

# FINAL OFFICIAL STATEMENT DATED JULY 8, 2024

*In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See "TAX EXEMPTION" herein.*

*The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.*

**New Issue**

**Rating: S&P Global Ratings: "AA-"**

## CITY OF ALBERT LEA, MINNESOTA (Freeborn County)

### \$15,475,000 GENERAL OBLIGATION BONDS, SERIES 2024B

**PURPOSE/AUTHORITY/SECURITY:** The \$15,475,000 General Obligation Bonds, Series 2024B (the "Bonds") are being issued pursuant to Minnesota Statutes, Sections 410.32 and 412.301 and Chapters 429, 444 and 475, as amended, and a special election held April 9, 2024, by the City of Albert Lea, Minnesota (the "City"), for the purposes of financing various assessable public improvements within the City, the construction of various utility system improvements within the City, the betterment of certain facilities with the City and the acquisition of capital equipment. The Bonds are general obligations of the City, for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Minneapolis, Minnesota.

**DATE OF BONDS:** July 25, 2024

**DATE OF DELIVERY:** July 25, 2024

**SERIAL MATURITIES:** February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Base 012788</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Base 012788</u>
2026	\$310,000	5.000%	3.300%	H65	2035	\$1,020,000	5.000%	3.100%*	J71
2027	\$700,000	5.000%	3.190%	H73	2036	\$670,000	5.000%	3.170%*	J89
2028	\$725,000	5.000%	3.150%	H81	2037	\$710,000	5.000%	3.240%*	J97
2029	\$760,000	5.000%	3.100%	H99	2038	\$740,000	5.000%	3.350%*	K20
2030	\$795,000	5.000%	3.100%	J22	2039	\$775,000	4.000%	3.650%*	K38
2031	\$840,000	5.000%	3.090%	J30	2040	\$805,000	4.000%	3.750%*	K46
2032	\$875,000	5.000%	3.080%	J48	2041	\$580,000	4.000%	3.850%*	K53
2033	\$925,000	5.000%	3.070%	J55	2042	\$605,000	4.000%	3.920%*	K61
2034	\$965,000	5.000%	3.070%	J63					

**TERM BONDS:** \$1,285,000 4.000% Term Bonds Due February 1, 2044 – Yield 4.000% CUSIP 012788 K87

**SERIAL MATURITIES:** February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP Base 012788</u>
2045	\$680,000	4.000%	4.030%	K95
2046	\$710,000	4.000%	4.060%	L29

\*Priced to call

#### **MANDATORY REDEMPTION:**

The Bonds are subject to mandatory redemption as described under "THE BONDS -- Mandatory Redemption" herein.

#### **OPTIONAL REDEMPTION:**

Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

#### **INTEREST:**

August 1, 2025 and semiannually thereafter.

#### **PAYING AGENT:**

Bond Trust Services Corporation.

#### **BOND COUNSEL:**

Taft Stettinius & Hollister LLP.

#### **MUNICIPAL ADVISOR:**

Ehlers and Associates, Inc.

#### **BOOK-ENTRY-ONLY:**

See "Book-Entry-Only System" herein.

The Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriter (Syndicate Manager) named below and subject to an opinion as to the validity and tax exemption by Taft Stettinius & Hollister LLP, Minneapolis, MN, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made on or about July 25, 2024 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter (Syndicate Manager) intends, but is not obligated, to effect secondary market trading in the Bonds. For information with respect to the Underwriter (Syndicate Manager), see "Underwriting" herein.



## REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Final Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact.

Ehlers and Associates, Inc. ("Ehlers") prepared this Final Official Statement relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete.

Bond Counsel has not participated in the preparation of this Final Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

The Underwriter (Syndicate Manager) has reviewed the information in this Final Official Statement in accordance with, and as a part of, the Underwriter's (Syndicate Manager's) responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter (Syndicate Manager) does not guarantee the accuracy or completeness of such information.

## COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

**Final Official Statement:** Copies of the Final Official Statement will be delivered to the Underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

**Continuing Disclosure:** Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Final Official Statement describes the conditions under which the City is exempt or required to comply with the Rule.

## CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Final Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

# TABLE OF CONTENTS

INTRODUCTORY STATEMENT.....	1	TAX LEVIES, COLLECTIONS AND RATES .....	25
THE BONDS .....	1	TAX LEVIES AND COLLECTIONS .....	25
GENERAL .....	1	TAX CAPACITY RATES .....	25
OPTIONAL REDEMPTION .....	1	THE ISSUER .....	26
MANDATORY REDEMPTION.....	2	CITY GOVERNMENT.....	26
AUTHORITY; PURPOSE .....	2	EMPLOYEES; PENSIONS; UNIONS .....	26
SOURCES AND USES.....	2	POST EMPLOYMENT BENEFITS.....	26
SECURITY .....	3	LITIGATION .....	26
RATING .....	4	MUNICIPAL BANKRUPTCY.....	27
CONTINUING DISCLOSURE.....	4	FUNDS ON HAND.....	27
LEGAL OPINION .....	5	ENTERPRISE FUNDS.....	28
STATEMENT REGARDING BOND COUNSEL		SUMMARY GENERAL FUND INFORMATION.....	29
PARTICIPATION.....	5	GENERAL INFORMATION .....	30
TAX EXEMPTION.....	5	LOCATION .....	30
ORIGINAL ISSUE PREMIUM .....	6	LARGER EMPLOYERS .....	30
ORIGINAL ISSUE DISCOUNT.....	7	BUILDING PERMITS .....	31
NON-QUALIFIED TAX-EXEMPT OBLIGATIONS .....	8	U.S. CENSUS DATA .....	32
MUNICIPAL ADVISOR .....	8	EMPLOYMENT/UNEMPLOYMENT DATA.....	32
MUNICIPAL ADVISOR AFFILIATED COMPANIES.....	8	FINANCIAL STATEMENTS.....	A-1
UNDERWRITING .....	8	FORM OF LEGAL OPINION .....	B-1
INDEPENDENT AUDITORS .....	8	BOOK-ENTRY-ONLY SYSTEM .....	C-1
RISK FACTORS.....	9	FORM OF CONTINUING DISCLOSURE UNDERTAKING..	D-1
VALUATIONS.....	11		
OVERVIEW .....	11		
CURRENT PROPERTY VALUATIONS.....	12		
2023/24 NET TAX CAPACITY BY CLASSIFICATION ..	12		
TREND OF VALUATIONS.....	13		
LARGEST TAXPAYERS.....	13		
DEBT .....	14		
DIRECT DEBT .....	14		
DEBT PAYMENT HISTORY .....	14		
FUTURE FINANCING.....	14		
DEBT LIMIT .....	15		
SCHEDULES OF BONDED INDEBTEDNESS .....	16		
OVERLAPPING DEBT .....	23		
DEBT RATIOS.....	24		

## **CITY OF ALBERT LEA CITY COUNCIL**

		<u>Term Expires</u>
Rich Murray	Mayor	January 2027
Brian Anderson	Council Member	January 2027
Larry Baker	Council Member	January 2027
Rachel Christensen	Council Member	January 2025
Jason Howland	Council Member	January 2025
Robert Rasmussen	Council Member	January 2025
Sherri Rasmussen	Council Member	January 2027

## **ADMINISTRATION**

Patrick Rigg, City Manager  
Kristi Brutlag, Finance Director

## **PROFESSIONAL SERVICES**

Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other office located in Waukesha, Wisconsin)*

## **INTRODUCTORY STATEMENT**

This Final Official Statement contains certain information regarding the City of Albert Lea, Minnesota (the "City") and the issuance of its \$15,475,000 General Obligation Bonds, Series 2024B (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds included in the resolution authorizing the issuance and sale of the Bonds (the "Award Resolution") adopted by the City Council on July 8, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's Municipal Advisor. A copy of this Final Official Statement is available at [emma.msrb.org](http://emma.msrb.org).

## **THE BONDS**

### **GENERAL**

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of July 25, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Final Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

### **OPTIONAL REDEMPTION**

At the option of the City, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

## MANDATORY REDEMPTION

Bonds maturing on February 1, 2044 will be called for mandatory redemption at par on February 1, in the years 2043 and 2044 in the respective amounts set forth below.

Year	Amount
2043	\$630,000
2044 (maturity)	655,000

## AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Sections 410.32 and 412.301 and Chapters 429, 444 and 475, as amended, and a special election held April 9, 2024, by the City. The referendum approved by the voters authorized the issuance of general obligation bonds in an amount not to exceed \$9,800,000 on the Recreation Portion of the Bonds. Proceeds of the Bonds will be used for the purposes of financing: (i) assessable street improvements (the "Improvement Portion"); (ii) the construction of improvements to the water and sewer systems (the "Utility Revenue Portion"); (iii) the betterment of the City's Arena, Theater, Aquatic Center and Splash Pad Restrooms (the "Recreation Portion"); and (iv) the acquisition of Solar equipment for the City's arena and wastewater treatment plant (the "Equipment Portion").

## SOURCES AND USES

Sources	Improvement Portion	Utility Revenue Portion	Recreation Portion	Equipment Portion	Total Bond Issue
Par Amount of Bonds	\$3,010,000	\$1,240,000	\$9,800,000	\$1,425,000	\$15,475,000
Reoffering Premium	<u>317,881</u>	<u>134,205</u>	<u>612,146</u>	<u>144,720</u>	<u>1,208,952</u>
<b>Total Sources</b>	<b>\$3,327,881</b>	<b>\$1,374,205</b>	<b>\$10,412,146</b>	<b>\$1,569,720</b>	<b>\$16,683,952</b>

### Uses

Total Underwriter's Discount (0.985%)	\$29,655	\$12,217	\$96,551	\$14,039	\$152,462
Costs of Issuance	32,667	13,609	105,273	15,639	167,187
Deposit to Construction Fund	<u>3,265,560</u>	<u>1,348,380</u>	<u>10,210,322</u>	<u>1,540,042</u>	<u>16,364,304</u>
<b>Total Uses</b>	<b>\$3,327,882</b>	<b>\$1,374,205</b>	<b>\$10,412,146</b>	<b>\$1,569,720</b>	<b>\$16,683,952</b>

**Breakdown of Principal Payments:**

<b>Payment Date</b>	<b>Improvement Portion</b>	<b>Utility Revenue Portion</b>	<b>Recreation Portion</b>	<b>Equipment Portion</b>	<b>Total Bond Issue</b>
2/01/2026	\$135,000	\$70,000	\$70,000	\$35,000	\$310,000
2/01/2027	215,000	110,000	300,000	75,000	700,000
2/01/2028	225,000	110,000	315,000	75,000	725,000
2/01/2029	235,000	120,000	330,000	75,000	760,000
2/01/2030	250,000	120,000	345,000	80,000	795,000
2/01/2031	260,000	125,000	365,000	90,000	840,000
2/01/2032	270,000	135,000	380,000	90,000	875,000
2/01/2033	285,000	145,000	400,000	95,000	925,000
2/01/2034	300,000	150,000	420,000	95,000	965,000
2/01/2035	315,000	155,000	445,000	105,000	1,020,000
2/01/2036	95,000	-	465,000	110,000	670,000
2/01/2037	100,000	-	490,000	120,000	710,000
2/01/2038	105,000	-	515,000	120,000	740,000
2/01/2039	110,000	-	540,000	125,000	775,000
2/01/2040	110,000	-	560,000	135,000	805,000
2/01/2041	-	-	580,000	-	580,000
2/01/2042	-	-	605,000	-	605,000
2/01/2043	-	-	630,000	-	630,000
2/01/2044	-	-	655,000	-	655,000
2/01/2045	-	-	680,000	-	680,000
2/01/2046	<u>-</u>	<u>-</u>	<u>710,000</u>	<u>-</u>	<u>710,000</u>
<b>Total</b>	<b>\$3,010,000</b>	<b>\$1,240,000</b>	<b>\$9,800,000</b>	<b>\$1,425,000</b>	<b>\$15,475,000</b>

**SECURITY**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and taxing powers.

The City anticipates that the debt service on the Improvement Portion of the Bonds will be paid from a combination of special assessments levied against properties benefitted by improvements financed by the Improvement Portion of the Bonds and from ad valorem property taxes. In accordance with Minnesota Statutes, receipt of special assessments and ad valorem property taxes will be sufficient to provide not less than 105% of principal and interest on the Improvement Portion of the Bonds.

The City anticipates that the debt service on the Utility Revenue Portion of the Bonds will be paid entirely from net revenues of the water and sewer systems ("utility revenues") which are owned and operated by the City. In accordance with Minnesota Statutes, receipt of utility revenues will be sufficient to provide not less than 105% of principal and interest on the Utility Revenue Portion of the Bonds.



The City anticipates that the debt service on the Recreation and Equipment Portions of the Bonds will be paid from ad valorem property taxes. In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the Recreation and Equipment Portions of the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy an additional ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

Should the special assessments, utility revenues and/or ad valorem property taxes pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy additional taxes for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

## **RATING**

General obligation debt of the City is currently rated "AA-" by S&P Global Ratings ("S&P").

The City received a "AA-" underlying rating on the Bonds from S&P, and bidders were notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **CONTINUING DISCLOSURE**

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB ") through its Electronic Municipal Market Access ("EMMA ") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City did not timely file notice of the incurrence of a financial obligation incurred in June 2023. Except to the extent that the preceding is deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

## **LEGAL OPINION**

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

## **STATEMENT REGARDING BOND COUNSEL PARTICIPATION**

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

## **TAX EXEMPTION**

On the date of issuance of the Bonds, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions are subject to the condition that the City complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

## **Other Federal and State Tax Considerations**

### *Other Tax Considerations*

Though excluded from gross income, interest on the Bonds is subject to federal income taxation for certain types of taxpayers and certain income taxes, including without implied limitation, taxation to the extent it is included as part of (a) the adjusted current earnings of a corporation for purposes of the alternative minimum tax, (b) effectively connected earnings and profits of a foreign corporation for purposes of the branch profits tax on dividend equivalent amounts, (c) excess net passive income of an S Corporation which has Subchapter C earnings and profits, or (d) minimum effectively connected net investment income of a foreign insurance company. Interest on the Bonds is also taken into account in other ways for federal income tax purposes, including without implied limitation, (a) reducing loss reserve deductions of property and casualty insurance companies, (b) reducing interest expense deductions of financial institutions, and (c) causing certain taxpayers to include in gross income a portion of social security benefits and railroad retirement benefits. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers who may be subject to such collateral consequences should consult their tax advisers.

### *Proposed Changes in Federal and State Tax Law*

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

The above is not a comprehensive list of all federal tax consequences that may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State of Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **ORIGINAL ISSUE PREMIUM**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date or (call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to state and local tax consequences of owning the Premium Bonds.

## **ORIGINAL ISSUE DISCOUNT**

Certain of the Bonds (the "Discount Bonds") are being sold at a discount from the principal amount payable on such Bonds at maturity. The difference between the initial offering price at which a substantial amount of the Discount Bond of a given maturity is sold to the public and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that is deemed to accrue to a holder of a Discount Bond under Section 1288 of the Code is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates and trusts for Minnesota income tax purposes to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that is treated as accruing with respect to a Discount Bond is added to the tax basis of the owner in determining, for such purposes, gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity).

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

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

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue earlier than under federal law. Holders of Discount Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning such Discount Bonds.

## **NON-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

## **MUNICIPAL ADVISOR**

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Final Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Final Official Statement, and its assistance in preparing this Final Official Statement should not be construed as a representation that it has independently verified such information.

## **MUNICIPAL ADVISOR AFFILIATED COMPANIES**

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

## **UNDERWRITING**

The Underwriter (Syndicate Manager) named on the cover page hereof (the "Underwriter") has agreed to purchase the Bonds from the City for a purchase price of \$16,531,490.21 plus accrued interest to the date of closing, if any. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the offering prices derived from the coupons and yields for each maturity set forth on the cover page.

## **INDEPENDENT AUDITORS**

The basic financial statements of the City for the fiscal year ended December 31, 2023 have been audited by BerganKDV, Ltd., Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Final Official Statement.

## RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

**Taxes:** The Bonds will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments and utility revenues) be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

**State Actions:** Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

**Future Changes in Law:** Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

**Ratings; Interest Rates:** In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

**Tax Exemption:** If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

**Continuing Disclosure:** A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

**Levy Limits:** The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

**State Economy; State Aids:** State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

**Book-Entry-Only System:** The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

**Economy:** A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

**Secondary Market for the Bonds:** No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

**Bankruptcy:** The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

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

# VALUATIONS

## OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead <sup>1</sup>	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% <sup>2</sup> Over \$1,890,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% <sup>2</sup> Over \$2,150,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City <sup>4</sup> - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

<sup>1</sup> A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

<sup>4</sup> Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

<sup>5</sup> The estimated market value of utility property is determined by the Minnesota Department of Revenue.



## CURRENT PROPERTY VALUATIONS

**2023/24 Economic Market Value** \$1,537,316,355<sup>1</sup>

### 2023/24 Assessor's Estimated Market Value

Real Estate	\$1,353,988,000
Personal Property	<u>11,390,000</u>
Total Valuation	<u><u>\$1,365,378,000</u></u>

### 2023/24 Net Tax Capacity

Real Estate	\$14,708,934
Personal Property	<u>227,527</u>
Net Tax Capacity	\$14,936,461
Less: Captured Tax Increment Tax Capacity <sup>2</sup>	<u>(699,545)</u>
Taxable Net Tax Capacity	<u><u>\$14,236,916</u></u>

## 2023/24 NET TAX CAPACITY BY CLASSIFICATION

	<b>2023/24 Net Tax Capacity</b>	<b>Percent of Total Net Tax Capacity</b>
Residential homestead	\$7,415,482	49.65%
Agricultural	81,892	0.55%
Commercial/industrial	4,811,298	32.21%
Public utility	72,458	0.49%
Railroad operating property	45,218	0.30%
Non-homestead residential	2,270,725	15.20%
Commercial & residential seasonal/rec.	11,861	0.08%
Personal property	<u>227,527</u>	<u>1.52%</u>
 Total	 <u><u>\$14,936,461</u></u>	 <u><u>100.00%</u></u>

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<sup>1</sup> According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 88.83% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$1,537,316,355.

<sup>2</sup> The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

## TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity <sup>1</sup>	Taxable Net Tax Capacity <sup>2</sup>	Percent Increase/Decrease in Estimated Market Value
2019/20	\$1,033,265,000	\$903,172,000	\$11,166,828	\$10,855,517	7.06%
2020/21	1,057,110,700	926,374,600	11,438,153	11,116,317	2.31%
2021/22	1,088,890,500	956,557,300	11,729,980	11,440,825	3.01%
2022/23	1,330,432,600	1,204,516,300	14,554,406	14,038,786	22.18%
2023/24	1,365,378,000	1,237,062,300	14,936,461	14,236,916	2.63%

## LARGEST TAXPAYERS

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Vortex Cold Storage, LLC	Industrial	\$305,466	2.05%
Walmart	commercial	159,606	1.07%
Saint Paul Properties Fund IX	Industrial	154,732	1.04%
Freeborn-Mower Coop Services	Commercial	135,774	0.91%
Minnesota Energy Resources Corp.	Utility	133,592	0.89%
Pratt Properties II, Inc.	Industrial	107,468	0.72%
St. John's Lutheran Home	Apartments	106,264	0.71%
Larson Manufacturing Company	Industrial	99,837	0.67%
Albert Lea Port Authority	Industrial	99,818	0.67%
ITC Midwest, LLC	Utility	99,750	0.67%
Total		\$1,402,307	9.39%

City's Total 2023/24 Net Tax Capacity                      \$14,936,461

**Source:** Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers have been furnished by Freeborn County.

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<sup>1</sup> Net Tax Capacity includes tax increment values.

<sup>2</sup> Taxable Net Tax Capacity does not include tax increment values.

