
Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed 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.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan**

**2025 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.77% to 4.08% based on updated 20-year municipal bond rates.
- Healthcare cost trend rates were reset to reflect updated cost increase expectations.

**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 July 1, 2021 PERA General Employees Plan and July 1, 2021 PERA Police and Fire Plan valuations to rates used in the July 1, 2022 valuations.
- The percent of future Police and 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 July 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 July 1, 2018 PERA General Employees Plan and July 1, 2018 PERA Police and Fire Plan valuations to the rates used in the July 1, 2021 valuations.

**City of Albert Lea**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan (Continued)**

**2021 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.

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.

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**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, 2025**

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 3,341,004	\$ 9,375,284	\$ 7,562,144	\$ 20,278,432
Taxes receivable	-	4,358	-	4,358
Accounts receivable	42,312	22,868	-	65,180
Loans receivable	1,347,796	-	-	1,347,796
Special assessment receivable	198,880	-	4,471,332	4,670,212
Due from other funds	-	173,556	-	173,556
Due from other governments	704,343	377,449	-	1,081,792
	<u>\$ 5,634,335</u>	<u>\$ 9,953,515</u>	<u>\$ 12,033,476</u>	<u>\$ 27,621,326</u>
<b>Liabilities</b>				
Accounts payable	\$ 58,984	\$ 324,829	\$ -	\$ 383,813
Contracts payable	-	166,354	-	166,354
Due to other funds	-	70,514	-	70,514
Advances from other funds	-	2,599,064	-	2,599,064
Advances from component unit	-	812,660	-	812,660
Total liabilities	<u>58,984</u>	<u>3,973,421</u>	<u>-</u>	<u>4,032,405</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	4,348	-	4,348
Unavailable revenue - special assessments	198,694	-	4,446,315	4,645,009
Total deferred inflows of resources	<u>198,694</u>	<u>4,348</u>	<u>4,446,315</u>	<u>4,649,357</u>
<b>Fund Balances</b>				
Restricted	1,288,645	136,813	7,587,161	9,012,619
Committed	4,088,012	-	-	4,088,012
Assigned	-	9,386,739	-	9,386,739
Unassigned	-	(3,547,806)	-	(3,547,806)
Total fund balances	<u>5,376,657</u>	<u>5,975,746</u>	<u>7,587,161</u>	<u>18,939,564</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,634,335</u>	<u>\$ 9,953,515</u>	<u>\$ 12,033,476</u>	<u>\$ 27,621,326</u>

**City of Albert Lea**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended December 31, 2025**

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ -	\$ 1,015,489	\$ 2,793,500	\$ 3,808,989
Special assessments	43,955	-	1,034,387	1,078,342
Intergovernmental	660,982	678,404	-	1,339,386
Charges for services	119,575	15,529	-	135,104
Fines and forfeitures	359	-	-	359
Miscellaneous				
Investment income	106,282	468,141	202,546	776,969
Contributions and donations	-	130,920	-	130,920
Other	41,064	1,682	-	42,746
Total revenues	<u>972,217</u>	<u>2,310,165</u>	<u>4,030,433</u>	<u>7,312,815</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	95,061	161,831	-	256,892
Public safety	22,923	127,047	-	149,970
Public works	-	334,397	-	334,397
Culture and recreation	109,379	107,441	-	216,820
Community development	594,025	961,607	-	1,555,632
Airport	177,206	-	-	177,206
<b>Debt service</b>				
Principal	-	35,650	2,615,000	2,650,650
Interest and other charges	-	100,640	1,110,231	1,210,871
<b>Capital outlay</b>				
General government	-	66,916	-	66,916
Public safety	-	247,149	-	247,149
Public works	-	2,681,173	-	2,681,173
Culture and recreation	-	1,115,967	-	1,115,967
Community development	-	378,691	-	378,691
Total expenditures	<u>1,555,536</u>	<u>6,318,509</u>	<u>3,725,231</u>	<u>11,599,276</u>
Excess of revenues over (under) expenditures	(583,319)	(4,008,344)	305,202	(4,286,461)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	32,979	45,664	-	78,643
Issuance of debt	-	2,061,703	-	2,061,703
Bond premium	-	124,456	-	124,456
Transfers in	1,046,586	2,388,683	212,625	3,647,894
Transfers out	(756,289)	(839,646)	-	(1,595,935)
Total other financing sources (uses)	<u>323,276</u>	<u>3,780,860</u>	<u>212,625</u>	<u>4,316,761</u>
Net change in fund balances	(260,043)	(227,484)	517,827	30,300
<b>Fund Balances</b>				
Beginning of year, as previously stated	5,636,700	5,374,378	7,069,334	18,080,412
Change within financial reporting entity (See Note 16)	-	828,852	-	828,852
Beginning of year, restated	<u>5,636,700</u>	<u>6,203,230</u>	<u>7,069,334</u>	<u>18,909,264</u>
End of year	<u>\$ 5,376,657</u>	<u>\$ 5,975,746</u>	<u>\$ 7,587,161</u>	<u>\$ 18,939,564</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, 2025**

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	State Affordable Housing Aid (209)	Airport (225)
<b>Assets</b>				
Cash and investments	\$ 26,476	\$ 753,150	\$ 216,455	\$ 241,595
Accounts receivable	-	-	-	161
Loans receivable	-	944,184	-	-
Due from other governments	-	-	-	204,343
Special assessment receivable	-	-	-	-
<b>Total assets</b>	<u>\$ 26,476</u>	<u>\$ 1,697,334</u>	<u>\$ 216,455</u>	<u>\$ 446,099</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,895
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,895</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	26,476	-	216,455	437,204
Committed	-	1,697,334	-	-
<b>Total fund balances</b>	<u>26,476</u>	<u>1,697,334</u>	<u>216,455</u>	<u>437,204</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 26,476</u>	<u>\$ 1,697,334</u>	<u>\$ 216,455</u>	<u>\$ 446,099</u>

Special Revenue

Economic Development (230)	Housing Development (232)	Blight/ Hazardous Mitigation (234)	Broadway Ridge Renewal Grant (227)	Health/Workers Comp Insurance (703)
\$ 511,777	\$ 652,200	\$ 327,776	\$ 221,845	\$ 80,771
16,144	-	26,007	-	-
289,934	113,678	-	-	-
-	500,000	-	-	-
-	2,912	195,968	-	-
<u>\$ 817,855</u>	<u>\$ 1,268,790</u>	<u>\$ 549,751</u>	<u>\$ 221,845</u>	<u>\$ 80,771</u>
\$ 16,777	\$ 2,500	\$ 27,747	\$ -	\$ 1,028
16,777	2,500	27,747	-	1,028
-	2,912	195,782	-	-
-	2,912	195,782	-	-
-	-	-	-	-
-	-	-	221,845	79,743
801,078	1,263,378	326,222	-	-
<u>801,078</u>	<u>1,263,378</u>	<u>326,222</u>	<u>221,845</u>	<u>79,743</u>
<u>\$ 817,855</u>	<u>\$ 1,268,790</u>	<u>\$ 549,751</u>	<u>\$ 221,845</u>	<u>\$ 80,771</u>

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**City of Albert Lea**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**December 31, 2025**

	Special Revenue	Total Nonmajor Special Revenue Funds
	Property Liability Insurance (704)	
<b>Assets</b>		
Cash and investments	\$ 308,959	\$ 3,341,004
Accounts receivable	-	42,312
Loans receivable	-	1,347,796
Due from other governments	-	704,343
Special assessment receivable	-	198,880
Total assets	\$ 308,959	\$ 5,634,335
<b>Liabilities</b>		
Accounts payable	\$ 2,037	\$ 58,984
Total liabilities	2,037	58,984
<b>Deferred Inflows of Resources</b>		
Unavailable revenue - special assessments	-	198,694
Total deferred inflows of resources	-	198,694
<b>Fund Balances</b>		
Nonspendable	-	-
Restricted	306,922	1,288,645
Committed	-	4,088,012
Total fund balances	306,922	5,376,657
Total liabilities, deferred inflows of resources, and fund balances	\$ 308,959	\$ 5,634,335

**City of Albert Lea**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended December 31, 2025**

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ 1,240	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	359	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Other	-	3,965	655	-
Total revenues	<u>359</u>	<u>3,965</u>	<u>1,895</u>	<u>-</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	-
Public safety	22,923	-	-	-
Culture and recreation	-	-	-	-
Community development	-	25,000	-	-
Airport	-	-	-	-
Capital outlay				
Airport	-	-	-	-
Total expenditures	<u>22,923</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	(22,564)	(21,035)	1,895	-
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(148,042)	(593,972)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(148,042)</u>	<u>(593,972)</u>
Net change in fund balances	(22,564)	(21,035)	(146,147)	(593,972)
<b>Fund Balances</b>				
Beginning of year	<u>49,040</u>	<u>1,718,369</u>	<u>146,147</u>	<u>593,972</u>
End of year	<u>\$ 26,476</u>	<u>\$ 1,697,334</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue

State Affordable Housing Aid (209)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Blight/ Hazardous Mitigation (234)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,715
37,415	-	623,567	-	-	-
-	-	49,130	-	-	70,445
-	-	-	-	-	-
-	127	11,928	27,120	25,486	12,737
-	-	-	2,588	-	-
<u>37,415</u>	<u>127</u>	<u>684,625</u>	<u>29,708</u>	<u>25,486</u>	<u>125,897</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	109,379	-	-	-	-
-	-	-	253,620	8,528	178,020
-	-	177,206	-	-	-
-	-	556,942	-	-	-
<u>-</u>	<u>109,379</u>	<u>734,148</u>	<u>253,620</u>	<u>8,528</u>	<u>178,020</u>
37,415	(109,252)	(49,523)	(223,912)	16,958	(52,123)
-	-	-	-	-	32,979
-	84,571	75,000	-	742,015	-
-	-	-	-	-	(14,275)
<u>-</u>	<u>84,571</u>	<u>75,000</u>	<u>-</u>	<u>742,015</u>	<u>18,704</u>
37,415	(24,681)	25,477	(223,912)	758,973	(33,419)
<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>\$ 216,455</u>	<u>\$ -</u>	<u>\$ 437,204</u>	<u>\$ 801,078</u>	<u>\$ 1,263,378</u>	<u>\$ 326,222</u>

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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, 2025**

	Special Revenue			Total Nonmajor Special Revenue Funds
	Broadway Ridge Renewal Grant (227)	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	
<b>Revenues</b>				
Special assessments	\$ -	\$ -	\$ -	\$ 43,955
Intergovernmental	-	-	-	660,982
Charges for services	-	-	-	119,575
Fines and forfeitures	-	-	-	359
Miscellaneous				
Investment income	9,028	5,282	14,574	106,282
Other	10,000	23,856	-	41,064
Total revenues	19,028	29,138	14,574	972,217
<b>Expenditures</b>				
Current				
General government	-	80,859	14,202	95,061
Public safety	-	-	-	22,923
Culture and recreation	-	-	-	109,379
Community development	128,857	-	-	594,025
Airport	-	-	-	177,206
Capital outlay				
Airport	-	-	-	556,942
Total expenditures	128,857	80,859	14,202	1,555,536
Excess of revenues over (under) expenditures	(109,829)	(51,721)	372	(583,319)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	-	32,979
Transfers in	145,000	-	-	1,046,586
Transfers out	-	-	-	(756,289)
Total other financing sources (uses)	145,000	-	-	323,276
Net change in fund balances	35,171	(51,721)	372	(260,043)
<b>Fund Balances</b>				
Beginning of year	186,674	131,464	306,550	5,636,700
End of year	\$ 221,845	\$ 79,743	\$ 306,922	\$ 5,376,657