## DEBT

### DIRECT DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and taxes (includes the Improvement Portion of the Bonds)	\$17,425,000
Total G.O. debt secured by tax abatement revenues	740,000
Total G.O. debt secured by taxes (includes the Recreation and Equipment Portions of the Bonds)	12,617,350
Total G.O. debt secured by utility revenues (includes the Utility Revenue Portion of the Bonds)	17,980,045
Total General Obligation Debt	<u>\$48,762,395</u>

#### Lease Obligations

Issue Date	Original Amount	Purpose	Final Maturity	Principal Outstanding
10/12/2016	\$209,800	Fire Department Equipment	3/15/2030	<u>\$117,585</u>

### DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

### FUTURE FINANCING

The City has plans to issue approximately \$2,000,000 in General Obligation Street Reconstruction and Utility Revenue Bonds in 2025.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

**DEBT LIMIT**

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" means the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of certain obligations enumerated under Minnesota Statutes, Section 475.51, subd.4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property (includes the Improvement Portion of the Bonds); (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences (includes the Utility Revenue Portion of the Bonds); (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any revenue producing public convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the City; and (10) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2023/24 Assessor's Estimated Market Value	\$1,365,378,000
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$40,961,340
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Recreation and Equipment Portions of the Bonds)	<u>(12,617,350)</u>
Unused Debt Limit	<u><u>\$28,343,990</u></u>

City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 07/25/2024)

	PIR Fund and Refunding Bonds Series 2010A		Improvement Refunding Bonds 1) Series 2014B		Improvement Bonds 2) Series 2015A		Improvement Bonds Series 2016A		Improvement Bonds Series 2017A	
Dated	07/28/2010		09/09/2014		07/16/2015		08/02/2016		08/17/2017	
Amount	\$3,260,000		\$3,720,000		\$4,345,000		\$3,510,000		\$2,275,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0	3,675	0	2,625	0	27,506	0	11,350	0	15,150
2025	105,000	5,513	210,000	2,625	320,000	50,213	370,000	19,000	240,000	26,700
2026	105,000	1,838			325,000	40,538	380,000	11,500	250,000	19,350
2027					90,000	34,313	385,000	3,850	260,000	11,700
2028					90,000	31,613			260,000	3,900
2029					95,000	28,838				
2030					95,000	25,988				
2031					100,000	22,688				
2032					105,000	18,844				
2033					105,000	14,906				
2034					110,000	10,875				
2035					115,000	6,656				
2036					120,000	2,250				
2037										
2038										
2039										
2040										
	210,000	11,025	210,000	5,250	1,670,000	315,225	1,135,000	45,700	1,010,000	76,800

1) This represents the \$3,720,000 Improvement Refunding portion of the \$3,870,000 General Obligation Bonds, Series 2014B.

2) This represents the \$4,345,000 Improvement portion of the \$4,900,000 General Obligation Bonds, Series 2015A.

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City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 07/25/2024)

	Improvement Bonds Series 2018A		Improvement Bonds 3) Series 2019A		Improvement Bonds 4) Series 2020A		Improvement Bonds 5) Series 2021A		Improvement Bonds 6) Series 2022A	
<b>Dated</b>	06/28/2018		08/15/2019		08/04/2020		06/03/2021		07/14/2022	
<b>Amount</b>	\$2,430,000		\$2,380,000		\$1,660,000		\$1,790,000		\$2,725,000	
<b>Maturity</b>	02/01		02/01		02/01		02/01		02/01	
<b>Fiscal Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	0	19,425	0	28,400	0	16,500	0	12,035	0	47,225
2025	245,000	35,175	235,000	52,100	160,000	30,600	170,000	22,370	235,000	89,750
2026	250,000	27,750	245,000	42,500	165,000	25,725	175,000	18,920	245,000	80,150
2027	260,000	20,100	255,000	32,500	170,000	20,700	180,000	15,370	255,000	70,150
2028	265,000	12,225	265,000	22,100	175,000	15,525	180,000	11,770	265,000	59,750
2029	275,000	4,125	275,000	12,675	180,000	10,200	185,000	8,120	275,000	48,950
2030			285,000	4,275	185,000	5,650	190,000	5,320	290,000	37,650
2031					190,000	1,900	190,000	3,325	300,000	25,850
2032							190,000	1,140	310,000	15,045
2033									320,000	5,120
2034										
2035										
2036										
2037										
2038										
2039										
2040										
	1,295,000	118,800	1,560,000	194,550	1,225,000	126,800	1,460,000	98,370	2,495,000	479,640

3) This represents the \$2,380,000 Improvement portion of the \$2,565,000 General Obligation Bonds, Series 2019A.

4) This represents the \$1,660,000 Improvement portion of the \$4,845,000 General Obligation Bonds, Series 2020A.

5) This represents the \$1,790,000 Improvement portion of the \$2,225,000 General Obligation Bonds, Series 2021A.

6) This represents the \$2,725,000 Improvement Portion of the \$4,990,000 General Obligation Bonds, Series 2022A.

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City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Special Assessments and Taxes  
(As of 07/25/2024)

	Improvement Bonds 7) Series 2023A		Improvement Bonds 8) Series 2024B							
Dated	07/27/2023		07/25/2024							
Amount	\$2,145,000		\$3,010,000							
Maturity	02/01		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2024	0	95,499	0	0	0	279,391	279,391	17,425,000	.00%	2024
2025	135,000	91,750	0	150,772	2,425,000	576,567	3,001,567	15,000,000	13.92%	2025
2026	185,000	85,350	135,000	144,925	2,460,000	498,545	2,958,545	12,540,000	28.03%	2026
2027	195,000	77,750	215,000	136,175	2,265,000	422,608	2,687,608	10,275,000	41.03%	2027
2028	200,000	68,850	225,000	125,175	1,925,000	350,908	2,275,908	8,350,000	52.08%	2028
2029	210,000	58,600	235,000	113,675	1,730,000	285,183	2,015,183	6,620,000	62.01%	2029
2030	220,000	47,850	250,000	101,550	1,515,000	228,283	1,743,283	5,105,000	70.70%	2030
2031	235,000	36,475	260,000	88,800	1,275,000	179,038	1,454,038	3,830,000	78.02%	2031
2032	245,000	25,700	270,000	75,550	1,120,000	136,279	1,256,279	2,710,000	84.45%	2032
2033	255,000	15,700	285,000	61,675	965,000	97,401	1,062,401	1,745,000	89.99%	2033
2034	265,000	5,300	300,000	47,050	675,000	63,225	738,225	1,070,000	93.86%	2034
2035			315,000	31,675	430,000	38,331	468,331	640,000	96.33%	2035
2036			95,000	21,425	215,000	23,675	238,675	425,000	97.56%	2036
2037			100,000	16,550	100,000	16,550	116,550	325,000	98.13%	2037
2038			105,000	11,425	105,000	11,425	116,425	220,000	98.74%	2038
2039			110,000	6,600	110,000	6,600	116,600	110,000	99.37%	2039
2040			110,000	2,200	110,000	2,200	112,200	0	100.00%	2040
	2,145,000	608,824	3,010,000	1,135,222	17,425,000	3,216,206	20,641,206			

7) This represents the \$2,145,000 Improvement portion of the \$2,455,000 General Obligation Bonds, Series 2023A.

8) This represents the \$3,010,000 Improvement Portion of the \$15,475,000 General Obligation Bonds, Series 2024B.

City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Tax Abatement Revenues  
(As of 07/25/2024)

Tax Abatement Bonds 1) Series 2022A			Tax Abatement Bonds 2) Series 2023A							
Dated Amount	07/14/2022 \$470,000		07/27/2023 \$310,000							
Maturity	02/01		02/01							
Fiscal Year										Fiscal Year
Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Ending
2024	0	8,133	0	13,802	0	21,934	21,934	740,000	.00%	2024
2025	40,000	15,465	20,000	13,250	60,000	28,715	88,715	680,000	8.11%	2025
2026	40,000	13,865	25,000	12,350	65,000	26,215	91,215	615,000	16.89%	2026
2027	45,000	12,165	30,000	11,250	75,000	23,415	98,415	540,000	27.03%	2027
2028	45,000	10,365	30,000	9,900	75,000	20,265	95,265	465,000	37.16%	2028
2029	50,000	8,465	30,000	8,400	80,000	16,865	96,865	385,000	47.97%	2029
2030	50,000	6,465	30,000	6,900	80,000	13,365	93,365	305,000	58.78%	2030
2031	50,000	4,465	35,000	5,275	85,000	9,740	94,740	220,000	70.27%	2031
2032	55,000	2,613	35,000	3,700	90,000	6,313	96,313	130,000	82.43%	2032
2033	55,000	880	35,000	2,300	90,000	3,180	93,180	40,000	94.59%	2033
2034			40,000	800	40,000	800	40,800	0	100.00%	2034
	430,000	82,880	310,000	87,927	740,000	170,807	910,807			

1) This represents the \$470,000 Tax Abatement portion of the \$4,990,000 General Obligation Bonds, Series 2022A.

2) This represents the \$310,000 Tax Abatement portion of the \$2,455,000 General Obligation Bonds, Series 2023A.



City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Taxes  
(As of 07/25/2024)

Equipment Certificates 1) Series 2019A		Street Reconstruction Bonds 2) Series 2020A		Minnesota Pollution Control Loan of 2023		Recreation and Equipment Bonds 3) Series 2024B								
Dated Amount	08/15/2019 \$185,000		08/04/2020 \$915,000		06/15/2023 \$713,000		07/25/2024 \$11,225,000							
Maturity	02/01		02/01		06/15 & 12/15		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2024	0	800	0	9,100	35,650	0	0	0	35,650	9,900	45,550	12,581,700	.28%	2024
2025	40,000	800	90,000	16,850	71,300	0	0	517,534	201,300	535,184	736,484	12,380,400	1.88%	2025
2026			90,000	14,150	71,300	0	105,000	506,425	266,300	520,575	786,875	12,114,100	3.99%	2026
2027			95,000	11,375	71,300	0	375,000	494,425	541,300	505,800	1,047,100	11,572,800	8.28%	2027
2028			95,000	8,525	71,300	0	390,000	475,300	556,300	483,825	1,040,125	11,016,500	12.69%	2028
2029			100,000	5,600	71,300	0	405,000	455,425	576,300	461,025	1,037,325	10,440,200	17.26%	2029
2030			100,000	3,100	71,300	0	425,000	434,675	596,300	437,775	1,034,075	9,843,900	21.98%	2030
2031			105,000	1,050	71,300	0	455,000	412,675	631,300	413,725	1,045,025	9,212,600	26.98%	2031
2032					71,300	0	470,000	389,550	541,300	389,550	930,850	8,671,300	31.27%	2032
2033					71,300	0	495,000	365,425	566,300	365,425	931,725	8,105,000	35.76%	2033
2034							515,000	340,175	515,000	340,175	855,175	7,590,000	39.84%	2034
2035							550,000	313,550	550,000	313,550	863,550	7,040,000	44.20%	2035
2036							575,000	285,425	575,000	285,425	860,425	6,465,000	48.76%	2036
2037							610,000	255,800	610,000	255,800	865,800	5,855,000	53.60%	2037
2038							635,000	224,675	635,000	224,675	859,675	5,220,000	58.63%	2038
2039							665,000	195,500	665,000	195,500	860,500	4,555,000	63.90%	2039
2040							695,000	168,300	695,000	168,300	863,300	3,860,000	69.41%	2040
2041							580,000	142,800	580,000	142,800	722,800	3,280,000	74.00%	2041
2042							605,000	119,100	605,000	119,100	724,100	2,675,000	78.80%	2042
2043							630,000	94,400	630,000	94,400	724,400	2,045,000	83.79%	2043
2044							655,000	68,700	655,000	68,700	723,700	1,390,000	88.98%	2044
2045							680,000	42,000	680,000	42,000	722,000	710,000	94.37%	2045
2046							710,000	14,200	710,000	14,200	724,200	0	100.00%	2046
	40,000	1,600	675,000	69,750	677,350	0	11,225,000	6,316,059	12,617,350	6,387,409	19,004,759			

- 1) This represents the \$185,000 Equipment Certificates portion of the \$2,565,000 General Obligation Bonds, Series 2019A.
- 2) This represents the \$915,000 Street Reconstruction portion of the \$4,845,000 General Obligation Bonds, Series 2020A.
- 3) This represents the the \$11,225,000 Recreation and Equipment Portions of the \$15,475,000 General Obligation Bonds, Series 2024B.

City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 07/25/2024)

	Revenue Note of 2019		Revenue Note of 2019		Utility Revenue Bonds 1) Series 2020A		Utility Revenue Bonds 2) Series 2021A		Utility Revenue Bonds Series 2021B	
Dated	02/26/2019		02/26/2019		08/04/2020		06/03/2021		10/21/2021	
Amount	\$1,141,297		\$466,767		\$2,270,000		\$435,000		\$7,155,000	
Maturity	08/20		08/20		02/01		02/01		02/01	
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	43,000	4,760	18,000	1,950	0	22,550	0	2,943	0	72,231
2025	44,000	9,090	18,000	3,720	220,000	41,800	40,000	5,485	300,000	139,963
2026	44,000	8,650	18,000	3,540	225,000	35,125	45,000	4,635	305,000	130,888
2027	45,000	8,210	18,000	3,360	230,000	28,300	45,000	3,735	315,000	121,588
2028	45,000	7,760	18,000	3,180	240,000	21,250	45,000	2,835	325,000	111,988
2029	45,000	7,310	19,000	3,000	245,000	13,975	45,000	1,935	335,000	102,088
2030	46,000	6,860	19,000	2,810	255,000	7,750	45,000	1,260	345,000	91,888
2031	46,000	6,400	19,000	2,620	260,000	2,600	45,000	788	355,000	84,050
2032	47,000	5,940	19,000	2,430			45,000	270	360,000	78,688
2033	47,000	5,470	19,000	2,240					365,000	73,250
2034	48,000	5,000	20,000	2,050					375,000	67,231
2035	48,000	4,520	20,000	1,850					380,000	60,625
2036	49,000	4,040	20,000	1,650					385,000	53,450
2037	49,000	3,550	20,000	1,450					395,000	45,650
2038	50,000	3,060	20,000	1,250					400,000	37,700
2039	50,000	2,560	21,000	1,050					410,000	29,600
2040	51,000	2,060	21,000	840					415,000	21,350
2041	51,000	1,550	21,000	630					425,000	12,950
2042	52,000	1,040	21,000	420					435,000	4,350
2043	52,000	520	21,000	210						
2044										
	952,000	98,350	390,000	40,250	1,675,000	173,350	355,000	23,885	6,625,000	1,339,525

1) This represents the \$2,270,000 Utility Revenue portion of the \$4,845,000 General Obligation Bonds, Series 2020A.

2) This represents the \$435,000 Utility Revenue portion of the \$2,225,000 General Obligation Bonds, Series 2021A.

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City of Albert Lea, Minnesota  
Schedule of Bonded Indebtedness continued  
General Obligation Debt Secured by Utility Revenues  
(As of 07/25/2024)

	Utility Revenue Bonds 3) Series 2022A		Taxable Sewer Revenue Note Series 2024A		Utility Revenue Bonds 4) Series 2024B							
Dated	07/14/2022		05/28/2024		07/25/2024							
Amount	\$1,795,000		\$5,098,045		\$1,240,000							
Maturity	02/01		08/20		02/01							
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2024	0	31,138	0	0	0	0	61,000	135,571	196,571	17,919,045	.34%	2024
2025	155,000	59,175	101,045	143,325	0	63,033	878,045	465,591	1,343,636	17,041,000	5.22%	2025
2026	160,000	52,875	213,000	114,681	70,000	60,250	1,080,000	410,644	1,490,644	15,961,000	11.23%	2026
2027	170,000	46,275	218,000	109,793	110,000	55,750	1,151,000	377,010	1,528,010	14,810,000	17.63%	2027
2028	175,000	39,375	223,000	104,790	110,000	50,250	1,181,000	341,427	1,522,427	13,629,000	24.20%	2028
2029	180,000	32,275	228,000	99,672	120,000	44,500	1,217,000	304,754	1,521,754	12,412,000	30.97%	2029
2030	190,000	24,875	233,000	94,439	120,000	38,500	1,253,000	268,382	1,521,382	11,159,000	37.94%	2030
2031	200,000	17,075	238,000	89,092	125,000	32,375	1,288,000	234,999	1,522,999	9,871,000	45.10%	2031
2032	205,000	9,898	244,000	83,630	135,000	25,875	1,055,000	206,730	1,261,730	8,816,000	50.97%	2032
2033	210,000	3,360	249,000	78,030	145,000	18,875	1,035,000	181,225	1,216,225	7,781,000	56.72%	2033
2034			255,000	72,315	150,000	11,500	848,000	158,097	1,006,097	6,933,000	61.44%	2034
2035			261,000	66,463	155,000	3,875	864,000	137,333	1,001,333	6,069,000	66.25%	2035
2036			267,000	60,473			721,000	119,613	840,613	5,348,000	70.26%	2036
2037			273,000	54,346			737,000	104,996	841,996	4,611,000	74.35%	2037
2038			279,000	48,080			749,000	90,090	839,090	3,862,000	78.52%	2038
2039			286,000	41,677			767,000	74,887	841,887	3,095,000	82.79%	2039
2040			292,000	35,114			779,000	59,364	838,364	2,316,000	87.12%	2040
2041			299,000	28,412			796,000	43,542	839,542	1,520,000	91.55%	2041
2042			306,000	21,550			814,000	27,360	841,360	706,000	96.07%	2042
2043			313,000	14,527			386,000	15,257	401,257	320,000	98.22%	2043
2044			320,000	7,344			320,000	7,344	327,344	0	100.00%	2044
	1,645,000	316,320	5,098,045	1,367,754	1,240,000	404,783	17,980,045	3,764,217	21,744,262			

3) This represents the \$1,795,000 Utility Revenue portion of the \$4,990,000 General Obligation Bonds, Series 2022A.

4) This represents the \$1,240,000 Utility Revenue Portion of the \$15,475,000 General Obligation Bonds, Series 2024B.

## OVERLAPPING DEBT<sup>1</sup>

Taxing District	2023/24 Taxable Net Tax Capacity	% In City	Total G.O. Debt <sup>2</sup>	City's Proportionate Share
Freeborn County	\$55,977,728	25.4332%	\$9,065,000	\$2,305,520
I.S.D. No. 241 (Albert Lea Area Schools)	27,905,295	51.0187%	32,895,318 <sup>3</sup>	<u>16,782,764</u>
City's Share of Total Overlapping Debt				<u>\$19,088,283</u>

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<sup>1</sup> Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

<sup>2</sup> Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

<sup>3</sup> Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Economic Market Value \$1,537,316,355</b>	<b>Debt/ Per Capita 18,500<sup>1</sup></b>
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	\$17,425,000		
Tax Increment Revenues	740,000		
Taxes	12,617,350		
Utility Revenues	17,980,045		
Total General Obligation Debt	<u>\$48,762,395</u>		
Less: G.O. Debt Paid Entirely from Revenues <sup>2</sup>	<u>(17,980,045)</u>		
Tax Supported General Obligation Debt	\$30,782,350	2.00%	\$1,663.91
City's Share of Total Overlapping Debt	<u>\$19,088,283</u>	<u>1.24%</u>	<u>\$1,031.80</u>
Total	<u><u>\$49,870,633</u></u>	<u><u>3.24%</u></u>	<u><u>\$2,695.71</u></u>

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<sup>1</sup> Estimated 2022 population.