**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, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			Variance with Final Budget - Over (Under)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues</b>					
Investment income	\$ -	\$ -	\$ 127	\$ 127	\$ 1,793
<b>Expenditures</b>					
<b>Current</b>					
Culture and recreation	104,760	104,760	109,379	4,619	99,940
Excess of revenues over (under) expenditures	(104,760)	(104,760)	(109,252)	(4,492)	(98,147)
<b>Other Financing Sources</b>					
Transfers in	60,000	60,000	84,571	24,571	60,000
Net change in fund balances	<u>\$ (44,760)</u>	<u>\$ (44,760)</u>	(24,681)	<u>\$ 20,079</u>	(38,147)
<b>Fund Balances</b>					
Beginning of year			24,681		62,828
End of year			<u>\$ -</u>		<u>\$ 24,681</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, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			2024	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
<b>Revenues</b>					
Intergovernmental	\$ 61,000	\$ 61,000	\$ 623,567	\$ 562,567	\$ 199,328
Charges for services	42,000	42,000	49,130	7,130	47,717
Investment income	-	-	11,928	11,928	14,502
Total revenues	<u>103,000</u>	<u>103,000</u>	<u>684,625</u>	<u>581,625</u>	<u>261,547</u>
<b>Expenditures</b>					
Current					
Airport	155,900	155,900	177,206	21,306	168,528
Capital outlay					
Airport	-	-	556,942	556,942	-
Total expenditures	<u>155,900</u>	<u>155,900</u>	<u>734,148</u>	<u>578,248</u>	<u>168,528</u>
Excess of revenues under expenditures	(52,900)	(52,900)	(49,523)	3,377	93,019
<b>Other Financing Sources</b>					
Transfers in	75,000	75,000	75,000	-	75,000
Net change in fund balances	<u>\$ 22,100</u>	<u>\$ 22,100</u>	25,477	<u>\$ 3,377</u>	168,019
<b>Fund Balances</b>					
Beginning of year			<u>411,727</u>		<u>243,708</u>
End of year			<u>\$ 437,204</u>		<u>\$ 411,727</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.

**City Hall Renovation**

This Fund was established to account for the capital project activity related to the city hall renovation.

**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.

**City of Albert Lea  
Nonmajor Capital Project Funds**

**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.

**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.

**2030 Capital Projects**

The fund was established to account for the capital project activity related to the 2030 projects.

**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.

**City of Albert Lea  
Nonmajor Capital Project Funds**

**2024 CIP - Bond Projects**

This fund was established to account for the capital project activity related to the 2024 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, 2025**

	Capital Projects			
	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)	Storm Water Projects (409)
<b>Assets</b>				
Cash and investments	\$ 908,140	\$ 39,648	\$ 599,384	\$ 323,827
Taxes receivable	-	-	-	-
Accounts receivable	-	9,719	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	37,889
	\$ 908,140	\$ 49,367	\$ 599,384	\$ 361,716
<b>Total assets</b>	<b>\$ 908,140</b>	<b>\$ 49,367</b>	<b>\$ 599,384</b>	<b>\$ 361,716</b>
<b>Liabilities</b>				
Accounts payable	\$ 48,982	\$ -	\$ 15,456	\$ 420
Deposits payable	-	-	-	-
Contracts payable	-	-	-	7,676
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Advances from component unit	-	-	-	-
	48,982	-	15,456	8,096
<b>Total liabilities</b>	<b>48,982</b>	<b>-</b>	<b>15,456</b>	<b>8,096</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	-
	-	-	-	-
<b>Fund Balances</b>				
Restricted	-	49,367	-	-
Assigned	859,158	-	583,928	353,620
Unassigned	-	-	-	-
	859,158	49,367	583,928	353,620
<b>Total fund balances</b>	<b>859,158</b>	<b>49,367</b>	<b>583,928</b>	<b>353,620</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 908,140</b>	<b>\$ 49,367</b>	<b>\$ 599,384</b>	<b>\$ 361,716</b>

(Continued)

## Capital Projects

Snyder Field / Inclusive Park (411)	Arena Solar Project (414)	City Hall Renovation (416)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)
\$ 176,025	\$ -	\$ 40,024	\$ 11,213	\$ -	\$ 139,353
-	-	-	-	4,358	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 176,025</u>	<u>\$ -</u>	<u>\$ 40,024</u>	<u>\$ 11,213</u>	<u>\$ 4,358</u>	<u>\$ 139,353</u>
\$ -	\$ -	\$ 40,024	\$ 11,213	\$ -	\$ 51,907
-	-	-	-	-	-
-	32,578	-	-	-	-
-	-	-	-	-	-
-	95,790	-	-	934,132	-
-	-	-	812,660	-	-
-	<u>128,368</u>	<u>40,024</u>	<u>823,873</u>	<u>934,132</u>	<u>51,907</u>
-	-	-	-	4,348	-
-	-	-	-	-	87,446
176,025	-	-	-	-	-
-	(128,368)	-	(812,660)	(934,122)	-
<u>176,025</u>	<u>(128,368)</u>	<u>-</u>	<u>(812,660)</u>	<u>(934,122)</u>	<u>87,446</u>
<u>\$ 176,025</u>	<u>\$ -</u>	<u>\$ 40,024</u>	<u>\$ 11,213</u>	<u>\$ 4,358</u>	<u>\$ 139,353</u>

City of Albert Lea  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet -  
 December 31, 2025

	Capital Projects			
	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 69,719
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ 69,719
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 165
Deposits payable	-	-	-	-
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	6,014	166,910	39,648	-
Salaries and benefits payable	-	-	-	-
Total liabilities	6,014	166,910	39,648	165
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	-
	-	-	-	-
<b>Fund Balances</b>				
Restricted	-	-	-	-
Assigned	-	-	-	69,554
Unassigned	(6,014)	(166,910)	(39,648)	-
	(6,014)	(166,910)	(39,648)	-
Total fund balances	(6,014)	(166,910)	(39,648)	69,554
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ -	\$ -	\$ 69,719

(Continued)

Capital Projects

TIF 5-29 Ulland Brothers (438)	2030 Capital Projects (480)	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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 5,000	\$ 8,000	\$ 20,000
-	-	-	-	-	-
-	-	-	-	-	-
-	70,514	-	-	-	-
51,052	-	413,692	838,707	52,303	816
-	-	-	-	-	-
<u>51,052</u>	<u>70,514</u>	<u>413,692</u>	<u>843,707</u>	<u>60,303</u>	<u>20,816</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(51,052)</u>	<u>(70,514)</u>	<u>(413,692)</u>	<u>(843,707)</u>	<u>(60,303)</u>	<u>(20,816)</u>
<u>(51,052)</u>	<u>(70,514)</u>	<u>(413,692)</u>	<u>(843,707)</u>	<u>(60,303)</u>	<u>(20,816)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**City of Albert Lea**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet -**  
**December 31, 2025**

	Capital Projects			
	2024 CIP - Bond Projects (494)	2025 CIP - Bond Projects (495)	Vehicles and Equipment (701)	Computer Equipment (702)
<b>Assets</b>				
Cash and investments	\$ 33,633	\$ 335,891	\$ 5,041,561	\$ 276,609
Taxes receivable	-	-	-	-
Accounts receivable	-	-	13,149	-
Due from other funds	-	173,556	-	-
Due from other governments	330,356	9,204	-	-
	<u>\$ 363,989</u>	<u>\$ 518,651</u>	<u>\$ 5,054,710</u>	<u>\$ 276,609</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 122,176	\$ 1,486	\$ -
Deposits payable	-	-	-	-
Contracts payable	112,247	13,853	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>112,247</u>	<u>136,029</u>	<u>1,486</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	-
<b>Fund Balances</b>				
Restricted	-	-	-	-
Assigned	251,742	382,622	5,053,224	276,609
Unassigned	-	-	-	-
	<u>251,742</u>	<u>382,622</u>	<u>5,053,224</u>	<u>276,609</u>
Total fund balances	<u>251,742</u>	<u>382,622</u>	<u>5,053,224</u>	<u>276,609</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 363,989</u>	<u>\$ 518,651</u>	<u>\$ 5,054,710</u>	<u>\$ 276,609</u>

(Continued)

<u>Capital Projects</u>		
<u>Fire Pension (250)</u>	<u>Police Pension (251)</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 58,211	\$ 1,322,046	\$ 9,375,284
-	-	4,358
-	-	22,868
-	-	173,556
-	-	377,449
<u>\$ 58,211</u>	<u>\$ 1,322,046</u>	<u>\$ 9,953,515</u>
\$ -	\$ -	\$ 324,829
-	-	-
-	-	166,354
-	-	70,514
-	-	2,599,064
-	-	812,660
-	-	3,973,421
-	-	4,348
-	-	136,813
58,211	1,322,046	9,386,739
-	-	(3,547,806)
<u>58,211</u>	<u>1,322,046</u>	<u>5,975,746</u>
<u>\$ 58,211</u>	<u>\$ 1,322,046</u>	<u>\$ 9,953,515</u>

**City of Albert Lea**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Year Ended December 31, 2025**

	Capital Projects			
	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)	Storm Water Projects (409)
<b>Revenues</b>				
Taxes				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	64,901
Charges for services	-	-	-	-
Miscellaneous				
Investment income	46,223	1,626	29,718	14,214
Contributions and donations	67,000	-	-	-
Other	-	-	-	-
Total revenues	<u>113,223</u>	<u>1,626</u>	<u>29,718</u>	<u>79,115</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	89,321
Culture and recreation	95,138	-	-	-
Community development	5,685	-	-	-
<b>Debt service</b>				
Interest and other charges	-	-	-	-
<b>Capital outlay</b>				
General government	37,747	-	29,169	-
Public safety	-	-	-	-
Public works	-	-	-	9,366
Culture and recreation	97,844	-	-	-
Community development	-	-	-	-
Total expenditures	<u>236,414</u>	<u>-</u>	<u>29,169</u>	<u>98,687</u>
Excess of revenues over (under) expenditures	(123,191)	1,626	549	(19,572)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	60,000	80,000
Transfers out	-	-	(74,232)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,232)</u>	<u>80,000</u>
Net change in fund balances	(123,191)	1,626	(13,683)	60,428
<b>Fund balances</b>				
Beginning of year, as previously stated	982,349	47,741	597,611	293,192
Change within financial reporting entity (See Note 16)	-	-	-	-
Beginning of year, restated	<u>982,349</u>	<u>47,741</u>	<u>597,611</u>	<u>293,192</u>
End of year	<u>\$ 859,158</u>	<u>\$ 49,367</u>	<u>\$ 583,928</u>	<u>\$ 353,620</u>