<sup>2</sup> Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

## TAX LEVIES, COLLECTIONS AND RATES

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$6,516,029	\$6,369,353	\$6,510,274	99.91%
2020/21	6,668,678	6,504,543	6,652,599	99.76%
2021/22	6,937,266	6,817,026	6,906,569	99.56%
2022/23	7,336,612	7,205,804	7,205,804	98.22%
2023/24	7,690,873	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>2</sup> Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

### TAX CAPACITY RATES<sup>3</sup>

	2019/20	2020/21	2021/22	2022/23	2023/24
Freeborn County	62.573%	63.737%	63.069%	52.214%	48.338%
City of Albert Lea	60.064%	60.337%	60.676%	52.290%	54.025%
I.S.D. No. 241 (Albert Lea Area Schools)	27.749%	27.344%	25.869%	21.540%	19.692%
Albert Lea HRA	1.004%	0.981%	0.953%	1.068%	1.756%
Shell Rock River Watershed	2.020%	1.991%	2.062%	1.688%	1.585%

#### *Referendum Market Value Rates:*

I.S.D. No. 241 (Albert Lea Area Schools)	0.23476%	0.23199%	0.23099%	0.20520%	0.23832%
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**Source:** Tax Levies and Collections and Tax Capacity Rates have been furnished by Freeborn County.

<sup>1</sup> This reflects the Final Levy Certification of the City after all adjustments have been made.

<sup>2</sup> Second half tax payments on agricultural property are due on November 15th of each year.

<sup>3</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

## THE ISSUER

### CITY GOVERNMENT

The City was organized as a municipality in 1878. The City operates under a home rule charter form of government consisting of a seven-member City Council of which the Mayor is a voting member. The City Manager and Finance Director are responsible for administrative details and financial records.

### EMPLOYEES; PENSIONS; UNIONS

The City currently has 127 full-time, 20 part-time, and 30 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

#### Recognized and Certified Bargaining Units

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
International Association of Firefighters Local #1041	December 31, 2025
International Association of Firefighters Local #1041A	December 31, 2025
Minnesota Public Employees Association (Police)	December 31, 2025
Minnesota Public Employees Association (Sergeants)	December 31, 2025
Minnesota Public Employees Association (Parks/Public Works)	December 31, 2025

### POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent Annual Comprehensive Financial Report (Audit) shows a total OPEB liability of \$572,376 as of December 31, 2023. The City has been funding these obligations on a pay-as-you-go basis.

**Source:** The City's most recent Audit.

### LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

**MUNICIPAL BANKRUPTCY**

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

**FUNDS ON HAND** (as of December 31, 2023)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$8,755,458
Special Revenue	4,574,575
Debt Service	6,547,922
Capital Projects	7,870,096
Enterprise Funds	13,633,887
Internal Service Fund	<u>457,285</u>
Total Funds on Hand	<u><u>\$41,839,223</u></u>



## ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	<b>2021 Audited</b>	<b>2022 Audited</b>	<b>2023 Audited</b>
<b>Water</b>			
Total Operating Revenues	\$3,754,751	\$3,862,862	\$4,084,332
Less: Operating Expenses	<u>(1,791,982)</u>	<u>(1,895,556)</u>	<u>(2,175,531)</u>
Operating Income	\$1,962,769	\$1,967,306	\$1,908,801
Plus: Depreciation	<u>411,531</u>	<u>428,091</u>	<u>427,626</u>
Revenues Available for Debt Service	<u><u>\$2,374,300</u></u>	<u><u>\$2,395,397</u></u>	<u><u>\$2,336,427</u></u>
<b>Sewer</b>			
Total Operating Revenues	\$4,374,686	\$5,015,365	\$5,485,454
Less: Operating Expenses	<u>(4,036,527)</u>	<u>(4,078,218)</u>	<u>(4,688,928)</u>
Operating Income	\$338,159	\$937,147	\$796,526
Plus: Depreciation	<u>1,311,013</u>	<u>1,314,329</u>	<u>1,267,610</u>
Revenues Available for Debt Service	<u><u>\$1,649,172</u></u>	<u><u>\$2,251,476</u></u>	<u><u>\$2,064,136</u></u>
<b>Solid Waste</b>			
Total Operating Revenues	\$204,064	\$188,713	\$195,733
Less: Operating Expenses	<u>(158,432)</u>	<u>(146,098)</u>	<u>(143,949)</u>
Operating Income	\$45,632	\$42,615	\$51,784
Plus: Depreciation	<u>775</u>	<u>775</u>	<u>775</u>
Revenues Available for Debt Service	<u><u>\$46,407</u></u>	<u><u>\$43,390</u></u>	<u><u>\$52,559</u></u>
<b>Utility Line Protection Plan<sup>1</sup></b>			
Total Operating Revenues	N/A	\$169,494	\$393,885
Less: Operating Expenses	<u>N/A</u>	<u>(158,112)</u>	<u>(371,296)</u>
Operating Income	\$0	\$11,382	\$22,589
Plus: Depreciation	<u>N/A</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$0</u></u>	<u><u>\$11,382</u></u>	<u><u>\$22,589</u></u>

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<sup>1</sup> The City established the Utility Line Protection Plan Fund in Fiscal Year 2022.

## SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	2024 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Property taxes	\$6,490,042	\$6,494,573	\$7,213,866	\$7,564,363	\$7,872,500
Fees, licenses and permits	294,938	336,338	367,084	330,106	374,600
Intergovernmental	7,380,019	6,657,507	8,473,495	7,044,638	8,050,966
Charges for services	823,701	975,286	946,367	1,104,521	985,050
Fines and forfeitures	64,988	85,861	87,671	84,440	92,500
Investment earnings (Loss)	201,734	0	0	0	145,000
Miscellaneous (loss)	52,097	(3,967)	(242,629)	324,858	51,684
<b>Total Revenues</b>	<b>\$15,307,519</b>	<b>\$14,545,598</b>	<b>\$16,845,854</b>	<b>\$16,452,926</b>	<b>\$17,572,300</b>
<b>Expenditures</b>					
Current:					
General government	\$2,054,861	\$2,101,907	\$2,140,045	\$2,301,979	\$2,804,185
Public safety	6,520,243	7,015,092	7,256,923	7,963,106	8,224,495
Public works	2,638,245	2,684,159	2,840,566	3,024,099	3,275,136
Culture and recreation	2,845,543	3,180,399	3,441,003	3,621,780	4,091,934
Community development	113,875	177,439	313,289	159,956	0
Other	0	0	0	0	161,550
Capital outlay	0	24,632	27,814	45,856	0
Debt service	14,931	15,115	16,068	18,439	0
<b>Total Expenditures</b>	<b>\$14,187,698</b>	<b>\$15,198,743</b>	<b>\$16,035,708</b>	<b>\$17,135,215</b>	<b>\$18,557,300</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$1,119,821</b>	<b>(\$653,145)</b>	<b>\$810,146</b>	<b>(\$682,289)</b>	<b>(\$985,000)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	\$0	\$0	\$1,000	\$1,871	\$0
Operating transfers in	\$1,940,500	\$2,002,000	\$2,064,000	\$2,317,000	\$2,310,000
Operating transfers out	(1,765,000)	(2,230,000)	(2,175,824)	(930,000)	(1,325,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$175,500</b>	<b>(\$228,000)</b>	<b>(\$110,824)</b>	<b>\$1,388,871</b>	<b>\$985,000</b>
<b>Net changes in Fund Balances</b>	<b>\$1,295,321</b>	<b>(\$881,145)</b>	<b>\$699,322</b>	<b>\$706,582</b>	<b>\$0</b>
General Fund Balance January 1	10,385,419	11,680,740	10,799,595	11,498,917	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$11,680,740	\$10,799,595	\$11,498,917	\$12,205,499	
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$1,695,073	\$1,761,349	\$2,443,094	\$2,889,364	
Unassigned	9,985,667	9,038,246	9,055,823	9,316,135	
<b>Total</b>	<b>\$11,680,740</b>	<b>\$10,799,595</b>	<b>\$11,498,917</b>	<b>\$12,205,499</b>	

<sup>1</sup> The 2024 budget was adopted on December 11, 2023.

## GENERAL INFORMATION

### LOCATION

The City, with a 2020 U.S. Census population of 18,492 and a 2022 population estimate of 18,500, and comprising an area of 12.61 square miles, is located approximately 100 miles south of St. Paul, Minnesota.

### LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Mayo Clinic Health System- Albert Lea	Hospital	1,200
I.S.D. No. 241 (Albert Lea Area Schools)	Elementary and secondary education	645
Albert Lea Select Foods, Inc.	Meat processing	550
Innovance <sup>2</sup>	Machine shop, assembly & fabricating service manufacturers	413
Freeborn County	County government and services	332
Cargill	Turkey, meat and chicken processing	320
St. John's Lutheran Home	Nursing home	300
Walmart Supercenter	Discount retail store	285
Good Samaritan Society Albert Lea	Nursing home	200
Hy-Vee	Grocers	200

**Source:** Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

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<sup>1</sup> This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

<sup>2</sup> Innovance is the parent company of Lou-Rich Machine and Almco, Inc. Companies, both located in the City. Includes 22 employees at Innovance, Inc., 327 employees at Lou- Rich, and 64 employees at Almco, Inc.

**BUILDING PERMITS** (as of June 12, 2024)

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
New Single Family Homes					
No. of building permits	3	7	4	5	1
Valuation	\$1,061,645	\$2,791,966	\$1,192,132	\$2,152,693	\$150,000
New Multiple Family Buildings					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$4,000,000	\$0	\$0	\$0
New Commercial/Industrial					
No. of building permits	6	6	4	4	1
Valuation	\$16,574,037	\$20,994,445	\$1,676,000	\$1,232,918	\$100,000
All Building Permits <i>(including additions and remodelings)</i>					
No. of building permits	573	595	630	856	365
Valuation	\$27,730,447	\$50,340,170	\$21,711,011	\$19,657,341	\$37,498,581

**Source:** The City.

## U.S. CENSUS DATA

### Population Trend: The City

2010 U.S. Census population	18,016
2020 U.S. Census population	18,492
Percent of Change 2010 - 2020	2.64%

2022 State Demographer Population Estimate 18,500

### Income and Age Statistics

	<b>The City</b>	<b>Freeborn County</b>	<b>State of Minnesota</b>	<b>United States</b>
2022 per capita income	\$34,747	\$36,751	\$44,947	\$41,261
2022 median household income	\$56,347	\$65,679	\$74,313	\$75,149
2022 median family income	\$73,584	\$81,502	\$107,072	\$92,646
2022 median gross rent	\$814	\$803	\$1,178	\$1,268
2022 median value owner occupied units	\$134,500	\$154,700	\$286,800	\$281,900
2022 median age	44.2 yrs.	44.1 yrs.	38.5 yrs.	38.5 yrs.

	<b>State of Minnesota</b>	<b>United States</b>
City % of 2022 per capita income	77.31%	84.21%
City % of 2022 median family income	68.72%	79.42%

### Housing Statistics

	<b><u>The City</u></b>		<b>Percent of Change</b>
	<b>2020</b>	<b>2022</b>	
All Housing Units	7,951	7,929	-0.28%

**Source:** 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-topic/population-data/our-estimates/>).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

<b>Year</b>	<b><u>Average Employment</u></b>	<b><u>Average Unemployment</u></b>	
	<b>Freeborn County</b>	<b>Freeborn County</b>	<b>State of Minnesota</b>
2020	15,370	5.7%	6.3%
2021	15,219	3.7%	3.7%
2022	15,499	2.5%	2.7%
2023	15,487	2.7%	2.8%
2024, May	15,405	2.4%	2.7%

**Source:** Minnesota Department of Employment and Economic Development.

### **FINANCIAL STATEMENTS**

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Final Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Final Official Statement. Although the inclusion of the financial statements in this Final Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse changes in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

# Annual Comprehensive Financial Report

Albert Lea, Minnesota

Year Ended December 31, 2023







CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2023

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada  
Published June 16, 2024

Albert  
Lea



City of Albert Lea, Minnesota  
Table of Contents

	Page
Introductory Section	
Letter of Transmittal	3
Elected Officials and Administration	7
Organizational Chart	8
GFOA Certificate of Achievement for Excellence in Financial Reporting	9
Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
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	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	43
Proprietary Funds	
Statement of Net Position	44
Statement of Revenues, Expenses, and Changes in Net Position	48
Statement of Cash Flows	50
Fiduciary Fund	
Statement of Fiduciary Net Position	54
Statement of Changes in Fiduciary Net Position	54
Notes to Basic Financial Statements	55
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	96
Schedule of City's Proportionate Share of Net Pension Liability - General Employees Retirement Fund	98
Schedule of City's Proportionate Share of Net Pension Liability - Public Employees Police and Fire Retirement Fund	98
Schedule of City Contributions - General Employees Retirement Fund	99
Schedule of City Contributions - Public Employees Police and Fire Retirement Fund	99
Notes to Required Supplementary Information	100

City of Albert Lea, Minnesota  
Table of Contents

	Page
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	113
Nonmajor Special Revenue Funds	
Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	120
Budgeted Special Revenue Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	
Senior Center	124
Airport Fund	125
Nonmajor Capital Projects Funds	
Combining Balance Sheet	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	136
Nonmajor Debt Service Funds	
Combining Balance Sheet	144
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	148
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	152
Internal Service Funds	
Combining Statement of Net Position	158
Combining Statement of Revenues, Expenses, and Changes in Net Position	159
Combining Statement of Cash Flows	160
Statistical Section (Unaudited)	
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

City of Albert Lea, Minnesota  
Table of Contents

Statistical Section (Unaudited) (Continued)	Table	Page
Debt Capacity (Continued)		
Ratios of Net General Bonded Debt Outstanding	13	189
Legal Debt Margin Information	14	190
Computation of Direct and Overlapping Debt	15	192
Demographic and Economic Information		
Schedule of Water Fund Bond Coverage	16	193
Schedule of Sewer Fund Bond Coverage	17	194
Demographic Statistics	18	195
Operating Information		
Top 10 Water System Customers	19	197
Principal Employers	20	198
Full-Time Equivalent Employees by Function	21	200
Capital Asset Statistics by Function	22	202
Operating Indicators by Function	23	204

Albert  
Lea



INTRODUCTORY SECTION

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023

Albert  
Lea





June 16, 2024

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

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, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BerganKDV, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albert Lea's financial statements for the year ended December 31, 2023. 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 115 buildings in the District. We are approximately 100 miles south of the Twin Cities and only ten miles from the Iowa border. We are referred to as the "land between the lakes" as we are surrounded by several beautiful lakes. Our city currently occupies over 13 square miles and serves a 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 are housing, infrastructure and childcare. Continued economic growth requires growth in the work force population. Housing and daycare that are affordable are vital to expand options of those interested in joining the work force.

In 2023, the City extended a housing incentive agreement with a developer to provide 50 plus units in an old commercial building. The City applied for grants to clean up City locations for the purpose of housing and drafted tax increment financing incentives to assist in the development. The City directly repaired then sold houses or repaired and assessed houses to improve housing stock and opportunity. The City is exploring options to prompt new construction on empty lots for infill housing within established and central neighborhoods.

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

## **Long-Term Financial Planning**

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

Unrestricted fund balance in the General Fund is within the recommendation by the Office of the State Auditor. It is recommended that the City maintain a balance between thirty and fifty percent of next year's expenditures.

## **Long-Term Financial Planning (Continued)**

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

## **Major Initiatives**

The City continued to upgrade its infrastructure through neighborhood improvement projects. Last major throughway was reconstructing Main Street in 2022 and added a trail along the road for more transportation options. More neighborhood focused projects are underway as is a lead water service line replacement plan for 2024 and 2025. We are looking at the impacts on inflow and infiltration as well as chloride in our sanitary sewer system.

The City's biggest initiatives remain developing the Blazing Star and improvements to the waste water treatment facility. The Blazing Star site is along Main Street and Garfield, and staff continue to work to dispose City owned properties for redevelopment opportunities. Continued grant efforts for remediation costs to remove soil contaminations is necessary for success of full redevelopment.

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

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

A volunteer group has raised enough money to start building a \$1.2 million Inclusive Playground at Edgewater Park. The City of Albert Lea is contributing \$350,000 and in-kind services. The playground is designed for people of all abilities, including those who use wheelchairs or are on the autism spectrum. Groundbreaking is set for July 10, 2024. The City of Albert Lea will assume ownership of the playground, including long-term maintenance and replacement.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albert Lea for its Annual Comprehensive Financial Report for the year ended December 31, 2022. This is the fortieth consecutive year (1983-2022) that the City of Albert Lea has received this prestigious award.

## **Awards and Acknowledgements (Continued)**

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR) that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

Patrick Ian Rigg  
City Manager

City of Albert Lea, Minnesota  
Elected Officials and Administration  
December 31, 2023

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

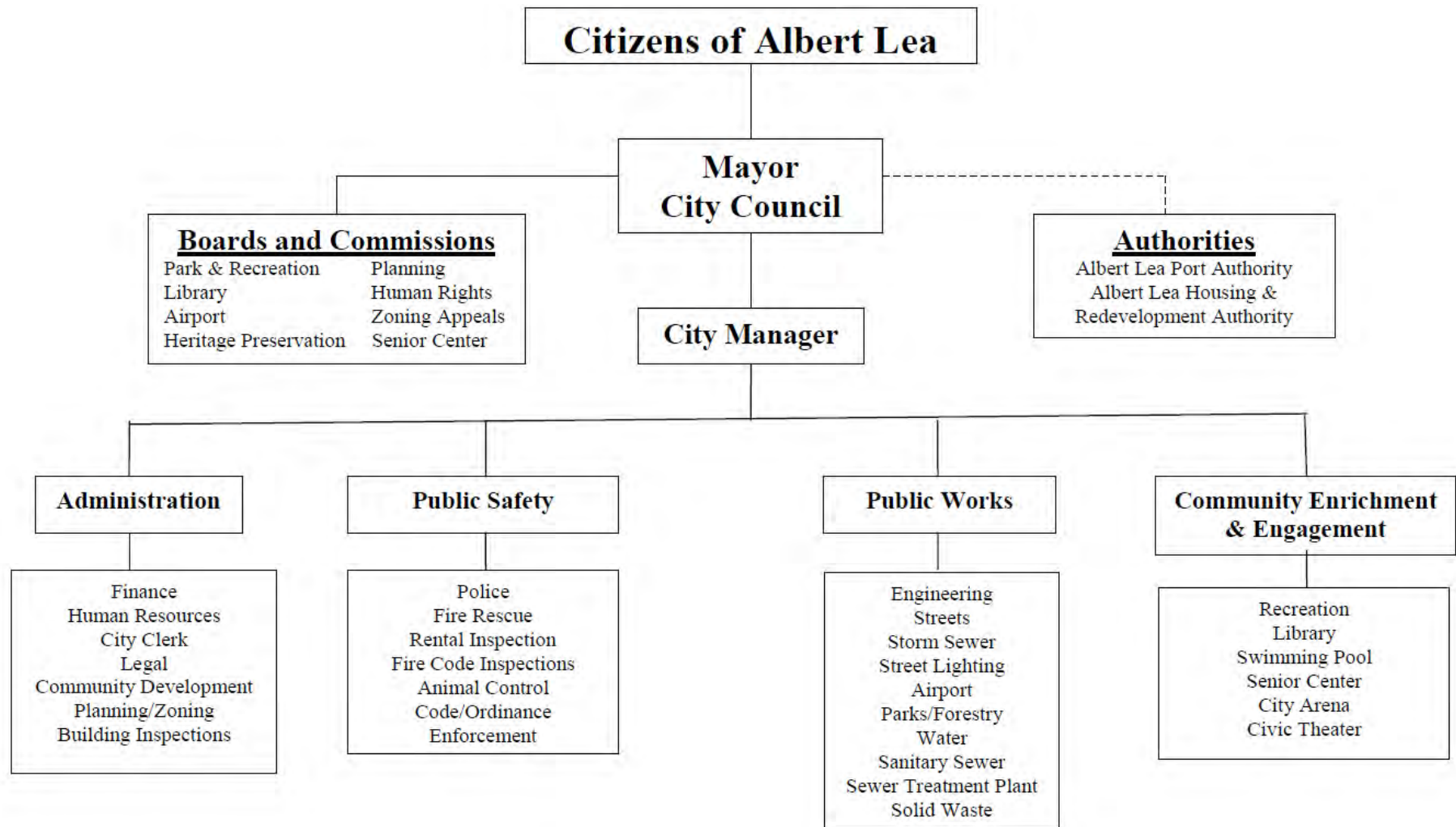
Administration	
Ian Rigg	City Manager
Kristi Brutlag	Finance Director
JD Carlson	Director of Public Safety
Steven Jahnke	Public Works Director/City Engineer
Cathy Malakowsky	Director of Community Engagement and Enrichment
Megan Boeck	City Planner
Daphney Maras	City Clerk
Wayne Sorensen	Building Official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



# Organization Chart

## City of Albert Lea, Minnesota

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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, 2022

*Christopher P. Morill*

Executive Director/CEO





FINANCIAL SECTION

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023





## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of and for the year ended December 31, 2023, and the related Notes to Basic Financial Statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Authority of the City of Albert Lea, which is a discretely presented component unit of the City, as of and for the year ended March 31, 2023. We did not audit the financial statements of the Port Authority of the City of Albert Lea, which is a discretely presented component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar, as it relates to the amounts presented for the discretely presented component units mentioned above, are based on the reports of the other auditors.

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Albert Lea's basic financial statements. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

#### Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2024, 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.

**Bergan KDV, Ltd.**

Minneapolis, Minnesota  
June 16, 2024

## 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, 2023. 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 \$155,644,524 (*net position*). Of this amount, \$24,575,416 (*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 \$698,941 and net position of the governmental activities increased by \$500,997. This resulted in a total net position increase of \$1,199,938 for the City.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,644,732, an increase of \$809,654 from the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,316,135. 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 47% of the 2024 budgeted General Fund expenditures and transfers out, \$369,100 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

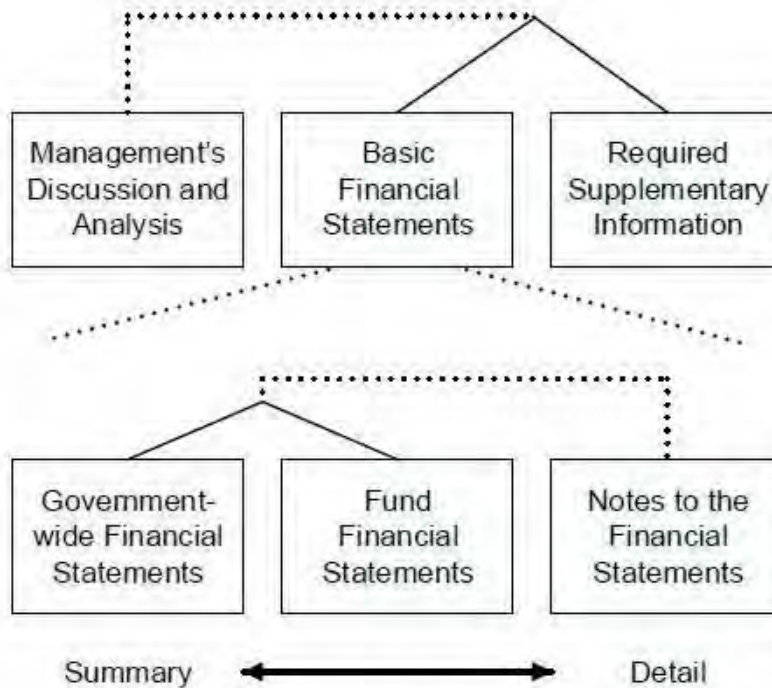


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explain the structure and contents of each of the 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>	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter, no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

City of Albert Lea  
Management's Discussion and Analysis

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

City of Albert Lea  
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

*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 44 of this report.

*Notes to Basic Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements start on page 55 of this report.

*Required Supplementary Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City of Albert Lea's share of net pension liabilities for defined benefit plans, schedule of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required Supplementary Information can be found starting on page 96 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 112 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 \$155,644,524 at the close of the most recent fiscal year.

City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

By far, the largest portion of the City's net position (74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Albert Lea's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 40,460,299	\$ 40,378,380	\$ 81,919	\$ 16,057,615	\$ 17,071,669	\$ (1,014,054)
Capital assets	91,377,096	90,321,948	1,055,148	56,729,342	55,840,919	888,423
Total assets	<u>131,837,395</u>	<u>130,700,328</u>	<u>1,137,067</u>	<u>72,786,957</u>	<u>72,912,588</u>	<u>(125,631)</u>
<b>Deferred Outflows of Resources</b>						
Deferred OPEB resources	140,877	61,370	79,507	23,296	9,783	13,513
Deferred pension resources	8,926,257	10,707,594	(1,781,337)	289,379	399,860	(110,481)
Total deferred outflows of resources	<u>9,067,134</u>	<u>10,768,964</u>	<u>(1,701,830)</u>	<u>312,675</u>	<u>409,643</u>	<u>(96,968)</u>
<b>Liabilities</b>						
Other liabilities	7,463,145	3,521,402	3,941,743	1,593,388	923,046	670,342
Noncurrent liabilities	26,149,705	39,816,214	(13,666,509)	13,004,133	14,952,318	(1,948,185)
Total liabilities	<u>33,612,850</u>	<u>43,337,616</u>	<u>(9,724,766)</u>	<u>14,597,521</u>	<u>15,875,364</u>	<u>(1,277,843)</u>
<b>Deferred Inflows of Resources</b>						
Deferred OPEB resources	891,316	743,810	147,506	147,396	118,569	28,827
Deferred pension resources	8,760,006	248,506	8,511,500	350,548	23,072	327,476
Total deferred inflows of resources	<u>9,651,322</u>	<u>992,316</u>	<u>8,659,006</u>	<u>497,944</u>	<u>141,641</u>	<u>356,303</u>
<b>Net Position</b>						
Net investment in capital assets	71,324,410	69,755,089	1,569,321	44,633,953	44,271,081	362,872
Restricted	15,110,745	16,046,115	(935,370)	-	-	-
Unrestricted	<u>11,205,202</u>	<u>11,338,156</u>	<u>(132,954)</u>	<u>13,370,214</u>	<u>13,034,145</u>	<u>336,069</u>
Total net position	<u>\$ 97,640,357</u>	<u>\$ 97,139,360</u>	<u>\$ 500,997</u>	<u>\$ 58,004,167</u>	<u>\$ 57,305,226</u>	<u>\$ 698,941</u>

An additional portion of the City's net position (9.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (15.8%) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the City's net position by \$500,997, thereby accounting for 41.8% of the growth in the net position of the City. Key elements of this change are as follows:

City of Albert Lea's Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,827,770	\$ 1,517,274	\$ 310,496	\$ 10,218,124	\$ 9,296,839	\$ 921,285
Operating grants and contributions	986,689	1,018,904	(32,215)	-	22,719	(22,719)
Capital grants and contributions	3,079,569	7,928,692	(4,849,123)	26,463	32,879	(6,416)
General revenues						
Property taxes	7,398,515	7,029,415	369,100	-	-	-
Tax increments	631,480	353,317	278,163	-	-	-
Franchise taxes	1,986,933	2,023,232	(36,299)	-	-	-
State grants and contributions not restricted to specific programs	5,810,318	5,876,300	(65,982)	-	-	-
Unrestricted investment earnings	1,078,113	(808,593)	1,886,706	643,158	(283,387)	926,545
Gain on disposal of capital assets	43,214	124,781	(81,567)	-	-	-
Total revenues	<u>22,842,601</u>	<u>25,063,322</u>	<u>(2,220,721)</u>	<u>10,887,745</u>	<u>9,069,050</u>	<u>1,818,695</u>
Expenses						
General government	2,740,630	2,574,279	166,351	-	-	-
Public safety	9,371,247	8,643,912	727,335	-	-	-
Public works	5,140,112	6,767,143	(1,627,031)	-	-	-
Culture and recreation	4,598,875	4,425,231	173,644	-	-	-
Airport	776,785	661,675	115,110	-	-	-
Community development	1,643,875	1,838,469	(194,594)	-	-	-
Interest on long-term debt	555,080	533,935	21,145	-	-	-
Water	-	-	-	2,416,996	2,085,679	331,317
Sewer	-	-	-	4,771,273	4,102,829	668,444
Solid waste	-	-	-	144,239	145,871	(1,632)
Utility line protection plan	-	-	-	371,296	158,112	213,184
Total expenses	<u>24,826,604</u>	<u>25,444,644</u>	<u>(618,040)</u>	<u>7,703,804</u>	<u>6,492,491</u>	<u>1,211,313</u>
Increase in Net Assets before transfers	(1,984,003)	(381,322)	(1,602,681)	3,183,941	2,576,559	607,382
Transfers	<u>2,485,000</u>	<u>2,284,000</u>	<u>201,000</u>	<u>(2,485,000)</u>	<u>(2,284,000)</u>	<u>(201,000)</u>
Changes in Net Position	500,997	1,902,678	(1,401,681)	698,941	292,559	406,382
Net position, January 1	<u>97,139,360</u>	<u>95,236,682</u>	<u>1,902,678</u>	<u>57,305,226</u>	<u>57,012,667</u>	<u>292,559</u>
Net position, December 31	<u>\$ 97,640,357</u>	<u>\$ 97,139,360</u>	<u>\$ 500,997</u>	<u>\$ 58,004,167</u>	<u>\$ 57,305,226</u>	<u>\$ 698,941</u>

City of Albert Lea  
Management's Discussion and Analysis

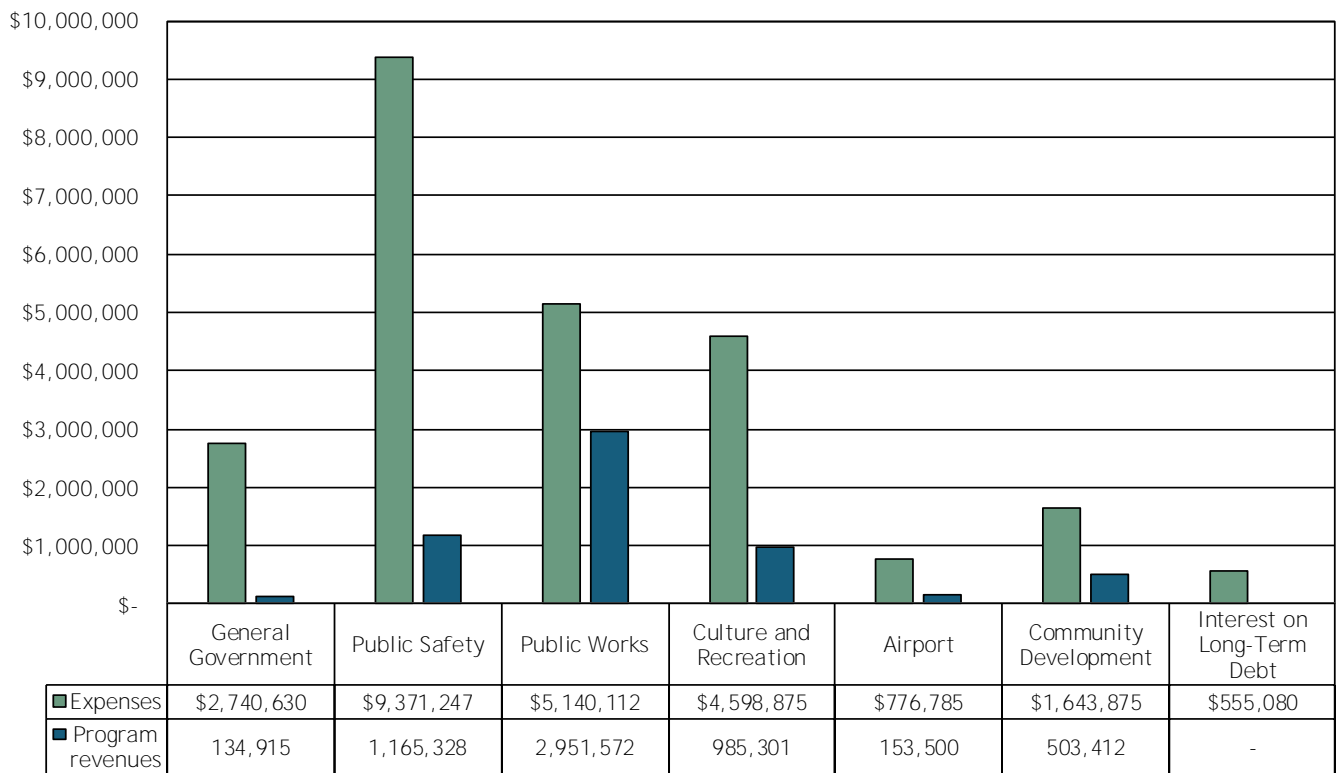
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

- ◆ Property taxes represent approximately 32.4% of total revenues in 2023 in governmental activities.
- ◆ The largest revenue variance was a \$4,849,123 decrease in capital grants and contributions based on a decrease in intergovernmental grants and funding in 2023 compared to 2022.
- ◆ The largest expense variance was a decrease in the public works function as a result of the decrease in capital expenditures for related projects during 2023 compared to 2022.