(Continued)

Capital Projects					
Snyder Field / Inclusive Park (411)	Arena Solar Project (414)	City Hall Renovation (416)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)
\$ -	\$ -	\$ -	\$ 100,637	\$ 172,110	\$ 131,617
-	-	-	-	-	-
-	-	-	-	-	-
11,042	12,221	-	-	-	-
63,920	-	-	-	-	-
-	-	-	-	-	-
<u>74,962</u>	<u>12,221</u>	<u>-</u>	<u>100,637</u>	<u>172,110</u>	<u>131,617</u>
-	-	123,831	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,322	1,502	106,220
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
197,822	644,275	-	-	-	-
-	-	-	-	-	-
<u>197,822</u>	<u>644,275</u>	<u>123,831</u>	<u>1,322</u>	<u>1,502</u>	<u>106,220</u>
(122,860)	(632,054)	(123,831)	99,315	170,608	25,397
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	123,831	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>123,831</u>	<u>-</u>	<u>-</u>	<u>-</u>
(122,860)	(632,054)	-	99,315	170,608	25,397
298,885	503,686	-	(911,975)	(1,104,730)	62,049
-	-	-	-	-	-
<u>298,885</u>	<u>503,686</u>	<u>-</u>	<u>(911,975)</u>	<u>(1,104,730)</u>	<u>62,049</u>
<u>\$ 176,025</u>	<u>\$ (128,368)</u>	<u>\$ -</u>	<u>\$ (812,660)</u>	<u>\$ (934,122)</u>	<u>\$ 87,446</u>

**City of Albert Lea**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Year Ended December 31, 2025**

	Capital Projects			
	TIF 5-25 Zumbro (434)	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)
<b>Revenues</b>				
Taxes				
Tax increment	\$ 39,613	\$ 46,590	\$ 36,752	\$ 488,170
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>39,613</u>	<u>46,590</u>	<u>36,752</u>	<u>488,170</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	36,792	49,942	36,500	474,882
<b>Debt service</b>				
Interest and other charges	-	-	-	-
<b>Capital outlay</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>36,792</u>	<u>49,942</u>	<u>36,500</u>	<u>474,882</u>
Excess of revenues over (under) expenditures	2,821	(3,352)	252	13,288
<b>Other Financing Sources (Uses)</b>				
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	2,821	(3,352)	252	13,288
<b>Fund balances</b>				
Beginning of year	(8,835)	(163,558)	(39,900)	56,266
Change within financial reporting entity (See Note 16)	-	-	-	-
Beginning balance, restated	<u>(8,835)</u>	<u>(163,558)</u>	<u>(39,900)</u>	<u>56,266</u>
End of year	<u>\$ (6,014)</u>	<u>\$ (166,910)</u>	<u>\$ (39,648)</u>	<u>\$ 69,554</u>

(Continued)

## Capital Projects

TIF 5-29 Ulland Brothers (438)	2030 Capital Projects (480)	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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,177	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,177	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,005	-	17,406	147,498	80,116	1,737
-	-	-	-	45,674	-
-	-	-	-	-	-
-	70,514	-	-	-	-
-	-	-	-	-	-
-	-	-	-	378,691	-
2,005	70,514	17,406	147,498	504,481	1,737
(2,005)	(70,514)	(17,406)	(147,498)	(501,304)	(1,737)
-	-	-	-	-	-
-	-	-	-	845,000	-
-	-	-	-	31,674	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	876,674	-
(2,005)	(70,514)	(17,406)	(147,498)	375,370	(1,737)
(49,047)	-	(396,286)	(696,209)	(435,673)	(19,079)
-	-	-	-	-	-
(49,047)	-	(396,286)	(696,209)	(435,673)	(19,079)
\$ (51,052)	\$ (70,514)	\$ (413,692)	\$ (843,707)	\$ (60,303)	\$ (20,816)

**City of Albert Lea**  
**Nonmajor Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Year Ended December 31, 2025**

	Capital Projects		
	Lakeview Boulevard (443)	2024 CIP - Bond Projects (494)	2025 CIP - Bond Projects (495)
<b>Revenues</b>			
Taxes			
Tax increment	\$ -	\$ -	\$ -
Intergovernmental	-	330,356	283,147
Charges for services	-	-	-
Miscellaneous			
Investment income	-	12,049	41,196
Contributions and donations	-	-	-
Other	-	-	-
Total revenues	-	342,405	324,343
<b>Expenditures</b>			
<b>Current</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	41,087	203,989
Culture and recreation	-	-	-
Community development	-	-	-
<b>Debt service</b>			
Interest and other charges	-	-	54,966
<b>Capital outlay</b>			
General government	-	-	-
Public safety	-	-	-
Public works	-	549,607	1,574,654
Culture and recreation	-	-	-
Community development	-	-	-
Total expenditures	-	590,694	1,833,609
Excess of revenues over (under) expenditures	-	(248,289)	(1,509,266)
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital asset	-	-	-
Issuance of debt	-	-	1,050,000
Bond premium	-	-	92,782
Transfers in	14,275	-	905,577
Transfers out	-	(328,821)	(436,593)
Total other financing sources (uses)	14,275	(328,821)	1,611,766
Net change in fund balances	14,275	(577,110)	102,500
<b>Fund balances</b>			
Beginning of year	(14,275)	-	280,122
Change within financial reporting entity (See Note 16)	-	828,852	-
Beginning balance, restated	(14,275)	828,852	280,122
End of year	\$ -	\$ 251,742	\$ 382,622

(Continued)

Capital Projects				
Vehicles and Equipment (701)	Computer Equipment (702)	Fire Pension (250)	Police Pension (251)	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,015,489
-	-	-	-	678,404
15,529	-	-	-	15,529
217,207	12,094	4,074	63,300	468,141
-	-	-	-	130,920
1,682	-	-	-	1,682
<u>234,418</u>	<u>12,094</u>	<u>4,074</u>	<u>63,300</u>	<u>2,310,165</u>
-	38,000	-	-	161,831
-	20,970	46,727	59,350	127,047
-	-	-	-	334,397
-	12,303	-	-	107,441
-	-	-	-	961,607
-	-	-	-	100,640
-	-	-	-	66,916
198,838	-	-	48,311	247,149
477,032	-	-	-	2,681,173
176,026	-	-	-	1,115,967
-	-	-	-	378,691
<u>887,546</u>	<u>71,273</u>	<u>46,727</u>	<u>107,661</u>	<u>6,318,509</u>
(653,128)	(59,179)	(42,653)	(44,361)	(4,008,344)
45,664	-	-	-	45,664
166,703	-	-	-	2,061,703
-	-	-	-	124,456
1,120,000	85,000	-	-	2,388,683
-	-	-	-	(839,646)
<u>1,332,367</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>3,780,860</u>
679,239	25,821	(42,653)	(44,361)	(227,484)
4,373,985	250,788	100,864	1,366,407	5,374,378
-	-	-	-	828,852
<u>4,373,985</u>	<u>250,788</u>	<u>100,864</u>	<u>1,366,407</u>	<u>6,203,230</u>
<u>\$ 5,053,224</u>	<u>\$ 276,609</u>	<u>\$ 58,211</u>	<u>\$ 1,322,046</u>	<u>\$ 5,975,746</u>

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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 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.

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**City of Albert Lea  
Nonmajor Debt Service Funds**

**Debt Service Funds (Continued)**

**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.

**2025 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, 2025**

	Debt Service			
	PIR Bonds Series 2010A (306)	2015 G.O. Bonds (312)	2016 G.O. Bonds (313)	2017 G.O. Bonds (314)
<b>Assets</b>				
Cash and investments	\$ 201,439	\$ 978,567	\$ 532,750	\$ 513,446
Special assessment receivable	366,792	1,020,245	75,312	94,572
Total assets	\$ 568,231	\$ 1,998,812	\$ 608,062	\$ 608,018
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - special assessments	366,792	1,019,188	75,092	94,572
<b>Fund Balances</b>				
Restricted	201,439	979,624	532,970	513,446
Total fund balances	201,439	979,624	532,970	513,446
Total liabilities, deferred inflows of resources and fund balances	\$ 568,231	\$ 1,998,812	\$ 608,062	\$ 608,018

(Continued)

Debt Service

2018 G.O. Bonds (315)	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)	2021 G.O. Bonds (321)	2022 G.O. Bonds (322)	2023 G.O. Bonds (323)
\$ 757,311	\$ 753,239	\$ 719,323	\$ 687,417	\$ 833,334	\$ 487,439
134,955	205,770	288,185	324,688	388,570	218,328
<u>\$ 892,266</u>	<u>\$ 959,009</u>	<u>\$ 1,007,508</u>	<u>\$ 1,012,105</u>	<u>\$ 1,221,904</u>	<u>\$ 705,767</u>
134,124	204,658	288,085	323,804	388,255	217,813
758,142	754,351	719,423	688,301	833,649	487,954
758,142	754,351	719,423	688,301	833,649	487,954
<u>\$ 892,266</u>	<u>\$ 959,009</u>	<u>\$ 1,007,508</u>	<u>\$ 1,012,105</u>	<u>\$ 1,221,904</u>	<u>\$ 705,767</u>

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City of Albert Lea  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 December 31, 2025

(Continued)

	Debt Service		
	2024B G.O. Bonds (324)	2025 G.O. Bonds (325)	Total Nonmajor Debt Service Funds
<b>Assets</b>			
Cash and investments	\$ 1,025,682	\$ 72,197	\$ 7,562,144
Special assessment receivable	989,160	364,755	4,471,332
Total assets	\$ 2,014,842	\$ 436,952	\$ 12,033,476
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - special assessments	969,177	364,755	4,446,315
<b>Fund Balances</b>			
Restricted	1,045,665	72,197	7,587,161
Total fund balances	1,045,665	72,197	7,587,161
Total liabilities, deferred inflows of resources and fund balances	\$ 2,014,842	\$ 436,952	\$ 12,033,476

**City of Albert Lea**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended December 31, 2025**

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR and Refunding Bonds Series 2014B (311)	2015 G.O. Bonds (312)	2016 G.O. Bonds (313)
<b>Revenues</b>				
Taxes	\$ 114,541	\$ -	\$ 108,977	\$ 214,809
Special assessments	6,720	-	183,197	75,475
Miscellaneous				
Investment income	4,650	-	30,740	12,931
Total revenues	125,911	-	322,914	303,215
<b>Expenditures</b>				
Debt service				
Principal	105,000	210,000	320,000	370,000
Interest and other charges	11,367	2,625	53,992	19,304
Total expenditures	116,367	212,625	373,992	389,304
Excess of revenues over (under) expenditures	9,544	(212,625)	(51,078)	(86,089)
<b>Other Financing Sources</b>				
Transfers in	-	212,625	-	-
Net change in fund balances	9,544	-	(51,078)	(86,089)
<b>Fund Balances</b>				
Beginning of year	191,895	-	1,030,702	619,059
End of year	\$ 201,439	\$ -	\$ 979,624	\$ 532,970

Debt Service

	2017 G.O. Bonds (314)	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)	2021 G.O. Bonds (321)	2022 G.O. Bonds (322)
\$	147,344	\$ 158,279	\$ 181,587	\$ 208,566	\$ 102,571	\$ 302,123
	49,590	61,375	76,276	66,540	89,638	82,390
	14,824	23,775	22,704	20,843	21,745	21,018
	<u>211,758</u>	<u>243,429</u>	<u>280,567</u>	<u>295,949</u>	<u>213,954</u>	<u>405,531</u>
	240,000	245,000	275,000	250,000	170,000	275,000
	27,004	35,955	53,206	50,754	23,149	105,677
	<u>267,004</u>	<u>280,955</u>	<u>328,206</u>	<u>300,754</u>	<u>193,149</u>	<u>380,677</u>
	(55,246)	(37,526)	(47,639)	(4,805)	20,805	24,854
	-	-	-	-	-	-
	(55,246)	(37,526)	(47,639)	(4,805)	20,805	24,854
	568,692	795,668	801,990	724,228	667,496	808,795
\$	<u>513,446</u>	<u>\$ 758,142</u>	<u>\$ 754,351</u>	<u>\$ 719,423</u>	<u>\$ 688,301</u>	<u>\$ 833,649</u>

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**City of Albert Lea**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended December 31, 2025**

(Continued)

	Debt Service			Total Nonmajor Debt Service Funds
	2023 G.O. Bonds (323)	2024B G.O. Bonds (324)	2025 G.O. Bonds (325)	
<b>Revenues</b>				
Taxes	\$ 272,665	\$ 982,038	\$ -	\$ 2,793,500
Special assessments	69,215	201,539	72,432	1,034,387
Miscellaneous				
Investment income	9,991	19,256	69	202,546
Total revenues	351,871	1,202,833	72,501	4,030,433
<b>Expenditures</b>				
Debt service				
Principal	155,000	-	-	2,615,000
Interest and other charges	105,305	621,589	304	1,110,231
Total expenditures	260,305	621,589	304	3,725,231
Excess of revenues over (under) expenditures	91,566	581,244	72,197	305,202
<b>Other Financing Sources</b>				
Transfers in	-	-	-	212,625
Net change in fund balances	91,566	581,244	72,197	517,827
<b>Fund Balances</b>				
Beginning of year	396,388	464,421	-	7,069,334
End of year	\$ 487,954	\$ 1,045,665	\$ 72,197	\$ 7,587,161

**City of Albert Lea**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Year Ended December 31, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			Variance with Final Budget - Over (Under)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Revenues</b>					
<b>Taxes</b>					
Property taxes	\$ 6,001,800	\$ 6,001,800	\$ 5,926,731	\$ (75,069)	\$ 5,633,891
Franchise fees	2,150,000	2,150,000	1,805,588	(344,412)	1,723,312
Lodging	13,000	13,000	12,193	(807)	13,778
Total taxes	<u>8,164,800</u>	<u>8,164,800</u>	<u>7,744,512</u>	<u>(420,288)</u>	<u>7,370,981</u>
Special assessments	<u>1,000</u>	<u>1,000</u>	<u>34,264</u>	<u>33,264</u>	<u>11,382</u>
Licenses and permits	<u>405,900</u>	<u>405,900</u>	<u>420,965</u>	<u>15,065</u>	<u>433,975</u>
Intergovernmental revenue					
Local government aid	6,882,691	6,882,691	6,882,691	-	6,868,836
Other intergovernmental	1,316,100	1,316,100	1,475,154	159,054	1,336,941
Total intergovernmental revenue	<u>8,198,791</u>	<u>8,198,791</u>	<u>8,357,845</u>	<u>159,054</u>	<u>8,205,777</u>
Charges for services	<u>1,103,700</u>	<u>1,103,700</u>	<u>1,020,227</u>	<u>(83,473)</u>	<u>1,265,468</u>
Fines and forfeitures	<u>85,000</u>	<u>85,000</u>	<u>74,374</u>	<u>(10,626)</u>	<u>76,899</u>
Miscellaneous revenues					
Investment income	182,500	182,500	401,546	219,046	333,620
Contributions and donations	11,500	11,500	55,171	43,671	20,742
Other	32,424	32,424	106,671	74,247	40,479
Total miscellaneous revenues	<u>226,424</u>	<u>226,424</u>	<u>563,388</u>	<u>336,964</u>	<u>394,841</u>
Total revenues	<u>18,185,615</u>	<u>18,185,615</u>	<u>18,215,575</u>	<u>29,960</u>	<u>17,759,323</u>
<b>Expenditures</b>					
<b>Current</b>					
General government					
City Council					
Personnel services	65,353	65,353	64,498	(855)	63,825
Supplies	1,500	1,500	3,455	1,955	1,342
Other services and charges	130,025	130,025	120,883	(9,142)	90,667
Total city council	<u>196,878</u>	<u>196,878</u>	<u>188,836</u>	<u>(8,042)</u>	<u>155,834</u>
City Manager					
Personnel services	293,070	293,070	293,607	537	274,712
Supplies	1,450	1,450	814	(636)	2,010
Other services and charges	14,895	14,895	15,423	528	11,621
Total City Manager	<u>309,415</u>	<u>309,415</u>	<u>309,844</u>	<u>429</u>	<u>288,343</u>
City Clerk					
Personnel services	161,042	161,042	160,824	(218)	151,399
Supplies	200	200	170	(30)	414
Other services and charges	16,710	16,710	15,241	(1,469)	15,361
Total City Clerk	<u>177,952</u>	<u>177,952</u>	<u>176,235</u>	<u>(1,717)</u>	<u>167,174</u>

**City of Albert Lea**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Year Ended December 31, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			Variance with Final Budget - Over (Under)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Expenditures (Continued)</b>					
Current (continued)					
General government (continued)					
Elections					
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ 42,861
Supplies	-	-	-	-	10,024
Other services and charges	-	-	-	-	21,963
Total elections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,848</u>
Finance					
Personnel services	523,975	523,975	529,101	5,126	498,300
Supplies	7,500	7,500	8,176	676	5,903
Other services and charges	106,045	106,045	173,238	67,193	93,311
Total finance	<u>637,520</u>	<u>637,520</u>	<u>710,515</u>	<u>72,995</u>	<u>597,514</u>
City attorney					
Personnel services	100,535	100,535	103,381	2,846	94,247
Supplies	300	300	162	(138)	104
Other services and charges	144,070	144,070	130,106	(13,964)	329,737
Total city attorney	<u>244,905</u>	<u>244,905</u>	<u>233,649</u>	<u>(11,256)</u>	<u>424,088</u>
Personnel administration					
Personnel services	305,074	305,074	269,678	(35,396)	258,333
Supplies	150	150	491	341	273
Other services and charges	75,280	75,280	64,543	(10,737)	53,814
Total personnel administration	<u>380,504</u>	<u>380,504</u>	<u>334,712</u>	<u>(45,792)</u>	<u>312,420</u>
Zoning and planning					
Personnel services	137,072	137,072	137,062	(10)	128,685
Supplies	300	300	50	(250)	316
Other services and charges	12,990	12,990	6,229	(6,761)	4,314
Total personnel administration	<u>150,362</u>	<u>150,362</u>	<u>143,341</u>	<u>(7,021)</u>	<u>133,315</u>
City center					
Personnel services	32,732	32,732	32,833	101	21,961
Supplies	9,000	9,000	9,126	126	7,358
Other services and charges	117,755	117,755	121,103	3,348	112,313
Total city center	<u>159,487</u>	<u>159,487</u>	<u>163,062</u>	<u>3,575</u>	<u>141,632</u>
Communications					
Personnel services	269,964	269,964	270,313	349	253,486
Supplies	6,500	6,500	1,219	(5,281)	2,214
Other services and charges	61,795	61,795	37,928	(23,867)	58,961
Total communications	<u>338,259</u>	<u>338,259</u>	<u>309,460</u>	<u>(28,799)</u>	<u>314,661</u>
Information technology					
Supplies	-	-	135	135	-
Other services and charges	290,050	290,050	293,851	3,801	277,781
Total information technology	<u>290,050</u>	<u>290,050</u>	<u>293,986</u>	<u>3,936</u>	<u>277,781</u>
Total general government	<u>2,885,332</u>	<u>2,885,332</u>	<u>2,863,640</u>	<u>(21,692)</u>	<u>2,887,610</u>

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2025  
With Comparative Actual Amounts for the Year Ended December 31, 2024

	2025			Variance with Final Budget - Over (Under)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Expenditures (Continued)</b>					
Current (Continued)					
Public safety					
Police					
Personnel services	\$ 4,453,347	\$ 4,453,347	\$ 4,522,912	\$ 69,565	\$ 4,099,630
Supplies	136,400	136,400	153,398	16,998	139,948
Other services and charges	541,019	541,019	461,807	(79,212)	486,020
Total police	<u>5,130,766</u>	<u>5,130,766</u>	<u>5,138,117</u>	<u>7,351</u>	<u>4,725,598</u>
Fire					
Personnel services	2,513,030	2,513,030	2,487,065	(25,965)	2,416,415
Supplies	120,750	120,750	129,342	8,592	118,125
Other services and charges	182,430	182,430	162,475	(19,955)	177,811
Total fire	<u>2,816,210</u>	<u>2,816,210</u>	<u>2,778,882</u>	<u>(37,328)</u>	<u>2,712,351</u>
Inspection services					
Personnel services	523,702	523,702	509,977	(13,725)	449,439
Supplies	5,300	5,300	9,948	4,648	5,667
Other services and charges	34,230	34,230	43,639	9,409	26,187
Total inspection services	<u>563,232</u>	<u>563,232</u>	<u>563,564</u>	<u>332</u>	<u>481,293</u>
Community services					
Personnel services	177,053	177,053	179,973	2,920	133,929
Supplies	4,800	4,800	6,719	1,919	5,306
Other services and charges	114,870	114,870	92,550	(22,320)	113,173
Total community services	<u>296,723</u>	<u>296,723</u>	<u>279,242</u>	<u>(17,481)</u>	<u>252,408</u>
Total public safety	<u>8,806,931</u>	<u>8,806,931</u>	<u>8,759,805</u>	<u>(47,126)</u>	<u>8,171,650</u>
Public works					
Engineering					
Personnel services	770,225	770,225	777,404	7,179	752,715
Supplies	9,375	9,375	6,397	(2,978)	7,559
Other services and charges	31,976	31,976	28,350	(3,626)	38,829
Total engineering	<u>811,576</u>	<u>811,576</u>	<u>812,151</u>	<u>575</u>	<u>799,103</u>
Street maintenance					
Personnel services	634,851	634,851	620,988	(13,863)	591,952
Supplies	314,000	314,000	296,871	(17,129)	315,605
Other services and charges	102,800	102,800	104,863	2,063	171,981
Total street maintenance	<u>1,051,651</u>	<u>1,051,651</u>	<u>1,022,722</u>	<u>(28,929)</u>	<u>1,079,538</u>
Snow and ice removal					
Personnel services	395,803	395,803	394,856	(947)	360,141
Supplies	139,000	139,000	126,070	(12,930)	84,327
Other services and charges	11,492	11,492	11,015	(477)	7,369
Total snow and ice removal	<u>546,295</u>	<u>546,295</u>	<u>531,941</u>	<u>(14,354)</u>	<u>451,837</u>