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

Expenses and Program Revenues - Governmental Activities

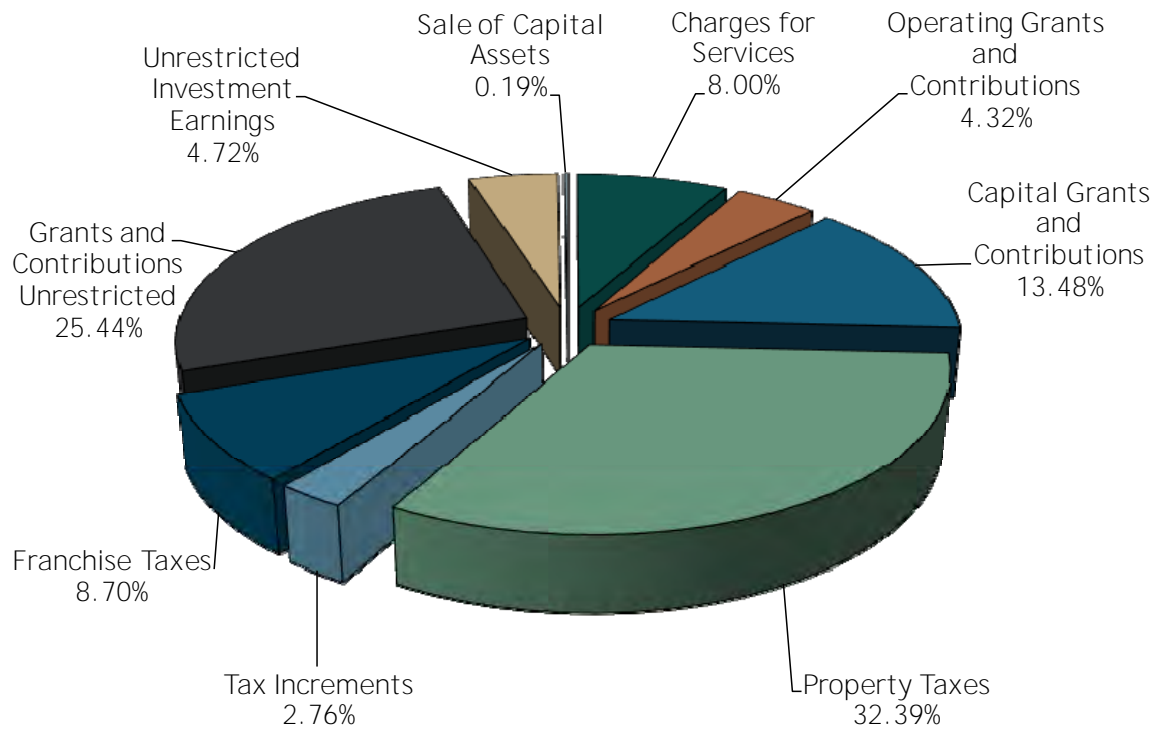


City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

Revenues by Source - Governmental Activities

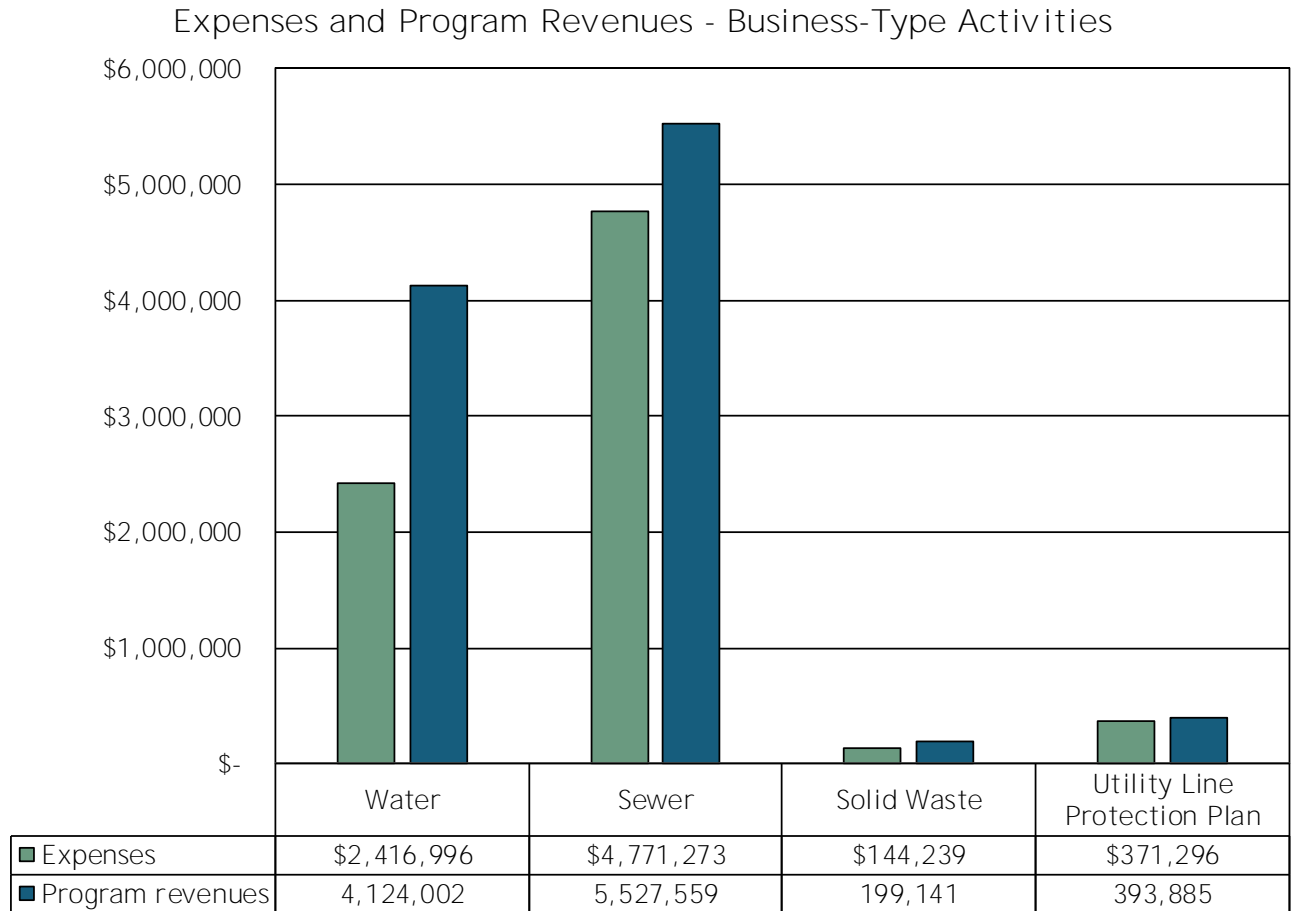




City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

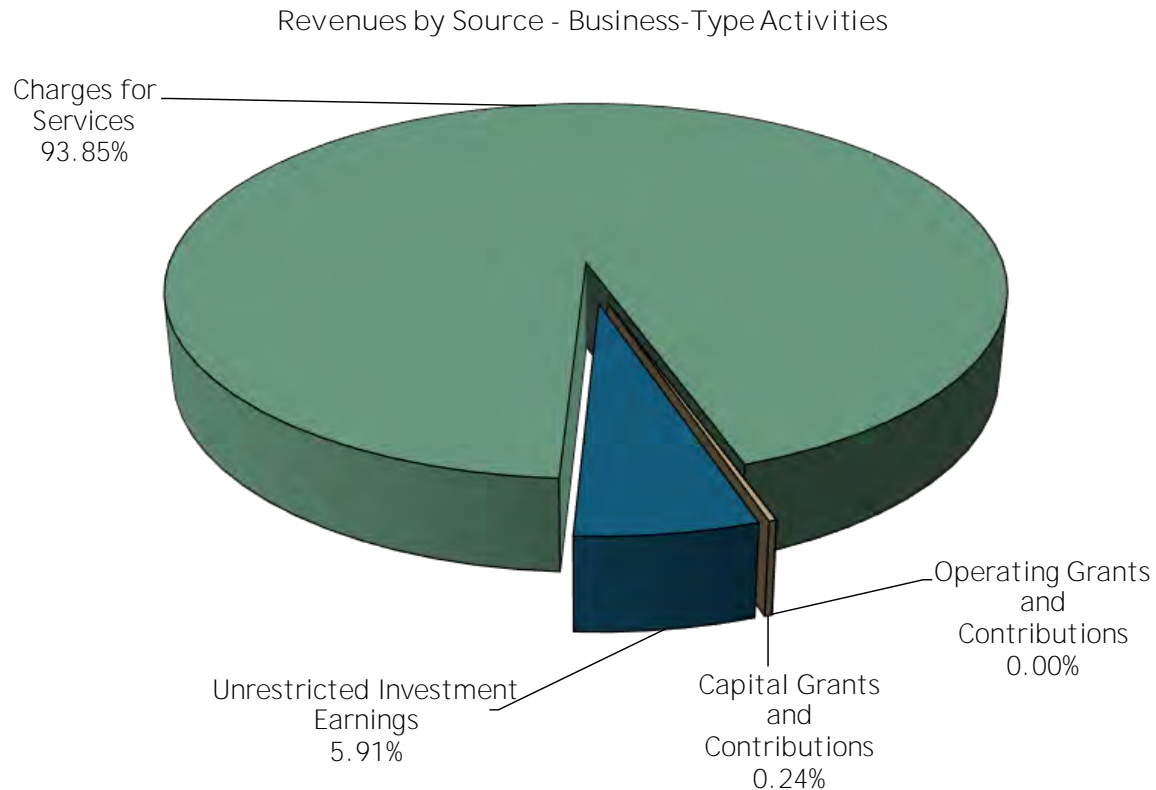
Business-type Activities. Business-type activities increased the City's net position by \$698,941 primarily due to the operating income of the Water Fund. Elements of the increase are as follows:



City of Albert Lea  
Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities. (Continued)



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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 \$28,644,732, an increase of \$809,654 in comparison with the prior year. Approximately 18% of this total amount (\$5,230,643) constitutes **unassigned fund balance**, which is available for spending at the City's discretion. The remainder of fund balance (\$23,414,089) is not available for new spending because it is either 1) nonspendable (\$2,889,364), 2) restricted (\$9,478,366), 3) committed (\$4,176,565), or 4) assigned (\$6,870,794) for the purposes described in the fund balance section of each balance sheet.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2023	2022	
General	\$ 12,205,499	\$ 11,498,917	\$ 706,582
The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$706,582. The incline was related to increased tax revenues, and decrease of transfers out.			
Debt Service Reserve	\$ 376,096	\$ 650,738	\$ (274,642)
The Debt Service Reserve had a total fund balance of \$367,096. Fund balance decreased \$283,642 from 2022 due to transfers out to other debt service funds exceeding special assessment revenue.			

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$14,046,003. The total increase in net position for the funds was \$748,876.

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 \$706,582 in 2023. Some of the larger variances are as follows:

- ◆ Revenues were over budget by \$655,926. Tax revenue was \$201,863 over budget mostly related to franchise taxes. Miscellaneous revenue was \$124,174 over budget due to investment income exceeding budgeted amounts. Intergovernmental revenue was \$169,672 over budget due to police aid and school district reimbursement revenue.
- ◆ Expenditures were less than budgeted amounts by \$48,785. Culture and recreation came in under budget by \$224,677 due in part to personnel costs for the library and parks being lower than anticipated.

Capital Assets and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, amounts to \$148,106,438 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City of Albert Lea  
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Capital Assets and Debt Administration (Continued)

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

- ◆ Snyder Field projects
- ◆ Sliplining project
- ◆ Central Water Tower construction
- ◆ Various street and park improvement projects

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

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 6,825,804	\$ 6,825,804	\$ -	\$ 375,063	\$ 375,063	\$ -
Construction in progress	10,913,368	11,140,413	227,045	12,009,794	10,382,228	(1,627,566)
Buildings	16,748,642	17,070,818	322,176	14,508,438	15,205,808	697,370
Improvements other than buildings	50,859,670	49,244,897	(1,614,773)	29,120,282	28,968,217	(152,065)
Equipment	6,029,612	6,040,016	10,404	715,765	909,603	193,838
Total	<u>\$ 91,377,096</u>	<u>\$ 90,321,948</u>	<u>\$ (1,055,148)</u>	<u>\$ 56,729,342</u>	<u>\$ 55,840,919</u>	<u>\$ (888,423)</u>

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 \$29,750,000. While all of the City's bonds have revenue streams, they are also all backed by the full faith and credit of the City.

City of Albert Lea's Outstanding Debt

	Governmental Activities			Business-Type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
PRI Assessment Bonds	\$ 18,755,000	\$ 19,190,000	\$ 435,000	\$ -	\$ -	\$ -
Equipment certificate	80,000	250,000	170,000	-	40,000	40,000
Notes payable	410,548	117,585	(292,963)	-	-	-
Revenue Bonds	-	-	-	10,995,000	11,570,000	575,000
PFA Loans	-	-	-	1,128,000	1,179,000	51,000
Total	<u>\$ 19,245,548</u>	<u>\$ 19,557,585</u>	<u>\$ 312,037</u>	<u>\$ 12,123,000</u>	<u>\$ 12,789,000</u>	<u>\$ 666,000</u>

The City's bond rating is AA- from Standards and Poor's. Additional information on the City's long-term debt can be found in Note 8 starting on page 70 of this report.

City of Albert Lea  
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates

- ◆ The City approved a balanced budget for 2024.
- ◆ The City's General fund property tax levy for 2024 increased \$208,500 to \$5,726,500.
- ◆ 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 47% of the 2024 budgeted expenses at the end of 2023 - \$369,100 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, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Assets					
Cash and investments	\$ 28,205,336	\$ 13,633,887	\$ 41,839,223	\$ 2,457,628	\$ 1,475,072
Restricted cash	-	-	-	-	94,313
Taxes receivable	286,134	-	286,134	-	-
Accounts receivable	591,166	1,702,761	2,293,927	461,962	138,073
Interest receivable	186,881	-	186,881	1,170	-
Loans receivable	1,980,546	35,000	2,015,546	1,460,189	-
Leases receivable	-	-	-	3,277,162	-
Special assessments receivable	6,581,497	1,221,176	7,802,673	-	-
Due from other governments	770,044	-	770,044	1,000	-
Due from primary government	-	-	-	998,050	-
Internal balances	664,475	(664,475)	-	-	-
Inventory	100,255	115,104	215,359	-	-
Property held for resale	-	-	-	3,362,647	-
Prepaid items	1,093,965	-	1,093,965	16,075	11,149
Patronage equity	-	14,162	14,162	1,978	-
Capital assets not being depreciated/amortized					
Land	6,825,804	375,063	7,200,867	262,933	177,998
Construction in progress	10,913,368	12,009,794	22,923,162	-	523,331
Capital assets being depreciated/amortized					
Buildings and structures	32,090,923	36,151,652	68,242,575	9,914,895	9,715,353
Improvements other than buildings	95,713,226	49,882,595	145,595,821	-	-
Equipment	18,744,740	4,157,371	22,902,111	-	398,199
Lease buildings	-	-	-	211,806	-
Less accumulated depreciation	(72,910,965)	(45,847,133)	(118,758,098)	(5,892,129)	(7,636,102)
Less accumulated amortization	-	-	-	(57,765)	-
Total assets	131,837,395	72,786,957	204,624,352	16,477,601	4,897,386
Deferred Outflows of Resources					
Deferred outflows of resources related to OPEB	140,877	23,296	164,173	-	-
Deferred outflows of resources related to pensions	8,926,257	289,379	9,215,636	-	-
Total deferred outflows of resources	9,067,134	312,675	9,379,809	-	-
Total assets and deferred outflows of resources	\$ 140,904,529	\$ 73,099,632	\$ 214,004,161	\$ 16,477,601	\$ 4,897,386



City of Albert Lea  
Statement of Net Position  
December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
Liabilities					
Accounts payable	\$ 1,921,703	\$ 226,269	\$ 2,147,972	\$ 8,824	\$ 16,170
Salaries and benefits payable	254,646	36,257	290,903	3,213	15,149
Deposits payable	94,148	10,600	104,748	-	36,137
Contracts payable	-	299,948	299,948	-	-
Due to other governments	-	6,485	6,485	-	36,547
Due to component unit	998,050	-	998,050	-	-
Unearned revenue	-	-	-	15,922	25,570
Other accrued liabilities	-	-	-	-	14,862
Interest payable					
Payable within one year	250,129	120,760	370,889	12,042	1
Payable after one year	-	-	-	25,000	-
Net bonds payable					
Payable within one year	2,963,918	696,082	3,660,000	-	-
Payable after one year	16,678,220	10,727,780	27,406,000	-	-
Loans/notes payable					
Payable within one year	47,000	52,000	99,000	-	-
Payable after one year	363,548	1,076,000	1,439,548	-	-
Leases payable					
Payable within one year	-	-	-	28,890	-
Payable after one year	-	-	-	140,373	-
Notes and mortgages payable					
Payable within one year	-	-	-	183,861	2,387
Payable after one year	-	-	-	4,061,157	336,626
Compensated absences payable					
Payable within one year	920,011	142,747	1,062,758	3,200	22,036
Payable after one year	300,486	59,086	359,572	-	10,236
Net pension liability					
Payable after one year	8,329,837	1,062,285	9,392,122	-	-
Total OPEB liability					
Payable within one year	13,540	2,240	15,780	-	-
Payable after one year	477,614	78,982	556,596	-	-
Total liabilities	<u>33,612,850</u>	<u>14,597,521</u>	<u>48,210,371</u>	<u>4,482,482</u>	<u>515,721</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to OPEB	891,316	147,396	1,038,712	-	-
Deferred inflows of resources related to pensions	8,760,006	350,548	9,110,554	-	-
Deferred inflows of resources related to leases receivable	-	-	-	3,277,162	-
Property taxes levied for subsequent years	-	-	-	-	81,750
Total deferred inflows of resources	<u>9,651,322</u>	<u>497,944</u>	<u>10,149,266</u>	<u>3,277,162</u>	<u>81,750</u>
Net Position					
Net investment in capital assets	71,324,410	44,633,953	115,958,363	1,460,648	2,839,766
Restricted for					
Fire and police operations	1,601,369	-	1,601,369	-	-
Capital improvements	118,695	-	118,695	-	-
Airport improvements	243,708	-	243,708	-	-
Economic development	822,549	-	822,549	-	-
Debt service	12,324,424	-	12,324,424	-	-
Public housing	-	-	-	-	30,219
Unrestricted	11,205,202	13,370,214	24,575,416	7,257,309	1,429,930
Total net position	<u>97,640,357</u>	<u>58,004,167</u>	<u>155,644,524</u>	<u>8,717,957</u>	<u>4,299,915</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 140,904,529</u>	<u>\$ 73,099,632</u>	<u>\$ 214,004,161</u>	<u>\$ 16,477,601</u>	<u>\$ 4,897,386</u>

See notes to basic financial statements.

City of Albert Lea  
Statement of Activities  
Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,740,630	\$ 92,220	\$ 23,334	\$ 19,361
Public safety	9,371,247	592,372	572,956	-
Public works	5,140,112	313,343	288,406	2,349,823
Culture and recreation	4,598,875	569,123	12,473	403,705
Community development	1,643,875	213,892	89,520	200,000
Airport	776,785	46,820	-	106,680
Interest on long-term debt	555,080	-	-	-
Total governmental activities	<u>24,826,604</u>	<u>1,827,770</u>	<u>986,689</u>	<u>3,079,569</u>
Business-type activities				
Water	2,416,996	4,124,002	-	-
Sewer	4,771,273	5,501,096	-	26,463
Solid waste	144,239	199,141	-	-
Utility line protection plan	371,296	393,885	-	-
Total business-type activities	<u>7,703,804</u>	<u>10,218,124</u>	<u>-</u>	<u>26,463</u>
Total primary governmental	<u>\$ 32,530,408</u>	<u>\$ 12,045,894</u>	<u>\$ 986,689</u>	<u>\$ 3,106,032</u>
Component Units				
Port Authority	997,673	835,784	2,776	-
Housing Redevelopment Authority	<u>2,136,568</u>	<u>696,286</u>	<u>1,303,833</u>	<u>280,026</u>
Total component units	<u>\$ 3,134,241</u>	<u>\$ 1,532,070</u>	<u>\$ 1,306,609</u>	<u>\$ 280,026</u>
General revenues				
Property taxes				
Franchise fees				
Tax increments				
Unrestricted investment income				
Grants and contributions not restricted to specific programs				
Gain on sale of assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Port Authority	Housing Redevelopment Authority
\$ (2,605,715)	\$ -	\$ (2,605,715)	\$ -	\$ -
(8,205,919)	-	(8,205,919)	-	-
(2,188,540)	-	(2,188,540)	-	-
(3,613,574)	-	(3,613,574)	-	-
(1,140,463)	-	(1,140,463)	-	-
(623,285)	-	(623,285)	-	-
(555,080)	-	(555,080)	-	-
(18,932,576)	-	(18,932,576)	-	-
-	1,707,006	1,707,006	-	-
-	756,286	756,286	-	-
-	54,902	54,902	-	-
-	22,589	22,589	-	-
-	2,540,783	2,540,783	-	-
(18,932,576)	2,540,783	(16,391,793)	-	-
-	-	-	(159,113)	-
-	-	-	-	143,577
-	-	-	(159,113)	143,577
7,398,515	-	7,398,515	-	-
1,986,933	-	1,986,933	-	-
631,480	-	631,480	-	-
1,078,113	643,158	1,721,271	28,932	33,669
5,810,318	-	5,810,318	-	-
43,214	-	43,214	-	-
2,485,000	(2,485,000)	-	-	-
19,433,573	(1,841,842)	17,591,731	28,932	33,669
500,997	698,941	1,199,938	(130,181)	177,246
97,139,360	57,305,226	154,444,586	8,848,138	4,122,669
\$ 97,640,357	\$ 58,004,167	\$ 155,644,524	\$ 8,717,957	\$ 4,299,915

City of Albert Lea  
Balance Sheet - Governmental Funds  
December 31, 2023

		Debt Service		
	General (101)	Debt Service Reserve (301)	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 8,755,458	\$ 359,409	\$ 18,633,184	\$ 27,748,051
Taxes receivable	279,256	-	6,878	286,134
Accounts receivable	561,094	-	30,072	591,166
Interest receivable	186,881	-	-	186,881
Loans receivable	128,077	-	1,852,469	1,980,546
Special assessments receivable	224,047	1,344,191	5,013,259	6,581,497
Due from other funds	-	-	7,398	7,398
Due from other governments	23,778	-	746,266	770,044
Advances to other funds	2,613,144	-	-	2,613,144
Inventory	100,255	-	-	100,255
Prepaid items	175,965	-	-	175,965
	<u>\$ 13,047,955</u>	<u>\$ 1,703,600</u>	<u>\$ 26,289,526</u>	<u>\$ 41,041,081</u>
<b>Liabilities</b>				
Accounts payable	\$ 300,965	\$ -	\$ 1,618,386	\$ 1,919,351
Salaries and benefits payable	254,646	-	-	254,646
Deposits payable	94,148	-	-	94,148
Due to other funds	-	-	7,398	7,398
Advances from other funds	-	-	2,624,458	2,624,458
Advances from component unit	-	-	998,050	998,050
Unearned revenue	-	-	193,348	193,348
Total liabilities	<u>649,759</u>	<u>-</u>	<u>5,441,640</u>	<u>6,091,399</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	191,249	-	5,246	196,495
Unavailable revenue - special assessments	1,448	1,336,504	4,770,503	6,108,455
Total deferred inflows of resources	<u>192,697</u>	<u>1,336,504</u>	<u>4,775,749</u>	<u>6,304,950</u>
<b>Fund Balances</b>				
Nonspendable	2,889,364	-	-	2,889,364
Restricted	-	367,096	9,111,270	9,478,366
Committed	-	-	4,175,565	4,175,565
Assigned	-	-	6,870,794	6,870,794
Unassigned	9,316,135	-	(4,085,492)	5,230,643
Total fund balances	<u>12,205,499</u>	<u>367,096</u>	<u>16,072,137</u>	<u>28,644,732</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,047,955</u>	<u>\$ 1,703,600</u>	<u>\$ 26,289,526</u>	<u>\$ 41,041,081</u>

City of Albert Lea  
Reconciliation of the Balance Sheet to  
the Statement of Net Position - Governmental Funds  
December 31, 2023

Total fund balances - governmental funds	\$ 28,644,732
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	164,288,061
Less accumulated depreciation	(72,910,965)
Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.	918,000
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	(18,835,000)
Unamortized bond premiums/discounts	(807,138)
Notes payable	(410,548)
Compensated absences payable	(1,220,497)
Total OPEB liability	(491,154)
Net pension liability	(8,329,837)
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	196,495
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(8,760,006)
Deferred outflows of resources related to pensions	8,926,257
Deferred outflows of resources related to OPEB	140,877
Deferred inflows of resources related to OPEB	(891,316)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments, taxes and grants	6,301,803
Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(250,129)
Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities are included in the governmental activities Statement of Net Position.	1,130,722
Total net position - governmental activities	<u>\$ 97,640,357</u>

City of Albert Lea  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2023

		Debt Service		
	General (101)	Debt Service Reserve (301)	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,564,363	\$ -	\$ 2,457,740	\$ 10,022,103
Special assessments	-	150,833	1,111,372	1,262,205
Licenses and permits	330,106	-	-	330,106
Intergovernmental	7,044,638	-	1,966,633	9,011,271
Charges for services	1,104,521	-	233,451	1,337,972
Fines and forfeitures	84,440	-	4,667	89,107
Miscellaneous				
Investment income	311,675	20,282	721,646	1,053,603
Contributions and donations	13,183	-	72,600	85,783
Other	-	-	75,335	75,335
Total revenues	<u>16,452,926</u>	<u>171,115</u>	<u>6,643,444</u>	<u>23,267,485</u>
Expenditures				
Current				
General government	2,301,979	-	4,520	2,306,499
Public safety	7,963,106	-	34,198	7,997,304
Public works	3,024,099	-	345,353	3,369,452
Culture and recreation	3,621,780	-	126,843	3,748,623
Community development	159,956	-	1,193,685	1,353,641
Airport	-	-	146,592	146,592
Debt service				
Principal	18,439	-	3,060,000	3,078,439
Interest and other charges	-	-	636,061	636,061
Capital outlay				
General government	6,097	-	29,277	35,374
Public safety	-	-	155,753	155,753
Public works	23,989	-	3,860,604	3,884,593
Culture and recreation	15,770	-	787,511	803,281
Community development	-	-	395,696	395,696
Airport	-	-	105,462	105,462
Total expenditures	<u>17,135,215</u>	<u>-</u>	<u>10,881,555</u>	<u>28,016,770</u>
Excess of revenues over (under) expenditures	(682,289)	171,115	(4,238,111)	(4,749,285)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	1,871	-	41,343	43,214
Issuance of debt	-	-	2,766,401	2,766,401
Bond premium	-	-	192,324	192,324
Transfers in	2,317,000	-	1,911,309	4,228,309
Transfers out	(930,000)	(454,757)	(286,552)	(1,671,309)
Total other financing sources (uses)	<u>1,388,871</u>	<u>(454,757)</u>	<u>4,624,825</u>	<u>5,558,939</u>
Net change in fund balances	706,582	(283,642)	386,714	809,654
Fund Balances				
Beginning of year	<u>11,498,917</u>	<u>650,738</u>	<u>15,685,423</u>	<u>27,835,078</u>
End of year	<u>\$ 12,205,499</u>	<u>\$ 367,096</u>	<u>\$ 16,072,137</u>	<u>\$ 28,644,732</u>

See notes to basic financial statements.