**City of Albert Lea**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Year Ended December 31, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			Variance with Final Budget - Over (Under)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>Expenditures (Continued)</b>					
Current (Continued)					
Public works (Continued)					
Storm drainage					
Personnel services	\$ 161,439	\$ 161,439	\$ 157,440	\$ (3,999)	\$ 151,403
Supplies	42,850	42,850	30,426	(12,424)	39,682
Other services and charges	72,795	72,795	64,070	(8,725)	101,230
Total storm drainage	<u>277,084</u>	<u>277,084</u>	<u>251,936</u>	<u>(25,148)</u>	<u>292,315</u>
Street lighting					
Supplies	12,000	12,000	72,172	60,172	858
Other services and charges	267,270	267,270	265,948	(1,322)	265,470
Total street lighting	<u>279,270</u>	<u>279,270</u>	<u>338,120</u>	<u>58,850</u>	<u>266,328</u>
City garage					
Personnel services	238,978	238,978	236,020	(2,958)	218,754
Supplies	46,000	46,000	43,772	(2,228)	54,807
Other services and charges	83,920	83,920	88,089	4,169	86,429
Total city garage	<u>368,898</u>	<u>368,898</u>	<u>367,881</u>	<u>(1,017)</u>	<u>359,990</u>
Total public works	<u>3,334,774</u>	<u>3,334,774</u>	<u>3,324,751</u>	<u>(10,023)</u>	<u>3,249,111</u>
Culture and recreation					
Recreation administration					
Personnel services	364,923	364,923	389,287	24,364	349,190
Supplies	20,075	20,075	14,200	(5,875)	15,810
Other services and charges	47,195	47,195	44,627	(2,568)	38,844
Total recreation administration	<u>432,193</u>	<u>432,193</u>	<u>448,114</u>	<u>15,921</u>	<u>403,844</u>
Arena					
Personnel services	278,982	278,982	261,549	(17,433)	253,028
Supplies	44,855	44,855	34,947	(9,908)	29,454
Other services and charges	221,331	221,331	118,217	(103,114)	242,910
Total arena	<u>545,168</u>	<u>545,168</u>	<u>414,713</u>	<u>(130,455)</u>	<u>525,392</u>
Swimming pool					
Personnel services	137,887	137,887	121,324	(16,563)	129,378
Supplies	39,228	39,228	18,624	(20,604)	34,286
Other services and charges	48,944	48,944	35,336	(13,608)	34,852
Total swimming pool	<u>226,059</u>	<u>226,059</u>	<u>175,284</u>	<u>(50,775)</u>	<u>198,516</u>

**City of Albert Lea**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Year Ended December 31, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			2024	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
<b>Expenditures (Continued)</b>					
Current (Continued)					
Culture and recreation (Continued)					
Theater					
Supplies	\$ 3,100	\$ 3,100	\$ 787	\$ (2,313)	\$ 1,217
Other services and charges	27,330	27,330	27,482	152	24,243
Total theater	<u>30,430</u>	<u>30,430</u>	<u>28,269</u>	<u>(2,161)</u>	<u>25,460</u>
Parks					
Personnel services	1,120,337	1,120,337	1,091,902	(28,435)	970,391
Supplies	197,600	197,600	198,898	1,298	157,970
Other services and charges	184,043	184,043	191,629	7,586	153,419
Total parks	<u>1,501,980</u>	<u>1,501,980</u>	<u>1,482,429</u>	<u>(19,551)</u>	<u>1,281,780</u>
Forestry					
Personnel services	140,644	140,644	119,077	(21,567)	130,896
Supplies	28,250	28,250	24,891	(3,359)	27,788
Other services and charges	60,969	60,969	44,569	(16,400)	49,268
Total forestry	<u>229,863</u>	<u>229,863</u>	<u>188,537</u>	<u>(41,326)</u>	<u>207,952</u>
Library					
Personnel services	989,113	989,113	950,439	(38,674)	908,159
Supplies	170,600	170,600	133,086	(37,514)	152,750
Other services and charges	73,972	73,972	55,239	(18,733)	57,994
Total library	<u>1,233,685</u>	<u>1,233,685</u>	<u>1,138,764</u>	<u>(94,921)</u>	<u>1,118,903</u>
Total culture and recreation	<u>4,199,378</u>	<u>4,199,378</u>	<u>3,876,110</u>	<u>(323,268)</u>	<u>3,761,847</u>
Community development					
Property acquisitions					
Supplies	-	-	-	-	425
Other services and charges	-	-	-	-	38,750
Total property acquisitions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,175</u>
Economic development					
Other services and charges	125,200	125,200	102,391	(22,809)	124,858
Total community development	<u>125,200</u>	<u>125,200</u>	<u>102,391</u>	<u>(22,809)</u>	<u>164,033</u>
Total current expenditures	<u>19,351,615</u>	<u>19,351,615</u>	<u>18,926,697</u>	<u>(424,918)</u>	<u>18,234,251</u>

**City of Albert Lea**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Year Ended December 31, 2025**  
**With Comparative Actual Amounts for the Year Ended December 31, 2024**

	2025			2024	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
<b>Expenditures (Continued)</b>					
Debt Service					
Principal	\$ 19,000	\$ 19,000	\$ 18,008	\$ (992)	\$ 18,508
Capital outlay					
General government	-	-	-	-	19,324
Public safety	-	-	19,947	19,947	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	19,046
Total capital outlay	-	-	19,947	19,947	38,370
Total expenditures	19,370,615	19,370,615	18,964,652	(405,963)	18,291,129
Excess of revenues over (under) expenditures	(1,185,000)	(1,185,000)	(749,077)	435,923	(531,806)
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital asset	-	-	-	-	450
Transfers in	2,510,000	2,510,000	2,510,000	-	2,322,135
Transfers out	(1,325,000)	(1,325,000)	(1,349,571)	(24,571)	(1,380,884)
Total other financing sources (uses)	1,185,000	1,185,000	1,160,429	(24,571)	941,701
Net change in fund balances	\$ -	\$ -	411,352	\$ 411,352	409,895
<b>Fund Balances</b>					
Beginning of year			12,615,394		12,205,499
End of year			\$ 13,026,746		\$ 12,615,394

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**STATISTICAL SECTION (UNAUDITED)**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2025

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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**  
**Statistical Section (Unaudited)**  
**Net Position by Component**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2016	2017	2018	2019
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 42,945,205	\$ 47,259,002	\$ 51,854,858	\$ 59,788,439
Restricted	24,221,520	24,314,972	23,938,762	18,624,347
Unrestricted	10,664,422	9,968,233	10,547,381	9,745,316
Total governmental activities net position	<u>\$ 77,831,147</u>	<u>\$ 81,542,207</u>	<u>\$ 86,341,001</u>	<u>\$ 88,158,102</u>
<b>Business-Type Activities</b>				
Net investment in capital assets	\$ 42,729,009	\$ 42,939,676	\$ 42,141,720	\$ 44,963,435
Restricted	-	-	-	-
Unrestricted	11,238,332	10,698,663	11,003,827	11,595,802
Total business-type activities net position	<u>\$ 53,967,341</u>	<u>\$ 53,638,339</u>	<u>\$ 53,145,547</u>	<u>\$ 56,559,237</u>
<b>Total Primary Government</b>				
Net investment in capital assets	\$ 85,674,214	\$ 90,198,678	\$ 93,996,578	\$ 104,751,874
Restricted	24,221,520	24,314,972	23,938,762	18,624,347
Unrestricted	21,902,754	20,666,896	21,551,208	21,341,118
Total primary government	<u>\$ 131,798,488</u>	<u>\$ 135,180,546</u>	<u>\$ 139,486,548</u>	<u>\$ 144,717,339</u>

Table 1

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 62,676,110	\$ 64,920,908	\$ 69,755,089	\$ 71,324,410	\$ 71,677,398	\$ 73,133,431
17,183,548	16,911,070	16,046,115	15,110,745	14,412,183	15,946,301
11,359,395	13,404,704	11,338,156	11,205,202	14,211,239	14,143,708
<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>	<u>\$ 103,223,440</u>
\$ 44,674,279	\$ 44,914,570	\$ 44,271,081	\$ 44,633,953	\$ 45,782,277	\$ 47,212,296
-	-	-	-	5,754	-
12,242,153	12,098,097	13,034,145	13,370,214	14,355,458	15,623,071
<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>	<u>\$ 62,835,367</u>
\$ 107,350,389	\$ 109,835,478	\$ 114,026,170	\$ 115,958,363	\$ 117,459,675	\$ 120,345,727
17,183,548	16,911,070	16,046,115	15,110,745	14,417,937	15,946,301
23,601,548	25,502,801	24,372,301	24,575,416	28,566,697	29,766,779
<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>	<u>\$ 166,058,807</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Expenses</b>				
Governmental activities				
General government	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413	\$ 2,466,797
Public safety	7,793,711	6,989,633	6,983,401	6,853,580
Public works	3,448,159	3,420,520	4,012,349	4,858,591
Culture and recreation	3,614,932	4,006,557	3,631,330	4,219,744
Airport	578,473	1,125,612	620,411	719,033
Community development	1,135,736	803,201	449,376	597,661
Interest on long-term debt	501,753	525,704	564,742	597,515
Total governmental activities expenses	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>	<u>20,312,921</u>
Business-type activities				
Water	1,674,260	1,673,215	1,904,474	1,746,635
Sewer	3,603,255	3,540,898	4,118,407	4,116,664
Solid waste	140,752	145,871	104,009	138,355
Parking maintenance district	10,861	-	-	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>	<u>6,001,654</u>
Total expenses	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>	<u>\$ 24,557,912</u>	<u>\$ 26,314,575</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 100,449	\$ 140,139	\$ 165,619	\$ 169,971
Culture and recreation	593,500	672,198	599,705	561,087
Other activities	955,216	790,990	937,108	1,038,574
Operating grants and contributions	613,416	574,252	593,197	656,566
Capital grants and contributions	4,749,991	4,013,023	5,026,013	2,675,884
Total governmental activities program revenue	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>	<u>5,102,082</u>
Business-type activities				
Charges for services				
Water	2,778,218	2,979,526	3,172,833	3,356,138
Sewer	4,230,589	4,250,258	4,236,478	4,466,819
Other activities	164,168	159,616	183,978	162,093
Operating grants and contributions	2,620	187	-	13,711
Capital grants and contributions	59,774	35,686	18,034	3,118,474
Total governmental activities program revenue	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>	<u>11,117,235</u>
Total program revenues	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>	<u>\$ 14,932,965</u>	<u>\$ 16,219,317</u>

Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630	\$ 3,193,826	\$ 3,281,653
7,110,586	6,951,984	8,643,912	9,371,247	9,011,059	9,548,238
4,783,978	3,536,516	6,767,143	5,140,112	6,085,102	6,062,897
3,622,589	3,760,769	4,425,231	4,598,875	4,850,625	4,501,145
741,140	930,211	661,675	776,785	793,238	920,539
838,465	1,810,521	1,838,469	1,643,875	2,737,812	2,036,714
681,353	467,067	533,935	555,080	763,409	1,077,327
<u>20,187,763</u>	<u>19,868,546</u>	<u>25,444,644</u>	<u>24,826,604</u>	<u>27,435,071</u>	<u>27,428,513</u>
1,769,325	1,865,980	2,085,679	2,416,996	2,317,991	3,391,554
4,233,447	4,039,871	4,102,829	4,771,273	5,080,104	4,604,618
142,238	158,194	145,871	144,239	160,142	143,941
-	-	-	-	-	-
-	-	158,112	371,296	366,779	367,471
<u>6,145,010</u>	<u>6,064,045</u>	<u>6,492,491</u>	<u>7,703,804</u>	<u>7,925,016</u>	<u>8,507,584</u>
<u>\$ 26,332,773</u>	<u>\$ 25,932,591</u>	<u>\$ 31,937,135</u>	<u>\$ 32,530,408</u>	<u>\$ 35,360,087</u>	<u>\$ 35,936,097</u>
\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220	\$ 126,737	\$ 125,252
318,690	513,111	526,678	569,123	553,452	492,845
881,717	1,000,158	910,558	1,166,427	1,962,927	1,154,810
1,550,687	2,330,966	1,018,904	986,689	1,122,433	1,236,026
3,004,849	3,200,609	7,928,692	3,079,569	4,972,200	3,308,673
<u>5,890,153</u>	<u>7,125,117</u>	<u>10,464,870</u>	<u>5,894,028</u>	<u>8,737,749</u>	<u>6,317,606</u>
3,528,741	3,793,951	3,900,428	4,124,002	4,212,200	4,481,341
4,462,862	4,393,485	5,039,665	5,501,096	5,789,672	6,245,628
176,446	207,790	356,746	593,026	585,428	588,523
7,570	7,125	22,719	-	-	295,186
249,325	22,792	32,879	26,463	1,349,613	1,779,224
<u>8,424,944</u>	<u>8,425,143</u>	<u>9,352,437</u>	<u>10,244,587</u>	<u>11,936,913</u>	<u>13,389,902</u>
<u>\$ 14,315,097</u>	<u>\$ 15,550,260</u>	<u>\$ 19,817,307</u>	<u>\$ 16,138,615</u>	<u>\$ 20,674,662</u>	<u>\$ 19,707,508</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Net (Expenses) Revenues</b>				
Governmental activities	\$ (12,122,726)	\$ (12,847,186)	\$ (11,109,380)	\$ (9,773,111)
Business-type activities	1,806,241	2,065,289	1,484,433	1,996,231
Total primary government	<u>\$ (10,316,485)</u>	<u>\$ (10,781,897)</u>	<u>\$ (9,624,947)</u>	<u>\$ (7,776,880)</u>
<b>General Revenues and Other</b>				
<b>Changes in Net Position</b>				
Governmental activities				
Taxes				
Property taxes - general purposes	\$ 4,790,563	\$ 4,938,679	\$ 4,849,730	\$ 4,733,069
Property taxes - debt service	1,398,161	1,388,212	1,552,317	1,552,317
Tax increments	125,907	321,562	354,442	367,775
Franchise and lodging taxes	1,603,182	1,659,893	1,798,752	1,730,997
Unrestricted grants and contributions	5,316,055	5,246,746	5,410,140	5,415,747
Unrestricted investment earnings	347,736	402,765	431,089	1,009,666
Sale of capital assets	56,707	33,956	84,402	31,369
Transfers - capital related	(1,435,368)	652,489	-	-
Transfers	1,681,820	1,913,944	1,997,884	2,187,000
Total governmental activities expenses	<u>13,884,763</u>	<u>16,558,246</u>	<u>16,478,756</u>	<u>17,027,940</u>
Business-type activities				
Unrestricted investment earnings	132,238	172,142	151,632	485,109
Transfers - capital related	1,435,368	(652,489)	-	-
Transfers	(1,681,820)	(1,913,944)	(1,997,884)	(2,187,000)
Total business-type activities expenses	<u>(114,214)</u>	<u>(2,394,291)</u>	<u>(1,846,252)</u>	<u>(1,701,891)</u>
Total primary government	<u>\$ 13,770,549</u>	<u>\$ 14,163,955</u>	<u>\$ 14,632,504</u>	<u>\$ 15,326,049</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 1,762,037	\$ 3,711,060	\$ 5,369,376	\$ 7,254,829
Business-type activities	1,692,027	(329,002)	(361,819)	294,340
Total primary government	<u>\$ 3,454,064</u>	<u>\$ 3,382,058</u>	<u>\$ 5,007,557</u>	<u>\$ 7,549,169</u>

(Continued)  
Table 2

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ (14,297,610)	\$ (12,743,429)	\$ (14,979,774)	\$ (18,932,576)	\$ (18,697,322)	\$ (21,110,907)
2,279,934	2,361,098	2,859,946	2,540,783	4,011,897	4,882,318
<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>	<u>\$ (16,228,589)</u>
\$ 4,878,635	\$ 4,849,455	\$ 5,152,501	\$ 5,463,178	\$ 5,695,550	\$ 6,037,270
1,737,902	1,881,233	1,876,914	1,935,337	1,965,000	2,793,500
386,348	398,482	353,317	631,480	847,397	1,011,202
1,657,164	1,649,356	2,023,232	1,986,933	1,723,312	1,805,588
5,626,401	5,709,861	5,876,300	5,810,318	7,062,627	6,960,345
614,346	(82,131)	(808,593)	1,078,113	1,262,194	1,450,401
197,265	132,802	124,781	43,214	171,705	78,643
-	-	-	-	-	-
2,260,500	2,222,000	2,284,000	2,485,000	2,630,000	2,999,763
<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>	<u>23,136,712</u>
337,761	(42,863)	(283,387)	643,158	757,425	809,323
-	-	-	-	-	-
(2,260,500)	(2,222,000)	(2,284,000)	(2,485,000)	(2,630,000)	(2,999,763)
<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>(2,190,440)</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>	<u>\$ 20,946,272</u>
\$ 3,060,951	\$ 4,017,629	\$ 1,902,678	\$ 500,997	\$ 2,660,463	\$ 2,025,805
357,195	96,235	292,559	698,941	2,139,322	2,691,878
<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>	<u>\$ 4,717,683</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>General Fund</b>				
Nonspendable	\$ 1,804,829	\$ 1,731,572	\$ 1,702,641	\$ 1,671,527
Committed	1,875,000	-	-	-
Unassigned	9,155,071	8,398,760	7,879,629	8,713,892
Total general fund	<u>\$ 12,834,900</u>	<u>\$ 10,130,332</u>	<u>\$ 9,582,270</u>	<u>\$ 10,385,419</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 7,415	\$ 4,927	\$ 3,083	\$ -
Restricted	16,391,488	16,965,298	16,951,572	10,777,732
Committed	2,037,501	2,615,975	3,171,609	3,229,423
Assigned	6,812,232	7,764,741	7,813,460	7,235,022
Unassigned	<u>(3,766,025)</u>	<u>(3,279,636)</u>	<u>(3,202,420)</u>	<u>(2,977,074)</u>
Total all other governmental funds	<u>\$ 21,482,611</u>	<u>\$ 24,071,305</u>	<u>\$ 24,737,304</u>	<u>\$ 18,265,103</u>

Table 3

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 1,695,073	\$ 1,761,349	\$ 2,443,094	\$ 2,889,364	\$ 2,974,686	\$ 2,764,186
-	-	-	-	-	-
9,985,667	9,038,246	9,055,823	9,316,135	9,640,708	10,262,560
<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>	<u>\$ 13,026,746</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,772,899	9,934,296	9,482,588	9,478,366	19,378,079	9,032,827
3,430,091	4,035,980	4,153,686	4,175,565	3,632,086	4,088,012
7,224,916	7,918,744	5,401,645	6,870,794	9,047,889	9,386,739
(3,092,060)	(3,233,883)	(2,701,758)	(4,085,492)	(3,839,567)	(4,391,584)
<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>	<u>\$ 18,115,994</u>

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Revenues</b>				
Taxes	\$ 7,957,791	\$ 8,286,427	\$ 8,541,532	\$ 8,351,045
Licenses and permits	280,282	296,467	328,177	311,538
Intergovernmental	6,886,655	8,481,280	9,551,765	7,452,543
Charges for services	1,028,636	877,925	1,056,646	1,175,316
Fines and forfeits	97,655	100,315	105,300	116,077
Special assessments	1,659,298	1,725,872	1,702,227	1,571,186
Interest on investments	331,854	387,807	413,355	980,692
Interest on loans	1,078	1,827	7,761	24,640
Miscellaneous	282,580	468,774	266,724	199,793
Total revenues	<u>18,525,829</u>	<u>20,626,694</u>	<u>21,973,487</u>	<u>20,182,830</u>
<b>Expenditures</b>				
General government	1,859,435	1,930,519	1,997,162	2,152,625
Public safety	6,016,086	6,333,491	6,771,675	6,481,734
Public works	2,468,244	2,437,700	3,147,116	3,170,733
Culture and recreation	3,282,690	3,374,156	3,471,282	3,585,183
Airport	306,591	227,124	205,596	173,816
Community development	416,995	731,839	301,095	409,751
Capital outlay	6,612,275	6,758,610	7,117,729	11,586,282
Debt service				
Principal	2,400,000	2,639,510	2,828,875	2,810,156
Interest and fiscal charges	508,374	532,519	571,309	604,575
Total expenditures	<u>23,870,690</u>	<u>24,965,468</u>	<u>26,411,839</u>	<u>30,974,855</u>
Deficiency of revenues under expenditures	<u>(5,344,861)</u>	<u>(4,338,774)</u>	<u>(4,438,352)</u>	<u>(10,792,025)</u>
<b>Other Financing Sources (Uses)</b>				
Bond issued	3,510,000	2,275,000	2,430,000	2,565,000
Premium on bonds issued	-	-	49,409	291,086
Loan proceeds	-	-	-	-
Sale of capital assets	56,707	33,956	88,996	31,369
Miscellaneous revenue	-	-	-	-
Payment to refunding agent	209,800	-	-	-
Transfer out	(1,821,366)	(4,919,775)	(3,626,190)	(2,065,268)
Transfer in	3,525,186	6,833,719	5,614,074	4,300,786
Total other financing sources (uses)	<u>5,480,327</u>	<u>4,222,900</u>	<u>4,556,289</u>	<u>5,122,973</u>
Net change in fund balances	<u>\$ 135,466</u>	<u>\$ (115,874)</u>	<u>\$ 117,937</u>	<u>\$ (5,669,052)</u>
Debt service as a percentage of non capital expenditures	17.15%	17.51%	18.11%	17.79%