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, 2023

Total change in fund balances - governmental funds	\$ 809,654
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlays	5,483,723
Depreciation expense	(4,412,743)
Loss on disposal of capital assets	(15,832)

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	(8,514)
Total other post employment benefits (OPEB) liability	84,007

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	3,060,000
Loan payments	18,439

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.

(107,333)

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.

(4,010)

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.

(2,766,401)

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	(918,993)
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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.

(162,950)

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	(5,175)
Special assessments	(525,875)

Change in net position - governmental activities	\$ 500,997
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City of Albert Lea  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual - General Fund  
Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 7,362,500	\$ 7,362,500	\$ 7,564,363	\$ 201,863
Special assessments	1,000	1,000	-	(1,000)
Licenses and permits	306,600	306,600	330,106	23,506
Intergovernmental revenue	6,874,966	6,874,966	7,044,638	169,672
Charges for services	958,750	958,750	1,104,521	145,771
Fines and forfeitures	92,500	92,500	84,440	(8,060)
Miscellaneous revenues	200,684	200,684	324,858	124,174
Total revenues	<u>15,797,000</u>	<u>15,797,000</u>	<u>16,452,926</u>	<u>655,926</u>
Expenditures				
Current				
General government	2,376,563	2,376,563	2,301,979	(74,584)
Public safety	7,678,867	7,678,867	7,963,106	284,239
Public works	3,048,488	3,048,488	3,024,099	(24,389)
Culture and recreation	3,846,457	3,846,457	3,621,780	(224,677)
Community development	195,125	195,125	159,956	(35,169)
Debt service				
Principal	15,000	15,000	18,439	3,439
Capital outlay				
General government				
Public safety	6,500	6,500	6,097	(403)
Public works	5,500	5,500	23,989	18,489
Culture and recreation	11,500	11,500	15,770	4,270
Total expenditures	<u>17,184,000</u>	<u>17,184,000</u>	<u>17,135,215</u>	<u>(48,785)</u>
Excess of revenues over (under) expenditures	(1,387,000)	(1,387,000)	(682,289)	704,711
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	1,871	1,871
Transfers in	2,317,000	2,317,000	2,317,000	-
Transfers out	(930,000)	(930,000)	(930,000)	-
Total other financing sources (uses)	<u>1,387,000</u>	<u>1,387,000</u>	<u>1,388,871</u>	<u>1,871</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>706,582</u>	<u>\$ 706,582</u>
Fund Balances				
Beginning of year			<u>11,498,917</u>	
End of year			<u>\$ 12,205,499</u>	

City of Albert Lea  
Statement of Net Position - Proprietary Funds  
December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Assets			
Current assets			
Cash and investments	\$ 4,747,298	\$ 8,837,980	\$ 48,609
Accounts receivable	644,539	956,713	28,837
Special assessments receivable	1,178	23,055	-
Inventory	115,104	-	-
Total current assets	<u>5,508,119</u>	<u>9,817,748</u>	<u>77,446</u>
Noncurrent assets			
Advances to other funds	-	11,314	-
Special assessments receivable	534,183	662,760	-
Loans receivable	-	35,000	-
Patronage equity	-	12,932	1,230
Capital assets			
Land	110,800	184,192	80,071
Buildings and structures	3,100,794	33,017,858	33,000
Equipment	540,810	3,604,938	11,623
Improvements other than buildings	18,278,406	31,604,189	-
Construction in progress	9,022,857	2,986,937	-
Total capital assets	<u>31,053,667</u>	<u>71,398,114</u>	<u>124,694</u>
Less accumulated depreciation	<u>(9,076,103)</u>	<u>(36,732,177)</u>	<u>(38,853)</u>
Net capital assets	<u>21,977,564</u>	<u>34,665,937</u>	<u>85,841</u>
Total noncurrent assets	<u>22,511,747</u>	<u>35,387,943</u>	<u>87,071</u>
Total assets	<u>28,019,866</u>	<u>45,205,691</u>	<u>164,517</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to OPEB	7,247	16,049	-
Deferred outflows of resources related to pensions	<u>102,034</u>	<u>182,283</u>	<u>5,062</u>
Total deferred outflows of resources	<u>109,281</u>	<u>198,332</u>	<u>5,062</u>
Total assets and deferred outflows of resources	<u>\$ 28,129,147</u>	<u>\$ 45,404,023</u>	<u>\$ 169,579</u>

Business-Type Activities - Enterprise Funds		Governmental Activities -
Utility Line Protection Plan (605)	Total	Internal Service Funds
\$ -	\$ 13,633,887	\$ 457,285
72,672	1,702,761	-
-	24,233	-
-	115,104	-
<u>72,672</u>	<u>15,475,985</u>	<u>457,285</u>
-	11,314	-
-	1,196,943	-
-	35,000	-
-	14,162	-
-	375,063	-
-	36,151,652	-
-	4,157,371	-
-	49,882,595	-
-	12,009,794	-
-	102,576,475	-
-	(45,847,133)	-
-	56,729,342	-
-	57,986,761	-
<u>72,672</u>	<u>73,462,746</u>	<u>457,285</u>
-	23,296	-
-	289,379	-
-	312,675	-
<u>\$ 72,672</u>	<u>\$ 73,775,421</u>	<u>\$ 457,285</u>

City of Albert Lea  
Statement of Net Position - Proprietary Funds  
December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Liabilities			
Current liabilities			
Accounts payable	\$ 49,801	\$ 136,117	\$ 9,904
Contracts payable	299,948	-	-
Salaries and benefits payable	13,818	22,132	307
Deposits payable	10,600	-	-
Interest payable	95,835	24,925	-
Due to other governments	6,485	-	-
Notes payable due within one year	14,000	38,000	-
Bonds payable due within one year	539,960	156,122	-
Current compensated absences	47,914	94,833	-
Total OPEB liability due within one year	697	1,543	-
Total current liabilities	<u>1,079,058</u>	<u>473,672</u>	<u>10,211</u>
Noncurrent liabilities			
Compensated absences	14,875	44,211	-
Notes payable	283,000	793,000	-
Bonds payable	9,212,511	1,515,269	-
Total OPEB liability	24,571	54,411	-
Net pension liability	374,559	669,142	18,584
Total noncurrent liabilities	<u>9,909,516</u>	<u>3,076,033</u>	<u>18,584</u>
Total liabilities	<u>10,988,574</u>	<u>3,549,705</u>	<u>28,795</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	45,854	101,542	-
Deferred inflows of resources related to pensions	<u>123,603</u>	<u>220,813</u>	<u>6,132</u>
Total deferred inflows of resources	<u>169,457</u>	<u>322,355</u>	<u>6,132</u>
Net Position			
Net investment in capital assets	12,384,566	32,163,546	85,841
Unrestricted	<u>4,586,550</u>	<u>9,368,417</u>	<u>48,811</u>
Total net position	<u>16,971,116</u>	<u>41,531,963</u>	<u>134,652</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 28,129,147</u>	<u>\$ 45,404,023</u>	<u>\$ 169,579</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Net position of business-type activities			

Business-Type Activities - Enterprise Funds		Governmental Activities -
Utility Line Protection Plan (605)	Total	Internal Service Funds
\$ 30,447	\$ 226,269	\$ 2,352
-	299,948	-
-	36,257	-
-	10,600	-
-	120,760	-
-	6,485	-
-	52,000	-
-	696,082	-
-	142,747	-
-	2,240	-
<u>30,447</u>	<u>1,593,388</u>	<u>2,352</u>
-	59,086	-
-	1,076,000	-
-	10,727,780	-
-	78,982	-
-	1,062,285	-
-	13,004,133	-
<u>30,447</u>	<u>14,597,521</u>	<u>2,352</u>
-	147,396	-
-	350,548	-
-	497,944	-
-	44,633,953	-
42,225	14,046,003	454,933
<u>42,225</u>	<u>58,679,956</u>	<u>454,933</u>
<u>\$ 72,672</u>	<u>\$ 73,775,421</u>	<u>\$ 457,285</u>
	<u>(675,789)</u>	
	<u>\$ 58,004,167</u>	

City of Albert Lea  
Statement of Revenues, Expenses, and Changes  
in Net Position - Proprietary Funds  
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Operating Revenues			
Charges for services	\$ 4,084,332	\$ 5,485,454	\$ 195,733
Miscellaneous	-	-	-
Total operating revenues	<u>4,084,332</u>	<u>5,485,454</u>	<u>195,733</u>
Operating Expenses			
Personnel services	763,919	1,436,143	31,156
Materials and supplies	447,956	433,473	2,388
Repairs and maintenance	93,570	262,722	308
Other services and charges	273,845	600,391	107,004
Utilities	168,615	688,589	2,318
Depreciation	<u>427,626</u>	<u>1,267,610</u>	<u>775</u>
Total operating expenses	<u>2,175,531</u>	<u>4,688,928</u>	<u>143,949</u>
Operating income (loss)	1,908,801	796,526	51,784
Nonoperating Revenues (Expenses)			
Investment income	235,565	405,552	1,970
Intergovernmental	-	3,711	-
Interest and other charges	(203,201)	(49,768)	-
Antenna lease revenue	39,670	-	-
Other income	-	15,642	3,408
Total nonoperating revenues	<u>72,034</u>	<u>375,137</u>	<u>5,378</u>
Income (loss) before capital contributions and transfers	1,980,835	1,171,663	57,162
Capital Contributions	(21,196)	22,752	-
Transfers in	-	-	-
Transfers out	<u>(1,123,911)</u>	<u>(1,343,912)</u>	<u>(25,000)</u>
Change in net position	835,728	(149,497)	32,162
Net Position			
Beginning of year	<u>16,135,388</u>	<u>41,681,460</u>	<u>102,490</u>
End of year	<u>\$ 16,971,116</u>	<u>\$ 41,531,963</u>	<u>\$ 134,652</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Change in net position of business-type activities			

Business-Type Activities - Enterprise Funds		Governmental Activities -
Utility Line Protection Plan (605)	Totals	Internal Service Funds
\$ 393,885	\$ 10,159,404	\$ -
-	-	15,734
<u>393,885</u>	<u>10,159,404</u>	<u>15,734</u>
-	2,231,218	39,691
-	883,817	-
-	356,600	-
371,296	1,352,536	149,038
-	859,522	-
-	1,696,011	-
<u>371,296</u>	<u>7,379,704</u>	<u>188,729</u>
22,589	2,779,700	(172,995)
71	643,158	24,510
-	3,711	7,600
-	(252,969)	-
-	39,670	-
-	19,050	-
<u>71</u>	<u>452,620</u>	<u>32,110</u>
22,660	3,232,320	(140,885)
-	1,556	-
7,823	7,823	-
-	(2,492,823)	(72,000)
30,483	748,876	(212,885)
<u>11,742</u>	<u>57,931,080</u>	<u>667,818</u>
<u>\$ 42,225</u>	<u>\$ 58,679,956</u>	<u>\$ 454,933</u>
	<u>(49,935)</u>	
	<u>\$ 698,941</u>	

City of Albert Lea  
Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Cash Flows - Operating Activities			
Receipts from customers and users	\$ 4,069,491	\$ 5,273,816	\$ 176,170
Payments to suppliers	(1,120,524)	(2,024,659)	(109,688)
Payments to employees	(765,836)	(1,324,045)	(31,176)
Antenna lease revenue	39,670	-	-
Miscellaneous revenue	-	15,642	3,408
Other operating receipts	-	-	-
Net cash flows	-	-	-
- operating activities	<u>2,222,801</u>	<u>1,940,754</u>	<u>38,714</u>
Cash Flows - Noncapital			
Financing Activities			
Intergovernmental	-	3,711	-
Borrowing (payments) on			
interfund balances	-	2,565	-
Transfer from other funds	-	-	-
Transfer to other funds	<u>(1,123,911)</u>	<u>(1,343,912)</u>	<u>(25,000)</u>
Net cash flows - noncapital			
financing activities	<u>(1,123,911)</u>	<u>(1,337,636)</u>	<u>(25,000)</u>
Cash Flows - Capital and Related			
Financing Activities			
Special assessments received	29,853	85,379	-
Connection charges collected	19,260	5,278	-
Principal paid on debt	(548,000)	(118,000)	-
Interest paid on debt	(241,453)	(64,208)	-
Intergovernmental	-	(5,280)	-
Acquisition of capital assets	<u>(1,458,040)</u>	<u>(1,076,777)</u>	<u>-</u>
Net cash flows			
- capital and related			
financing activities	<u>(2,198,380)</u>	<u>(1,173,608)</u>	<u>-</u>
Cash Flows - Investing Activities			
Investment income	<u>235,565</u>	<u>411,665</u>	<u>2,009</u>
Net change in cash and cash equivalents	(863,925)	(158,825)	15,723
Cash and Cash Equivalents			
January 1	<u>5,611,223</u>	<u>8,996,805</u>	<u>32,886</u>
December 31	<u>\$ 4,747,298</u>	<u>\$ 8,837,980</u>	<u>\$ 48,609</u>



Business-Type Activities Enterprise Funds		Governmental Activities -
Utility Line Protection Plan (605)	Total	Internal Service Funds
\$ 393,858	\$ 9,913,335	\$ -
(402,209)	(3,657,080)	(148,899)
-	(2,121,057)	(39,691)
-	39,670	-
-	19,050	-
-	-	15,734
(8,351)	4,193,918	(172,856)
-	3,711	7,600
-	2,565	-
7,823	7,823	-
-	(2,492,823)	(72,000)
7,823	(2,478,724)	(64,400)
-	115,232	-
-	24,538	-
-	(666,000)	-
-	(305,661)	-
-	(5,280)	-
-	(2,534,817)	-
-	(3,371,988)	-
71	649,310	24,510
(457)	(1,007,484)	(212,746)
457	14,641,371	670,031
\$ -	\$ 13,633,887	\$ 457,285

City of Albert Lea  
Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2023

	Business-Type Activities - Enterprise Funds		
	Water (601)	Sewer (602)	Solid Waste (603)
Reconciliation of Operating			
Income (Loss) to Net Cash Flows -			
Operating Activities			
Operating income (loss)	\$ 1,908,801	\$ 796,526	\$ 51,784
Adjustments to reconcile operating			
income (loss) to net cash flows -			
operating activities			
Other revenues	39,670	15,642	3,408
Depreciation expense	427,626	1,267,610	775
Net pension liability expense	(8,470)	111,896	(83)
Accounts receivable	(14,841)	(211,638)	(19,563)
Inventory	61,052	-	-
Accounts payable	(198,195)	(39,484)	2,330
Deposits payable	150	-	-
Due to other governmental units	455	-	-
Salaries payable	1,908	2,201	63
OPEB expense	134	(6,122)	-
Compensated absences payable	4,511	4,123	-
Total adjustments	<u>314,000</u>	<u>1,144,228</u>	<u>(13,070)</u>
Net cash flows			
- operating activities	<u>\$ 2,222,801</u>	<u>\$ 1,940,754</u>	<u>\$ 38,714</u>
Supplemental Schedule of			
Noncash Capital and Related			
Financing Activities			
Amortization of bond discounts	\$ 4,191	\$ -	\$ -

(Continued)

Business-Type Activities Enterprise Funds		Governmental Activities - Internal Service Funds
Utility Line Protection Plan (605)	Total	
\$ 22,589	\$ 2,779,700	\$ (172,995)
-	58,720	-
-	1,696,011	-
-	103,343	-
(27)	(246,069)	-
-	61,052	-
(30,913)	(266,262)	139
-	150	-
-	455	-
-	4,172	-
-	(5,988)	-
-	8,634	-
<u>(30,940)</u>	<u>1,414,218</u>	<u>139</u>
<u>\$ (8,351)</u>	<u>\$ 4,193,918</u>	<u>\$ (172,856)</u>
\$ -	\$ 4,191	\$ -

City of Albert Lea  
Statement of Fiduciary Net Position  
December 31, 2023

	Sales Tax Custodial Fund
Assets	
Taxes receivable	<u>\$ 326,806</u>
Liabilities	
Due to other governments	<u>\$ 326,806</u>

Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2023

	Sales Tax Custodial Fund
Additions	
Sales tax deposits	<u>\$ 1,985,032</u>
Deductions	
Sales tax withdrawals	<u>1,985,032</u>
Net Position	
Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

1. Discretely Presented Component Unit - Port Authority

The Port Authority of the City is governed by seven commissioners who are appointed by the Albert Lea City Council. The City is considered financially accountable for the Port Authority because the City Council approves their annual budget. The Port Authority is governed by seven board members, two of which are City Council members and five are residents. It is this criterion that results in the Port Authority being reported as a discretely presented component unit. Separately issued financial statements for the year ended December 31, 2023, 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.

Proprietary Funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds and of the City's Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Deposits and Investments

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

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

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

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



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

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

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

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

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

City of Albert Lea  
Notes to 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)

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

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.

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)

9. Patronage Equity

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

10. Fund Balance

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

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

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.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following funds had fund balance deficits at December 31, 2023:

Fund	Amount
Nonmajor Capital Projects	
TIF 5-13 Larson Manufacturing	\$ 1,008,656
TIF 5-15 Broadway Ridge Redevelopment	1,238,522
TIF 5-25 Zumbro	11,314
TIF 5-26 Unique Opport	150,510
TIF 5-27 Marketplace	37,067
TIF 5-29 Ulland Brothers	47,815
TIF 5-30 Broadway	377,110
Future TIF - 300 Block Broadway	663,501
TIF Blazing Star Soil District	99,381
2020 CIP Projects	444,218
2024 CIP - Bond Projects	7,398

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 - Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2023, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized by federal depository insurance.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

*Discretely Presented Component Units*

As of March 31, 2023, the HRA's bank balance of \$1,586,136 was not exposed to custodial credit risk because it was fully collateralized. The HRA's book balance of all deposits at March 31, 2023, totaled \$1,569,385.

At December 31, 2023, the Port Authority had \$2,457,628 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	\$ 5,023,208	\$ 1,698,107	\$ 3,325,101	\$ -
Government securities	Aaa, Aa1, Aa2, Aa3, A1, A2	12,520,240	3,214,819	8,582,833	722,588
U.S. treasury obligations	N/A	8,324,086	2,756,758	3,290,688	2,276,640
Money market accounts	N/A	15,969,199	15,969,199	-	-
Total		<u>\$ 41,836,733</u>	<u>\$ 23,638,883</u>	<u>\$ 15,198,622</u>	<u>\$ 2,999,228</u>

**Concentration Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy states the City will diversify its investments by limiting investments to avoid over concentration in securities from a specific issuer, industry, or business sector, excluding U.S. Treasury obligations. As of December 31, 2023, the City had not invested 5% or more of its total investment portfolio in one single issuer.