Table 4

		Fiscal Year									
		2020	2021	2022	2023	2024	2025				
\$	8,638,196	\$	8,776,541	\$	9,445,104	\$	10,022,103	\$	10,184,126	\$	11,553,501
	294,938		336,338		367,084		330,106		433,975		420,965
	9,024,657		9,390,216		13,993,457		9,011,271		9,686,519		9,697,231
	873,804		1,021,910		1,010,725		1,337,972		1,746,321		1,155,331
	70,336		109,827		102,678		89,107		79,425		74,733
	1,478,069		1,518,488		1,380,624		1,262,205		1,636,905		1,343,177
	594,207		(79,900)		(784,489)		1,053,603		1,250,597		1,443,193
	25,331		28,081		19,486		49,660		11,597		7,208
	78,388		115,952		103,794		111,458		1,581,522		485,508
	<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>		<u>26,180,847</u>
	2,087,627		2,101,907		2,152,786		2,306,499		2,908,927		3,120,532
	6,651,818		7,191,519		7,526,368		7,997,304		8,258,022		8,909,775
	2,978,719		3,187,706		3,352,909		3,369,452		3,683,551		3,845,363
	3,071,308		3,304,307		3,604,036		3,748,623		4,007,549		4,092,930
	236,389		248,802		189,569		146,592		168,528		177,206
	569,302		1,681,486		1,697,679		1,353,641		1,866,309		1,658,023
	7,052,832		3,755,120		11,018,356		5,380,159		7,593,439		15,453,195
	2,749,931		2,900,115		2,886,068		3,078,439		2,983,508		2,668,658
	629,322		629,786		587,601		636,061		703,388		1,210,871
	<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>41,136,553</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>		<u>(14,955,706)</u>
	2,575,000		1,790,000		3,195,000		2,455,000		13,509,896		2,061,703
	282,621		76,639		153,474		192,324		979,449		124,456
	-		-		-		311,401		-		-
	197,265		132,802		124,781		43,214		171,705		78,643
	-		-		-		-		5,400		-
	-		-		-		-		-		-
	(3,982,595)		(3,066,311)		(3,125,810)		(1,671,309)		(3,333,084)		(3,158,131)
	6,243,095		5,288,311		5,409,810		4,228,309		5,963,084		6,157,894
	<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>5,264,565</u>
\$	<u>366,064</u>	\$	<u>438,146</u>	\$	<u>(1,619,654)</u>	\$	<u>809,654</u>	\$	<u>11,734,216</u>	\$	<u>(9,691,141)</u>
	17.75%		17.96%		14.98%		20.43%		15.00%		15.11%

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

	Fiscal Year			
	2016	2017	2018	2019
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 100,449	\$ 140,139	\$ 165,619	\$ 169,971
Culture and recreation	593,500	672,198	599,705	561,087
Other activities	955,216	790,990	937,108	1,038,574
Operating grants and contributions	613,416	574,252	593,197	656,566
Capital grants and contributions	4,749,991	4,013,023	5,026,013	2,675,884
Total governmental activities program revenue	<u>7,012,572</u>	<u>6,190,602</u>	<u>7,321,642</u>	<u>5,102,082</u>
Business-type activities				
Charges for services				
Water	2,778,218	2,979,526	3,172,833	3,356,138
Sewer	4,230,589	4,250,258	4,236,478	4,466,819
Other activities	164,168	159,616	183,978	162,093
Operating grants and contributions	2,620	187	-	13,711
Capital grants and contributions	59,774	35,686	18,034	3,118,474
Total business-type activities program revenue	<u>7,235,369</u>	<u>7,425,273</u>	<u>7,611,323</u>	<u>11,117,235</u>
Total program revenues	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>	<u>\$ 14,932,965</u>	<u>\$ 16,219,317</u>
<b>Expenses</b>				
Governmental activities				
General government	\$ 2,062,534	\$ 2,166,561	\$ 2,169,413	\$ 2,466,797
Public safety	7,793,711	6,989,633	6,983,401	6,853,580
Public works	3,448,159	3,420,520	4,012,349	4,858,591
Culture and recreation	3,614,932	4,006,557	3,631,330	4,219,744
Airport	578,473	1,125,612	620,411	719,033
Community development	1,135,736	803,201	449,376	597,661
Interest on long-term debt	501,753	525,704	564,742	597,515
Total governmental activities expenses	<u>19,135,298</u>	<u>19,037,788</u>	<u>18,431,022</u>	<u>20,312,921</u>
Business-type activities				
Water	1,674,260	1,673,215	1,904,474	1,746,635
Sewer	3,603,255	3,540,898	4,118,407	4,116,664
Solid waste	140,752	145,871	104,009	138,355
Parking	10,861	-	-	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,429,128</u>	<u>5,359,984</u>	<u>6,126,890</u>	<u>6,001,654</u>
Total expenses	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>	<u>\$ 24,557,912</u>	<u>\$ 26,314,575</u>

Table 5

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220	\$ 126,737	\$ 125,252
318,690	513,111	526,678	569,123	553,452	492,845
881,717	1,000,158	910,558	1,166,427	1,962,927	1,154,810
1,550,687	2,330,966	1,018,904	986,689	1,122,433	1,236,026
3,004,849	3,200,609	7,928,692	3,079,569	4,972,200	3,308,673
<u>5,890,153</u>	<u>7,125,117</u>	<u>10,464,870</u>	<u>5,894,028</u>	<u>8,737,749</u>	<u>6,317,606</u>
3,528,741	3,793,951	3,900,428	4,124,002	4,212,200	4,481,341
4,462,862	4,393,485	5,039,665	5,501,096	5,789,672	6,245,628
176,446	207,790	356,746	593,026	585,428	588,523
7,570	7,125	22,719	-	-	295,186
249,325	22,792	32,879	26,463	1,349,613	1,779,224
<u>8,424,944</u>	<u>8,425,143</u>	<u>9,352,437</u>	<u>10,244,587</u>	<u>11,936,913</u>	<u>13,389,902</u>
<u>\$ 14,315,097</u>	<u>\$ 15,550,260</u>	<u>\$ 19,817,307</u>	<u>\$ 16,138,615</u>	<u>\$ 20,674,662</u>	<u>\$ 19,707,508</u>
\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630	\$ 3,193,826	\$ 3,281,653
7,110,586	6,951,984	8,643,912	9,371,247	9,011,059	9,548,238
4,783,978	3,536,516	6,767,143	5,140,112	6,085,102	6,062,897
3,622,589	3,760,769	4,425,231	4,598,875	4,850,625	4,501,145
838,465	930,211	661,675	776,785	793,238	920,539
741,140	1,810,521	1,838,469	1,643,875	2,737,812	2,036,714
681,353	467,067	533,935	555,080	763,409	1,077,327
<u>20,187,763</u>	<u>19,868,546</u>	<u>25,444,644</u>	<u>24,826,604</u>	<u>27,435,071</u>	<u>27,428,513</u>
1,769,325	1,865,980	2,085,679	2,416,996	2,317,991	3,391,554
4,233,447	4,039,871	4,102,829	4,771,273	5,080,104	4,604,618
142,238	158,194	145,871	144,239	160,142	143,941
-	-	-	-	-	-
-	-	158,112	371,296	366,779	367,471
<u>6,145,010</u>	<u>6,064,045</u>	<u>6,492,491</u>	<u>7,703,804</u>	<u>7,925,016</u>	<u>8,507,584</u>
<u>\$ 26,332,773</u>	<u>\$ 25,932,591</u>	<u>\$ 31,937,135</u>	<u>\$ 32,530,408</u>	<u>\$ 35,360,087</u>	<u>\$ 35,936,097</u>

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

**Table 6**

Fiscal Year Ended December 31,	Property Taxes	Franchise Taxes	Lodging Taxes	Other Taxes	Total
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
2025	8,818,577	1,805,588	12,193	1,011,202	11,647,560

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

**City of Albert Lea  
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
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	6,236,085	100.00
2018	6,310,770	6,199,264	98.86	111,506	6,310,518	100.00
2019	6,310,770	6,182,403	99.59	128,367	6,310,088	99.99
2020	6,520,259	6,370,347	97.70	149,912	6,519,446	99.99
2021	6,707,233	6,544,859	97.58	162,374	6,706,711	99.99
2022	6,941,914	6,820,799	98.26	121,115	6,934,400	99.89
2023	7,341,000	7,210,118	98.22	130,882	7,309,321	99.57
2024	7,691,500	7,544,885	98.09	146,615	7,643,381	99.37
2025	8,768,300	8,521,207	97.18	247,093	8,521,207	97.18

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

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

**Table 8**

<u>Fiscal Year Ended December 31,</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent Collected</u>	<u>Total Outstanding Delinquent Assessments</u>	<u>Prepayment of Assessments</u>
2016	\$ 1,710,255	\$ 1,710,193	100.00 %	\$ 62	\$ 495,935
2017	1,341,595	1,341,563	100.00	32	277,776
2018	1,389,166	1,389,134	100.00	32	360,006
2019	1,321,102	1,316,577	99.66	4,525	246,620
2020	1,265,153	1,262,392	99.78	2,761	217,588
2021	1,150,627	1,145,781	99.58	4,846	154,962
2022	726,865	688,857	94.77	38,008	235,370
2023	641,602	567,430	88.44	74,172	156,703
2024	1,517,456	1,418,364	93.47	99,092	109,069
2025	499,858	252,706	50.56	247,152	156,745

Note: Certified assessments only.

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

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

Fiscal Year Ended December 31,	Real Property		Personal Property	
	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value
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
2025	15,122,176	1,425,853,900	199,949	13,055,700

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	
Tax Capacity	Estimated Market Value	Estimated Market Value	Total Direct Rate
\$ 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
15,322,125	1,438,909,600	1.06	60.126

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

Fiscal Year Ended December 31,	Direct Government			Total Rate
	Operating Rate	Cap Imp Bonds Rate	PIR Bonds Rate	
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
2025	40.972	0.000	19.154	60.126

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	
24.842 %	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
19.663	48.977	3.824	132.590

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

Taxpayer	Business-Type	2025		
		Taxable Market Value	Rank	Percentage of Total Market Valuation
Vortex Cold Storage LLC	Warehouse	\$ 38,993,500	1	3.07 %
Saint Paul Properties	Industrial	11,818,000	2	0.93
St John's Lutheran Home	Healthcare	8,794,000	3	0.69
Freeborn-Mower Coop	Utility	8,332,800	4	0.66
Minnesota Energy Resources	Utility	7,725,000	5	0.61
Trailside Apartment	Housing	7,095,000	6	0.56
Albert Lea Port Authority	Economic Development	6,811,900	7	0.54
Wal-Mart Real Estate Business	Retail	6,680,400	8	0.53
Pratt Properties	Corrugated Box	6,172,000	9	0.49
ITC Midwest, LLC	Utility	5,551,800	10	0.44
Interstate Power Company	Utility	-	-	-
C Dale Family Trust	Office Park	-	-	-
MCB Properties, LTD	Corrugated Box	-	-	-
Continental Albert Lea LLP	Warehouse	-	-	-
Home Depot USA	Retail	-	-	-
Hormel Foods Corporation	Manufacturing	-	-	-
Carrington Family Trust	Commercial Land & Bldgs	-	-	-
<b>Total</b>		<b>\$ 107,974,400</b>		<b>8.52 %</b>