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

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

**Custodial Credit Risk - Investments:** 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.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ U.S. treasury obligations and government securities of \$20,844,326 are valued using quoted market prices (Level 1 inputs)
- ◆ Brokered certificates of deposit of \$5,023,208 are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2023, were as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Deposits	\$ -	\$ 1,569,385	\$ 2,457,628	\$ 4,027,013
Investments	41,836,733	-	-	41,836,733
Petty cash	2,490	-	-	2,490
Total deposits and investments	<u>\$ 41,839,223</u>	<u>\$ 1,569,385</u>	<u>\$ 2,457,628</u>	<u>\$ 45,866,236</u>

Deposits and investments are presented in the December 31, 2023, basic financial statements as follows:

	Primary Government	Component Unit HRA	Component Unit Port Authority	Total
Statement of Net Position				
Cash and investments	\$ 41,839,223	\$ 1,475,072	\$ 2,457,628	\$ 45,771,923
Restricted cash	-	94,313	-	94,313
Total deposits and investments	<u>\$ 41,839,223</u>	<u>\$ 1,569,385</u>	<u>\$ 2,457,628</u>	<u>\$ 45,866,236</u>

NOTE 4 - LOANS RECEIVABLE

The City operates an economic revolving loan fund. The purpose of this fund is to issue loans that serve as gap financing to projects whose purpose it is to create economic development within the City. The funds that are available for these loans originated as grants from the state or federal government. The total balance of these loans at December 31, 2023, was \$2,015,546. The total balance has maturities of one to twenty years with interest ranging from 0 to 3%.

The City provided \$500,000 in financing to Pickerel Park Association in February 2000. The term of the loan is for 30 years. The interest rate is 1% per annum deferred for 30 years to be paid in a lump sum along with the principal at the end of the loan term. The balance on this loan at December 31, 2023, is \$500,000.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 4 - LOANS RECEIVABLE (CONTINUED)

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, 2023, is \$935,189.

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, 2023, is \$500,000. Accrued interest at December 31, 2023, is \$25,000.

NOTE 5 - INTERFUND BALANCES

At December 31, 2023, interfund balances for the City were as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other funds		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 7,398
Advance from/to other funds		
General Fund	Nonmajor Governmental Funds	\$ 2,613,144
Sewer Fund	Nonmajor Governmental Funds	11,314
Total		<u>\$ 2,624,458</u>

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

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

NOTE 6 - INTERFUND TRANSFERS

Transfers during the year ended December 31, 2023, were as follows:

Transfers Out	Transfers In			Total
	General	Nonmajor Governmental Funds	Utility Line Protection Plan	
General	\$ -	\$ 930,000	\$ -	\$ 930,000
Debt Service Reserve	-	454,757	-	454,757
Nonmajor governmental funds	-	286,552	-	286,552
Water	1,000,000	120,000	3,911	1,123,911
Sewer	1,220,000	120,000	3,912	1,343,912
Solid Waste	25,000	-	-	25,000
Internal service funds	72,000	-	-	72,000
Total	<u>\$ 2,317,000</u>	<u>\$ 1,911,309</u>	<u>\$ 7,823</u>	<u>\$ 4,236,132</u>



City of Albert Lea  
Notes to Basic Financial Statements

NOTE 6 - INTERFUND TRANSFERS (CONTINUED)

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.

NOTE 7 - CAPITAL ASSETS

*Primary Government*

Capital asset activity for the year ended December 31, 2023, 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	11,140,413	4,512,099	4,739,144	10,913,368
Total capital assets not being depreciated	17,966,217	4,512,099	4,739,144	17,739,172
Capital assets being depreciated				
Buildings and structures	31,604,914	486,009	-	32,090,923
Improvements other than buildings	91,537,451	4,175,775	-	95,713,226
Equipment	18,084,432	1,048,984	388,676	18,744,740
Total capital assets being depreciated	141,226,797	5,710,768	388,676	146,548,889
Less accumulated depreciation for				
Buildings and structures	14,534,096	808,184	-	15,342,280
Improvements other than buildings	42,292,554	2,377,528	-	44,670,082
Equipment	12,044,416	1,227,031	372,844	12,898,603
Total accumulated depreciation	68,871,066	4,412,743	372,844	72,910,965
Total capital assets being depreciated, net	72,355,731	1,298,025	15,832	73,637,924
Governmental activities capital assets, net	\$ 90,321,948	\$ 5,810,124	\$ 4,754,976	\$ 91,377,096

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	10,382,228	2,193,004	565,438	12,009,794
Total capital assets not being depreciated	<u>10,757,291</u>	<u>2,193,004</u>	<u>565,438</u>	<u>12,384,857</u>
Capital assets being depreciated				
Buildings and structures	36,151,652	-	-	36,151,652
Improvements other than buildings	48,925,727	956,868	-	49,882,595
Machinery and equipment	<u>4,157,371</u>	<u>-</u>	<u>-</u>	<u>4,157,371</u>
Total capital assets being depreciated	<u>89,234,750</u>	<u>956,868</u>	<u>-</u>	<u>90,191,618</u>
Less accumulated depreciation for				
Buildings and structures	20,945,844	697,371	-	21,643,215
Improvements other than buildings	19,957,510	804,804	-	20,762,314
Machinery and equipment	<u>3,247,768</u>	<u>193,836</u>	<u>-</u>	<u>3,441,604</u>
Total accumulated depreciation	<u>44,151,122</u>	<u>1,696,011</u>	<u>-</u>	<u>45,847,133</u>
Total capital assets being depreciated, net	<u>45,083,628</u>	<u>(739,143)</u>	<u>-</u>	<u>44,344,485</u>
Business-type activities capital assets, net	<u>\$ 55,840,919</u>	<u>\$ 1,453,861</u>	<u>\$ 565,438</u>	<u>\$ 56,729,342</u>

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

Governmental activities	
General government	\$ 248,907
Public safety	528,084
Public works	2,447,611
Culture and recreation	663,410
Airport	<u>524,731</u>
Total depreciation expense - governmental activities	<u>\$ 4,412,743</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	\$ 427,626
Sewer	1,267,610
Solid Waste	<u>775</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,696,011</u></u>

*Discretely Presented Component Units*

Capital asset activity for the Port Authority for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	<u>\$ 262,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,933</u>
Capital assets being depreciated				
Buildings and structures	<u>9,906,982</u>	<u>7,913</u>	<u>-</u>	<u>9,914,895</u>
Less accumulated depreciation for				
Buildings and structures	<u>5,685,059</u>	<u>207,070</u>	<u>-</u>	<u>5,892,129</u>
Total capital assets being depreciated, net	<u>4,221,923</u>	<u>(199,157)</u>	<u>-</u>	<u>4,022,766</u>
Capital assets being amortized				
Lease buildings	<u>166,671</u>	<u>45,135</u>	<u>-</u>	<u>211,806</u>
Less accumulated amortization for				
Lease buildings	<u>22,726</u>	<u>35,039</u>	<u>-</u>	<u>57,765</u>
Total capital assets being amortized, net	<u>143,945</u>	<u>10,096</u>	<u>-</u>	<u>154,041</u>
Business-type activities capital assets, net	<u><u>\$ 4,628,801</u></u>	<u><u>\$ (189,061)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,439,740</u></u>

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

Business-type activities	
Port Authority	<u><u>\$ 242,109</u></u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 7 - CAPITAL ASSETS (CONTINUED)

*Discretely Presented Component Units (Continued)*

Capital asset activity for the HRA for the year ended March 31, 2023, was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 177,998	\$ -	\$ -	\$ 177,998
Construction in progress	243,304	280,027	-	523,331
Total capital assets not being depreciated	<u>421,302</u>	<u>280,027</u>	<u>-</u>	<u>701,329</u>
Capital assets being depreciated				
Buildings and structures	9,708,603	6,750	-	9,715,353
Machinery and equipment	398,199	-	-	398,199
Total capital assets being depreciated	<u>10,106,802</u>	<u>6,750</u>	<u>-</u>	<u>10,113,552</u>
Less accumulated depreciation for capital assets being depreciated	<u>7,423,617</u>	<u>212,485</u>	<u>-</u>	<u>7,636,102</u>
Total capital assets being depreciated, net	<u>2,683,185</u>	<u>(205,735)</u>	<u>-</u>	<u>2,477,450</u>
Business-type activities capital assets, net	<u>\$ 3,104,487</u>	<u>\$ 74,292</u>	<u>\$ -</u>	<u>\$ 3,178,779</u>

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

Business-type activities	
Housing and Redevelopment	<u>\$ 212,485</u>

NOTE 8 - LONG-TERM LIABILITIES

A. General Obligation Bonds

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

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

B. Components of Long-Term Liabilities

*Primary Government*

	Issue Date	Interest Rates	Original Issue	Final Maturity	Balance End of Year
Governmental activities					
Special Assessment Bonds					
G.O. Improvement Bonds, Series 2010A	07/15/10	3.5%-4.00%	\$ 3,260,000	02/01/26	\$ 310,000
G.O. Improvement Bonds, Series 2013A	09/18/13	2.00%-2.85%	5,335,000	02/01/24	570,000
G.O. Bonds, Series 2014B	09/09/14	2.00%-2.50%	3,720,000	02/01/25	415,000
G.O. Bonds, Series 2015A	07/16/15	3.00%-4.00%	4,345,000	02/01/21	1,975,000
G.O. Bonds, Series 2016A	08/02/16	2.00%	3,510,000	02/01/27	1,500,000
G.O. Bonds, Series 2017A	08/17/17	3.00%	2,275,000	02/01/28	1,240,000
G.O. Bonds, Series 2018A	06/28/18	2.78%	2,430,000	02/01/28	1,540,000
G.O. Bonds, Series 2019A	08/15/19	3.00%-4.00%	2,380,000	02/01/30	1,790,000
G.O. Bonds, Series 2020A - Streets Portion	08/04/20	2.00%-3.00%	1,660,000	02/01/31	1,380,000
G.O. Bonds, Series 2020A - Bridge Ave Portion	08/04/20	2.00%-3.00%	915,000	02/01/31	760,000
G.O. Bonds, Series 2021A	06/01/21	2.00%	1,790,000	02/01/32	1,625,000
G.O. Bonds, Series 2022A	07/13/22	4.00%	3,195,000	02/01/33	3,195,000
G.O. Bonds, Series 2023A	07/27/23	4.00%-5.00%	2,455,000	02/01/34	2,455,000
Equipment Certificates					
G.O. Equipment Certificate, Series 2019A	08/15/19	4.00%	185,000	02/01/25	80,000
Subtotal bonds payable					<u>18,835,000</u>
Loan payable					
Albert Lea Township Fire Department	2017	0.00%	209,800	2030	99,147
Sweeper Loan	06/27/23	0.00%	713,000	12/15/33	311,401
Subtotal loans payable					<u>410,548</u>
Unamortized bond premium/discount payable					807,138
Compensated absences payable					<u>1,220,497</u>
Total governmental activities					<u>21,273,183</u>
Business-type activities					
Revenue Bonds					
G.O. Water Revenue Bonds Series 2020A	08/04/20	2.00%-3.00%	1,380,000	02/01/31	1,150,000
G.O. Sewer Revenue Bonds Series 2020A	08/04/20	2.00%-3.00%	890,000	02/01/31	740,000
G.O. Water Revenue Bonds Series 2021A	06/01/21	2.00%	435,000	02/01/32	395,000
G.O. Water Revenue Bonds Series 2021B	10/01/21	3.00%	7,155,000	02/01/42	6,915,000
G.O. Water Revenue Bonds Series 2022A	07/13/22	4.00%	950,000	02/01/33	950,000
G.O. Sewer Revenue Bonds Series 2022A	07/13/22	4.00%	845,000	02/01/33	845,000
Subtotal bonds payable					<u>10,995,000</u>
Revenue Notes					
G.O. PFA Improvement and Sewer					
Revenue Note Series 2019A	02/26/19	1.00%	1,141,297	08/20/43	831,000
G.O. PFA Improvement and Water					
Revenue Note Series 2019B	02/26/19	1.00%	466,767	08/20/43	297,000
Subtotal notes payable					<u>1,128,000</u>
Unamortized bond premium/discount payable					428,862
Compensated absences payable					<u>201,833</u>
Total business-type activities					<u>12,753,695</u>
Total all long-term liabilities					<u>\$ 34,026,878</u>

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, 2023, 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	19,013
MHFA POHP Note	03/23/11	0.00%	200,000	03/23/31	200,000
Total notes and mortgages payable					339,013
Compensated absences					32,272
Total long-term liabilities					\$ 371,285

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, 2023, 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, 2023, 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 May 2023, the lease agreement was amended to include additional space that became available for rent. This increased monthly rental payments from \$2,200 to \$2,950.

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, 2023, was as follows:

*Primary Government*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
G.O. bonds	\$ 19,190,000	\$ 2,455,000	\$ (2,890,000)	\$ 18,755,000	\$ 2,923,918
Bond premiums	699,805	192,324	(84,991)	807,138	-
G.O. equipment certificates	250,000	-	(170,000)	80,000	40,000
Total bonds payable	20,139,805	2,647,324	(3,144,991)	19,642,138	2,963,918
Loans payable	117,585	311,402	(18,439)	410,548	47,000
Compensated absences payable	1,211,983	1,043,801	(1,035,287)	1,220,497	920,011
Governmental activities long-term liabilities	<u>\$ 21,469,373</u>	<u>\$ 4,002,527</u>	<u>\$ (4,198,717)</u>	<u>\$ 21,273,183</u>	<u>\$ 3,930,929</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 11,570,000	\$ -	\$ (575,000)	\$ 10,995,000	\$ 696,082
Bond premiums	620,477	-	(52,630)	567,847	-
Bond discounts	(149,780)	-	10,795	(138,985)	-
G.O. equipment certificates	40,000	-	(40,000)	-	-
Total bonds payable	12,080,697	-	(656,835)	11,423,862	696,082
Notes payable					
G.O. PFA notes	1,179,000	-	(51,000)	1,128,000	52,000
Compensated absences payable	193,199	159,582	(150,948)	201,833	142,747
Business-type activities long-term liabilities	<u>\$ 13,452,896</u>	<u>\$ 159,582</u>	<u>\$ (858,783)</u>	<u>\$ 12,753,695</u>	<u>\$ 890,829</u>

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

In February of 2019, the City issued a \$1,141,297 G.O. Sewer Revenue Note and a \$466,767 G.O. Water Revenue Note through the Minnesota Public Facilities Authority. At December 31, 2023, the City had drawn the full amount on these Notes. The amortization schedule on the next page represents the entire Note liability.

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, 2023, was as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes and mortgages payable	\$ 340,934	\$ -	\$ (1,921)	\$ 339,013	\$ 2,387
Compensated absences payable	43,842	-	(11,570)	32,272	22,036
Business-type activities long-term liabilities	<u>\$ 384,776</u>	<u>\$ -</u>	<u>\$ (13,491)</u>	<u>\$ 371,285</u>	<u>\$ 24,423</u>

Long-term liability activity for the Port Authority for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Notes payable	\$ 3,923,053	\$ -	\$ (178,035)	\$ 3,745,018	\$ 183,861
Leases payable	146,881	45,133	(22,751)	169,263	28,890
Obligation to return Pickerel Park loan principal to the City of Albert Lea	500,000	-	-	500,000	-
Compensated absences payable	3,200	-	-	3,200	3,200
Business-type activities long-term liabilities	<u>\$ 4,573,134</u>	<u>\$ 45,133</u>	<u>\$ (200,786)</u>	<u>\$ 4,417,481</u>	<u>\$ 215,951</u>

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
2024	\$ 2,923,918	\$ 528,002	\$ 40,000	\$ 2,400
2025	2,575,321	452,401	40,000	80
2026	2,479,925	382,521	-	-
2027	2,220,932	317,392	-	-
2028	1,870,536	254,513	-	-
2029-2033	6,034,368	544,222	-	-
2034	650,000	25,881	-	-
Total	<u>\$ 18,755,000</u>	<u>\$ 2,504,932</u>	<u>\$ 80,000</u>	<u>\$ 2,480</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,	Governmental Activities		Business-Type Activities	
	Loan Payable		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 47,000	\$ -	\$ 696,082	\$ 268,673
2025	47,000	-	714,679	246,382
2026	47,000	-	735,075	223,487
2027	47,000	-	759,068	199,879
2028	47,000	-	784,464	175,458
2029-2033	175,548	-	3,685,632	545,946
2034-2038	-	-	1,935,000	264,656
2039-2043	-	-	1,685,000	68,250
Total	<u>\$ 410,548</u>	<u>\$ -</u>	<u>\$ 10,995,000</u>	<u>\$ 1,992,731</u>

Year Ending December 31,	Business-Type Activities	
	Revenue Notes	
	Principal	Interest
2024	\$ 52,000	\$ 11,280
2025	52,000	10,760
2026	53,000	10,240
2027	53,000	9,710
2028	53,000	9,180
2029-2033	273,000	37,840
2034-2038	288,000	23,870
2039-2043	304,000	9,170
Total	<u>\$ 1,128,000</u>	<u>\$ 122,050</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*

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
2024	\$ 2,387	\$ 700
2025	2,485	602
2026	2,586	501
2027	2,691	396
2028	2,799	288
Thereafter	326,065	222
Total	<u>\$ 339,013</u>	<u>\$ 2,709</u>

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

Year Ending December 31,	Business-Type Activities		Business-Type Activities	
	Notes Payable		Leases Payable	
	Principal	Interest	Principal	Interest
2024	\$ 183,861	\$ 239,225	\$ 28,890	\$ 6,510
2025	196,021	227,067	30,142	5,258
2026	208,249	214,836	31,448	3,952
2027	221,250	201,837	32,811	2,589
2028	234,515	188,572	34,233	1,167
2029-2033	1,189,575	849,503	11,739	61
2033-2038	900,098	533,544	-	-
2039-2043	1,111,449	178,905	-	-
Total	<u>\$ 4,245,018</u>	<u>\$ 2,633,489</u>	<u>\$ 169,263</u>	<u>\$ 19,537</u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 8 - LONG-TERM LIABILITIES (CONTINUED)

E. Lessor Lease Summary

*Discretely Component Unit (Port Authority) - Leases*

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

The Port Authority leases space in an industrial building located at 2105 Myers Road. The Port Authority receives \$14,500 per month, or \$174,000 annually, for the building under the terms of a lease agreement that expires November 30, 2023, and has continued on month-to-month since.

The Port Authority leases space in an industrial building built by the Port Authority. The Port Authority receives \$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 receives \$3,281 per month, or \$39,375 annually, for the building under the terms of a lease agreement that expires March 31, 2031.