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

Table 11

2016		
Market Value	Rank	Percentage of Total Market Valuation
\$ -	-	- %
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,733,100	6	0.53
7,551,000	2	0.85
-	-	-
3,301,500	10	0.37
22,481,800	1	2.53
7,233,400	3	0.81
5,440,800	4	0.61
5,411,200	5	0.61
4,421,500	7	0.50
3,971,200	8	0.45
3,855,700	9	0.43
<u>\$ 68,401,200</u>		<u>7.69 %</u>

**City of Albert Lea  
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)
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
2025	-	-	739,981	465,000	29,575,153

(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)
\$ 1,078,284	\$ 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
12,283,512	-	4,579,069	47,642,715	4.06	2,621

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**City of Albert Lea**  
**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)
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	33,517,087	(13,283,697)	20,233,390	139.02%	1,106
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
2025	43,063,646	(13,311,560)	29,752,086	194.18%	1,637

(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  
Statistical Section (Unaudited)  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal Year			
	2016	2017	2018	2019
Debt Limit	\$ 27,590,142	\$ 27,518,049	\$ 26,752,776	\$ 27,590,142
Total net debt applicable to limit	944,521	879,593	692,982	690,940
Legal debt margin	<u>\$ 26,645,621</u>	<u>\$ 26,638,456</u>	<u>\$ 26,059,794</u>	<u>\$ 26,899,202</u>
Total net debt applicable to the limited as a percentage of debt limit	3.42%	3.20%	2.59%	2.50%

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					
2020	2021	2022	2023	2024	2025
\$ 28,983,831	\$ 32,666,715	\$ 39,912,978	\$ 40,966,302	\$ 40,961,340	\$ 43,167,288
<u>670,000</u>	<u>485,000</u>	<u>290,000</u>	<u>80,000</u>	<u>505,000</u>	<u>465,000</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>	<u>\$ 42,702,288</u>
2.31%	1.48%	0.73%	0.20%	1.23%	1.08%

**Legal Debt Margin Calculation for Fiscal Year**

Estimated Taxable Market Value	<u>\$ 1,438,909,600</u>
Debt Limit (3% of taxable market value)	<u>\$ 43,167,288</u>
<b>Legal Debt Margin</b>	<u>\$ 43,167,288</u>

**City of Albert Lea  
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	\$ 29,164,981	100.00 %	<u>\$ 29,164,981</u>
Overlapping			
School District #241	30,916,709	22.20	6,862,261
County of Freeborn	8,730,000	43.31	3,781,171
Shell Rock River Watershed	726,734	22.57	<u>164,027</u>
Total overlapping debt			<u>10,807,459</u>
Total direct and overlapping debt			<u><u>\$ 39,972,440</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  
Statistical Section (Unaudited)  
Schedule of Water Fund Bond Coverage  
Last Ten Fiscal Years

Table 16

Fiscal Year Ended December 31,	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
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%
2025	4,438,581	2,640,700	1,797,881	569,000	242,201	811,201	222%

Gross revenues include all revenues from operations and interest.  
Operating expense includes the cost of operations excluding depreciation expense.

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

Table 17

Fiscal Year Ended December 31,	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
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%
2025	6,224,091	3,279,681	2,944,410	299,045	151,640	450,685	653%

Gross revenues include all revenues from operations.

Operating expense includes the cost of operations excluding depreciation expense.

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

**Table 18**

<b>Fiscal Year Ended December 31,</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Median Household Income (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
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
2025	18,180	1,174,482,540	64,603	3,338	2.1

*Source:*

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

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City of Albert Lea  
 Statistical Section (Unaudited)  
 Top 10 Water System Customers  
 (by Units of Consumption for 2025)

Table 19

Customers	Business-Type	Consumption in Cubic Feet for 12 Months Ended 12/31/25	Percent of Total Consumption
Mrs. Gerry's Kitchen	Industrial	10,700,075	11.3 %
Cargill Meat Solution Corporation	Industrial	6,909,831	7.3
Hormel Albert Lea Select Foods	Industrial	6,698,078	7.1
AmTech Ingredients, LLC	Industrial	2,094,309	2.2
Mayo Clinic Health Systems Albert Lea	Clinic/Hospital	1,962,245	2.1
Ventura Foods LLC	Industrial	1,861,233	2.0
St John's Campus	Housing	1,620,711	1.7
Lou Rich	Industrial	1,130,510	1.2
Albert Lea Electro Plating Inc	Industrial	1,064,499	1.1
Stoney Creek Estates	Commercial	835,900	0.9

Note: One hundred cubic feet equates to approximately 748 gallons.

Source: City utility data.

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

Employer	Business-Type	2025		
		Number of Employees	Rank	Percent of Total City Employee
Albert Lea Area Schools	Education (Pre K-12)	820	1	8.36 %
Mayo Clinic Health Systems - Albert Lea	Medical	800	2	8.15
Albert Lea Select Foods	Pork Processing	560	3	5.71
Innovance	Manufacturing	411	4	4.19
Freeborn County	County Government	313	5	3.19
Riverland Community College	Post-Secondary education	300	6	3.06
Cargill Incorporated	Agribusiness	295	7	3.01
Mrs Gerry's Kitchen	Agribusiness	278	8	2.83
Hy-Vee Food Store	Grocery	259	9	2.64
Wal-Mart	Discount retail	251	10	2.56
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>43.70 %</u>

Table 20

2016		
Number of Employees	Rank	Percent of Total City Employee
499	2	3.17 %
1,200	1	7.63
387	3	2.46
240	10	1.53
282	8	1.79
-		-
320	5	2.03
-	-	-
-	-	-
285	7	1.81
250	9	1.59
300	6	1.91
350	4	2.23
<u>4,113</u>		<u>26.15 %</u>

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

Function	Fiscal Year			
	2016	2017	2018	2019
General government				
Administration	4.00	4.00	4.00	4.00
Human resources	1.50	1.50	1.50	1.50
Finance	4.00	4.50	4.50	4.35
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	0.50
Police				
Sworn officers	26.50	26.50	26.50	27.50
Other	2.50	2.90	2.90	3.00
Fire and inspection				
Fire	16.50	16.50	16.50	16.50
Inspection	3.00	4.00	4.00	3.50
Public works				
Engineering	5.40	5.40	5.40	5.40
Street and garage	12.00	12.34	12.59	12.29
Water	9.00	9.33	9.58	8.58
Sewer	13.50	13.83	14.08	15.08
Solid waste management	1.00	1.00	1.00	1.25
Parks and recreation				
Recreation	2.85	2.85	2.35	2.85
Swimming	0.15	0.15	0.15	0.25
Senior citizen center	1.50	1.50	1.50	1.55
Arena	3.00	3.00	2.50	1.90
Parks	8.00	8.00	9.25	9.25
Library	12.70	12.70	13.70	13.58
Community development	-	-	-	1.15
<b>Total employees</b>	<b>131.10</b>	<b>134.00</b>	<b>136.00</b>	<b>136.98</b>

Source: 2024 Budget

Table 21

Fiscal Year					
2020	2021	2022	2023	2024	2025
4.00	4.00	4.00	4.00	3.00	3.00
1.50	1.50	1.50	1.50	1.50	1.50
4.35	4.50	4.50	4.50	4.50	4.50
2.00	2.00	2.00	2.00	1.00	1.00
1.00	1.00	2.00	2.00	2.00	2.00
1.25	1.25	1.00	1.00	1.00	1.00
0.50	0.60	0.60	0.60	0.60	0.60
27.50	27.50	27.50	27.50	28.50	28.50
2.50	3.50	4.00	4.00	3.00	3.00
17.00	17.00	17.50	17.50	17.50	17.50
3.75	3.75	4.00	4.00	4.00	5.00
5.40	5.40	5.40	5.40	5.40	5.40
12.29	12.54	12.54	12.54	12.50	12.50
8.58	8.63	8.63	8.63	8.60	8.60
15.08	15.13	15.13	15.13	15.10	15.10
1.25	1.25	1.25	1.25	1.00	1.00
2.85	2.70	3.00	3.00	3.00	3.00
0.25	0.35	0.20	0.20	0.20	0.20
1.70	-	-	-	-	-
1.90	1.75	2.13	2.13	2.30	2.30
9.25	9.20	9.54	9.54	9.50	9.50
12.65	12.25	12.25	12.25	12.30	12.30
-	-	-	-	-	-
<u>136.55</u>	<u>135.80</u>	<u>138.67</u>	<u>138.67</u>	<u>136.50</u>	<u>137.50</u>

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

Function	Fiscal Year			
	2016	2017	2018	2019
<b>Police</b>				
Stations	1	1	1	1
Patrol units	18	18	18	18
Fire Station	1	1	1	1
<b>Streets</b>				
Streets (miles)	138	138	138	138
Streetlights	1,862	1,862	1,862	1,869
<b>Parks and Recreation</b>				
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	1
Tennis courts	3	3	3	3
Parks acreage	432	432	432	432
Parks	44	44	44	44
<b>Water</b>				
Storage capacity (millions of gallons)	2	2	2	2
Watermains (miles)	116	116	116	117
Pumping plants	4	4	4	4
Fire hydrants	1,156	1,156	1,156	1,169
<b>Sewer</b>				
Sanitary sewers (miles)	110	110	110	111
Storm sewers (miles)	59	59	59	59
Maximum daily treatment capacity (millions of gallons)	13	13	13	13

Table 22

Fiscal Year					
2020	2021	2022	2023	2024	2025
1	1	1	1	1	1
18	18	18	18	18	18
1	1	1	1	1	1
138	138	138	138	138	138
1,870	1,870	1,870	1,870	1,870	1,870
1	1	1	1	1	2
1	1	1	1	1	1
1	1	1	1	1	1
5	5	5	5	5	12
1	1	1	1	1	1
1	1	1	1	1	1
7	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	1,236
111	111	111	111	111	113
59	59	59	59	59	59
13	13	13	13	13	13

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

	Fiscal Year			
	2016	2017	2018	2019
Police				
Class I crimes	347	433	496	551
Class II crimes	571	372	624	678
Fire				
Number of calls answered	2,143	2,091	2,271	2,404
Inspections	437	395	610	1,052
Highways and Streets				
Street resurfacing (miles)	5.19	3.35	4.51	2.19
Culture and recreation				
Boat dock permits	265	262	266	269
Park facility rentals	311	343	340	383
Water				
New connections	19	10	20	68
Watermain breaks	26	39	59	38
Average daily consumptions (thousand of gallons)	2,930	2,853	2,753	5,501
Wastewater				
Average daily sewage treatment (thousand of gallons)	4,376	3,654	3,630	4,853

Table 23

Fiscal Year					
2020	2021	2022	2023	2024	2025
522	485	352	411	302	811
708	693	766	727	621	303
2,445	2,656	2,888	2,742	2,950	3,021
473	155	558	505	526	504
3.23	2.19	3.89	1.51	2.31	2.59
271	279	275	269	269	269
7	339	327	332	366	337
38	20	16	12	5	7
40	41	36	35	25	33
2,548	2,566	2,434	2,483	2,336	2,359
3,216	2,947	2,615	2,926	3,250	3,195