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

Year Ending December 31,	Total
2024	\$ 508,731
2025	572,949
2026	459,355
2027	459,355
2028	459,356
Thereafter	1,674,399
Total payments	4,134,145
Less: Interest	(856,983)
Total lease principal	<u>\$ 3,277,162</u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 9 - FUND BALANCE

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

	General Fund	Major Fund Debt Service Debt Service Reserve	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ 100,255	\$ -	\$ -	\$ 100,255
Prepaid items	175,965	-	-	175,965
Advances to other funds	2,613,144	-	-	2,613,144
Total nonspendable	<u>2,889,364</u>	<u>-</u>	<u>-</u>	<u>2,889,364</u>
Restricted				
Fire and police operations	-	-	1,601,369	1,601,369
Capital improvements	-	-	123,330	123,330
Airport improvements	-	-	243,708	243,708
Economic development	-	-	912,069	912,069
Debt service	-	367,096	6,230,794	6,597,890
Total restricted	<u>-</u>	<u>367,096</u>	<u>9,111,270</u>	<u>9,478,366</u>
Committed				
Community development	-	-	1,873,093	1,873,093
Blight/Hazardous Mitigation	-	-	468,710	468,710
Senior Center	-	-	62,828	62,828
Economic development	-	-	1,770,934	1,770,934
Total committed	<u>-</u>	<u>-</u>	<u>4,175,565</u>	<u>4,175,565</u>
Assigned				
Capital improvements	-	-	6,221,179	6,221,179
Building maintenance	-	-	649,615	649,615
Total assigned	<u>-</u>	<u>-</u>	<u>6,870,794</u>	<u>6,870,794</u>
Unassigned	<u>9,316,135</u>	<u>-</u>	<u>(4,085,492)</u>	<u>5,230,643</u>
Total fund balances	<u>\$ 12,205,499</u>	<u>\$ 367,096</u>	<u>\$ 16,072,137</u>	<u>\$ 28,644,732</u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 10 - RISK MANAGEMENT

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

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

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

NOTE 11 - PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$2,181,282. 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 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement 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 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2023, were \$430,685. 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 2023 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, 2023, were \$711,222. 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, 2023, the City reported a liability of \$4,104,446 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 \$113,110.

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0734% at the end of the measurement period and 0.0715% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 4,104,446
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>113,110</u>
Total	<u><u>\$ 4,217,556</u></u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

For the year ended December 31, 2023, the City recognized pension expense of \$636,601 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$508 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, 2023, 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	\$ 133,954	\$ 27,928
Changes in actuarial assumptions	655,944	1,124,993
Net difference between projected and actual investment earnings	-	177,174
Changes in proportion	112,860	24,350
Contributions paid to PERA subsequent to the measurement date	215,343	-
	<u>1,118,101</u>	<u>-</u>
Total	<u>\$ 1,118,101</u>	<u>\$ 1,354,445</u>

The \$215,343 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, 2024. 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
2024	\$ 111,013
2025	(593,504)
2026	119,843
2027	(89,039)
	<u>(89,039)</u>
Total	<u>\$ (451,687)</u>



City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$5,287,676 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3062% at the end of the measurement period and 0.3088% 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, 2023. 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, 2022. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of net position liability associated with the City totaled \$212,969.

City's proportionate share of the net pension liability	\$ 5,287,676
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>212,969</u>
Total	<u><u>\$ 5,500,645</u></u>

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer pension allocation schedules for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$1,542,881 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized (\$12,827) 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. The City also recognized \$27,558 for the year ended December 31, 2023, 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 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2023, 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	\$ 1,452,255	\$ -
Changes in actuarial assumptions	6,104,971	7,432,136
Net difference between projected and actual investment earnings	-	169,006
Changes in proportion	184,698	154,967
Contributions paid to PERA subsequent to the measurement date	355,611	-
Total	<u>\$ 8,097,535</u>	<u>\$ 7,756,109</u>

The \$355,611 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, 2024. 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
2024	\$ 263,496
2025	90,285
2026	1,309,798
2027	(346,996)
2028	(1,330,768)
Total	<u>\$ (14,185)</u>

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - 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>Expected Real</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	100.0 %	
	<hr/> <hr/>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

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 will be 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.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 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.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

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	\$ 7,261,094	\$ 4,104,446	\$ 1,507,982
City's proportionate share of the Police and Fire Fund net pension liability (asset)	\$ 10,491,380	\$ 5,287,676	\$ 1,009,535

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.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 11 - PENSION PLANS (CONTINUED)

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

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

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,800	\$ 1,800	5%	5%	5%

NOTE 12 - BUDGETARY INFORMATION

The City prepares a budget for the General Fund, Airport Fund, and Senior Center Fund on the modified accrual basis of accounting. Annual appropriated budgets are adopted for these funds only. Any modification in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end.

Project-length financial plans are adopted for all capital projects funds. Budgets are not prepared for the Fire Pension or Police Pension fund since they are not legally required to prepare them.

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

The proposed budget is presented to the City Council for review at their last meeting in August. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28 of each year.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 12 - BUDGETARY INFORMATION (CONTINUED)

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were no budget amendments in 2023.

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 2023, the City contributed \$5,752 to the plan.

D. Members

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

Active employees electing coverage	121
Actives waiving coverage	5
Retirees electing coverage	<u>2</u>
Total	<u><u>128</u></u>

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, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	4.05%
Salary increases	N/A
Inflation	2.50%
Healthcare cost trend increases	6.3% for FY2023, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2075 and later years.
Mortality assumption	Based on the Pub-2010 mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments, for General Employees and for Police and Fire.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022.

The discount rate used to measure the total OPEB liability was 4.05% based on 20-year municipal bond rates.

F. Total OPEB Liability

The City's total OPEB liability of \$572,376 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability are as follows:

Balances at December 31, 2022	<u>\$ 745,685</u>
Changes for the year	
Service cost	81,951
Interest	15,176
Differences between expected and actual experience	(397,277)
Changes of assumptions	132,593
Benefit payments	<u>(5,752)</u>
Net changes	<u>(173,309)</u>
Balances at December 31, 2023	<u><u>\$ 572,376</u></u>



City of Albert Lea  
Notes to Basic Financial Statements

NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 1.84% in 2022 to 4.05% in 2023.

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 1.84% 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 3.05%	Current Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
\$ 588,613	\$ 572,376	\$ 549,886

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

Total OPEB Liability		
1% Decrease in Trend Rate (5.3% Decreasing to 3.0%)	Current Trend Rate (6.3% Decreasing to 4.0%)	1% Increase in Trend Rate (7.3% Decreasing to 5.0%)
\$ 485,323	\$ 572,376	\$ 675,267

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

For the year ended December 31, 2022, the City recognized OPEB expense of (\$84,245). At December 31, 2023, 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	\$ -	\$ 712,930
Changes of assumptions	164,174	325,782
Total	<u>\$ 164,174</u>	<u>\$ 1,038,712</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2024	\$ (181,372)
2025	(193,226)
2026	(195,830)
2027	(121,447)
2028	(107,589)
Thereafter	<u>(75,074)</u>
Total	<u>\$ (874,538)</u>

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The City has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2023, outstanding commitments for these multi-year projects total approximately \$1,141,607.

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.

City of Albert Lea  
Notes to Basic Financial Statements

NOTE 15 - SUBSEQUENT EVENTS

On April 9, 2024, an election ballot passed to authorize the issuance of general obligation bonds in the amount of \$9,800,000 to provide funds to finance the betterment of the City's arena, theater, aquatic center, and splash pad restrooms.



## REQUIRED SUPPLEMENTARY INFORMATION

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

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 72,138	\$ 83,830	\$ 80,605	\$ 85,981
Interest	57,640	57,253	43,858	33,952
Differences between expected and actual experience	-	(721,604)	(2,838)	(136,158)
Changes of assumptions	103,810	60,353	(54,999)	(473,253)
Benefit payments	<u>(26,610)</u>	<u>(30,260)</u>	<u>(18,082)</u>	<u>(21,000)</u>
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 payroll	\$ 7,792,837	\$ 7,933,089	\$ 8,378,237	\$ 8,454,482
Net OPEB liability as a percentage of covered	21.31%	14.00%	13.83%	7.67%

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

December 31, 2022	December 31, 2023
\$ 77,498	\$ 81,951
14,496	15,176
(2,550)	(397,277)
10,404	132,593
<u>(2,812)</u>	<u>(5,752)</u>
<u>97,036</u>	<u>(173,309)</u>
<u>648,649</u>	<u>745,685</u>
<u>\$ 745,685</u>	<u>\$ 572,376</u>
\$ 8,890,267	\$ 9,226,784
8.39%	6.20%

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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0785%	\$ 4,068,278	\$ -	\$ 4,068,278	\$ 5,031,160	80.86%	78.19%
2016	0.0727%	5,902,880	23,003	5,925,883	4,508,507	130.93%	68.91%
2017	0.0720%	4,596,432	57,791	4,654,223	4,641,964	99.02%	75.90%
2018	0.0736%	4,083,026	31,226	4,114,252	4,943,653	82.59%	79.53%
2019	0.0729%	4,030,478	125,161	4,155,639	5,157,320	78.15%	80.23%
2020	0.0727%	4,358,697	87,099	4,445,796	5,185,307	84.06%	79.06%
2021	0.0725%	3,096,075	94,530	3,190,605	5,219,120	59.32%	87.00%
2022	0.0715%	5,662,824	166,026	5,828,850	5,357,667	105.70%	76.67%
2023	0.0734%	4,104,446	113,110	4,217,556	5,834,240	70.35%	83.10%

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

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.3120%	\$ 3,545,050	\$ -	\$ 3,545,050	\$ 2,851,421	124.33%	86.61%
2016	0.3070%	12,320,444	-	12,320,444	2,961,198	416.06%	63.88%
2017	0.2940%	3,969,350	-	3,969,350	3,022,082	131.34%	85.43%
2018	0.2887%	3,051,262	-	3,051,262	3,042,562	100.29%	88.84%
2019	0.2976%	3,128,077	-	3,128,077	3,070,159	101.89%	89.26%
2020	0.2805%	3,672,045	87,099	3,759,144	3,098,034	118.53%	87.19%
2021	0.2966%	2,262,744	102,949	2,365,693	3,505,972	64.54%	93.66%
2022	0.3088%	13,437,756	587,054	14,024,810	3,750,780	358.27%	70.53%
2023	0.3062%	5,287,676	212,969	5,500,645	4,020,695	131.51%	86.47%

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



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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 376,725	\$ 376,725	\$ -	\$ 5,023,000	7.50%
2016	396,870	396,870	-	5,291,600	7.50%
2017	390,596	390,596	-	5,207,947	7.50%
2018	378,743	378,743	-	5,049,907	7.50%
2019	397,432	397,432	-	5,299,093	7.50%
2020	372,232	372,232	-	4,963,093	7.50%
2021	412,023	412,023	-	5,493,640	7.50%
2022	406,253	406,253	-	5,416,707	7.50%
2023	430,685	430,685	-	5,742,467	7.50%

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

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2015	\$ 483,547	\$ 483,547	\$ -	\$ 2,984,858	16.20%
2016	547,054	547,054	-	3,376,877	16.20%
2017	583,424	583,424	-	3,601,383	16.20%
2018	495,809	495,809	-	3,060,549	16.20%
2019	540,883	540,883	-	3,191,050	16.95%
2020	606,657	606,657	-	3,427,441	17.70%
2021	629,780	629,780	-	3,558,079	17.70%
2022	672,482	672,482	-	3,799,333	17.70%
2023	711,222	711,222	-	4,018,203	17.70%

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

City of Albert Lea  
Notes to Required Supplementary Information

General Employees Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

City of Albert Lea  
Notes to Required Supplementary Information

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ 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; 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.

City of Albert Lea  
Notes to Required Supplementary Information

General Employees Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed annual increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea  
Notes to Required Supplementary Information

Police and Fire Fund

2023 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The inflation assumption was changed from 2.5% to 2.25%.
- ◆ The payroll growth assumption was changed from 3.25% to 3.0%.
- ◆ The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- ◆ The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- ◆ Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- ◆ Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- ◆ Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- ◆ Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- ◆ Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

City of Albert Lea  
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

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.
- ◆ 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%.

City of Albert Lea  
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- ◆ Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- ◆ The assumed percentage of female members electing Joint and Survivor annuities was increased.
- ◆ The assumed annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- ◆ The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea  
Notes to Required Supplementary Information

Post Employment Health Care Plan

2023 Changes

Changes in Actuarial Assumptions

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

2022 Changes

Changes in Actuarial Assumptions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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



City of Albert Lea  
Notes to Required Supplementary Information

Post Employment Health Care Plan (Continued)

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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



COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES



## City of Albert Lea Governmental Funds

### Nonmajor Special Revenue Funds

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

### Nonmajor Capital Projects Funds

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

### Debt Service Funds

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

## Proprietary Funds

### Internal Service Funds

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

City of Albert Lea  
Nonmajor Governmental Funds  
Combining Balance Sheet  
December 31, 2023

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 4,574,575	\$ 7,870,096	\$ 6,188,513	\$ 18,633,184
Taxes receivable	-	6,878	-	6,878
Accounts receivable	10,633	19,439	-	30,072
Loans receivable	1,852,469	-	-	1,852,469
Special assessment receivable	200,475	-	4,812,784	5,013,259
Due from other funds	-	7,398	-	7,398
Due from other governments	523,018	223,248	-	746,266
<b>Total assets</b>	<b>\$ 7,161,170</b>	<b>\$ 8,127,059</b>	<b>\$ 11,001,297</b>	<b>\$ 26,289,526</b>
<b>Liabilities</b>				
Accounts payable	\$ 35,111	\$ 1,583,275	\$ -	\$ 1,618,386
Due to other funds	-	7,398	-	7,398
Advances from other funds	-	2,624,458	-	2,624,458
Advances from component unit	-	998,050	-	998,050
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>35,111</b>	<b>5,213,181</b>	<b>-</b>	<b>5,248,292</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	5,246	-	5,246
Unavailable revenue - special assessments	193,348	-	4,770,503	4,963,851
<b>Total deferred inflows of resources</b>	<b>193,348</b>	<b>5,246</b>	<b>4,770,503</b>	<b>4,969,097</b>
<b>Fund Balances</b>				
Restricted	2,757,146	123,330	6,230,794	9,111,270
Committed	4,175,565	-	-	4,175,565
Assigned	-	6,870,794	-	6,870,794
Unassigned	-	(4,085,492)	-	(4,085,492)
<b>Total fund balances</b>	<b>6,932,711</b>	<b>2,908,632</b>	<b>6,230,794</b>	<b>16,072,137</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 7,161,170</b>	<b>\$ 8,127,059</b>	<b>\$ 11,001,297</b>	<b>\$ 26,289,526</b>

City of Albert Lea  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 634,739	\$ 1,823,001	\$ 2,457,740
Special assessments	319	-	1,111,053	1,111,372
Intergovernmental	396,200	1,570,433	-	1,966,633
Charges for services	188,991	44,460	-	233,451
Fines and forfeitures	4,667	-	-	4,667
Miscellaneous				
Investment income	151,291	347,664	222,691	721,646
Contributions and donations	-	72,600	-	72,600
Other	20,082	55,253	-	75,335
Total revenues	<u>761,550</u>	<u>2,725,149</u>	<u>3,156,745</u>	<u>6,643,444</u>
Expenditures				
Current				
General government	-	4,520	-	4,520
Public safety	10,405	23,793	-	34,198
Public works	-	345,353	-	345,353
Culture and recreation	107,862	18,981	-	126,843
Community development	398,397	795,288	-	1,193,685
Airport	146,592	-	-	146,592
Debt service				
Principal	-	90,000	2,970,000	3,060,000
Interest and other charges	-	80,121	555,940	636,061
Capital outlay				
General government	-	29,277	-	29,277
Public safety	25,895	129,858	-	155,753
Public works	-	3,860,604	-	3,860,604
Culture and recreation	-	787,511	-	787,511
Community development	-	395,696	-	395,696
Airport	105,462	-	-	105,462
Total expenditures	<u>794,613</u>	<u>6,561,002</u>	<u>3,525,940</u>	<u>10,881,555</u>
Excess of revenues over (under) expenditures	(33,063)	(3,835,853)	(369,195)	(4,238,111)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	33,901	7,442	-	41,343
Issuance of debt	-	2,766,401	-	2,766,401
Bond premium	-	192,324	-	192,324
Transfers in	135,000	1,237,087	539,222	1,911,309
Transfers out	-	(236,735)	(49,817)	(286,552)
Total other financing sources (uses)	<u>168,901</u>	<u>3,966,519</u>	<u>489,405</u>	<u>4,624,825</u>
Net change in fund balances	135,838	130,666	120,210	386,714
Fund Balances				
Beginning of year	<u>6,796,873</u>	<u>2,777,966</u>	<u>6,110,584</u>	<u>15,685,423</u>
End of year	<u>\$ 6,932,711</u>	<u>\$ 2,908,632</u>	<u>\$ 6,230,794</u>	<u>\$ 16,072,137</u>





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.

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.

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 Special Revenue Funds  
Combining Balance Sheet  
December 31, 2023

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
Assets				
Cash and investments	\$ 53,011	\$ 688,514	\$ 28,935	\$ 93,972
Accounts receivable	46	-	-	-
Loans receivable	-	1,082,420	211,121	-
Due from other governments	-	-	-	500,000
Special assessment receivable	-	-	4,521	-
Total assets	<u>\$ 53,057</u>	<u>\$ 1,770,934</u>	<u>\$ 244,577</u>	<u>\$ 593,972</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 16,000	\$ -
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>16,000</u>	<u>-</u>
Fund Balances				
Restricted	53,057	-	228,577	593,972
Committed	-	1,770,934	-	-
Total fund balances	<u>53,057</u>	<u>1,770,934</u>	<u>228,577</u>	<u>593,972</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 53,057</u>	<u>\$ 1,770,934</u>	<u>\$ 244,577</u>	<u>\$ 593,972</u>

Special Revenue

State Affordable Housing Aid (209)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Blight/Hazardous Mitigation (234)
\$ 89,520	\$ 63,650	\$ 226,649	\$ 718,718	\$ 597,286	\$ 466,008
-	268	-	-	-	10,319
-	-	-	558,928	-	-
-	-	23,018	-	-	-
-	-	-	-	-	195,954
<u>\$ 89,520</u>	<u>\$ 63,918</u>	<u>\$ 249,667</u>	<u>\$ 1,277,646</u>	<u>\$ 597,286</u>	<u>\$ 672,281</u>
\$ -	\$ 1,090	\$ 5,959	\$ 1,839	\$ -	\$ 10,223
-	-	-	-	-	193,348
-	1,090	5,959	1,839	-	203,571
89,520	-	243,708	-	-	-
-	62,828	-	1,275,807	597,286	468,710
<u>89,520</u>	<u>62,828</u>	<u>243,708</u>	<u>1,275,807</u>	<u>597,286</u>	<u>468,710</u>
<u>\$ 89,520</u>	<u>\$ 63,918</u>	<u>\$ 249,667</u>	<u>\$ 1,277,646</u>	<u>\$ 597,286</u>	<u>\$ 672,281</u>



City of Albert Lea  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2023

	Special Revenue		
	Fire Pension (250)	Police Pension (251)	Total Nonmajor Special Revenue Funds
Assets			
Cash and investments	\$ 111,526	\$ 1,436,786	\$ 4,574,575
Accounts receivable	-	-	10,633
Loans receivable	-	-	1,852,469
Due from other governments	-	-	523,018
Special assessment receivable	-	-	200,475
Total assets	<u>\$ 111,526</u>	<u>\$ 1,436,786</u>	<u>\$ 7,161,170</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ 35,111
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	-	193,348
Fund Balances			
Restricted	111,526	1,436,786	2,757,146
Committed	-	-	4,175,565
Total fund balances	<u>111,526</u>	<u>1,436,786</u>	<u>6,932,711</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 111,526</u>	<u>\$ 1,436,786</u>	<u>\$ 7,161,170</u>

City of Albert Lea  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

	Special Revenue			
	Police Forfeitures (201)	Economic Development Revolving (203, 204)	Small Cities - 2016 Grant (206)	1999 Small Cities Grant (207)
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	4,667	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Other	-	5,513	4,400	-
Total revenues	<u>4,667</u>	<u>5,513</u>	<u>4,400</u>	<u>-</u>
Expenditures				
Current				
Public safety	6,779	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	163	-
Airport	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Airport	-	-	-	-
Total expenditures	<u>6,779</u>	<u>-</u>	<u>163</u>	<u>-</u>
Excess of revenues over (under) expenditures	(2,112)	5,513	4,237	-
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,112)	5,513	4,237	-
Fund Balances				
Beginning of year	<u>55,169</u>	<u>1,765,421</u>	<u>224,340</u>	<u>593,972</u>
End of year	<u>\$ 53,057</u>	<u>\$ 1,770,934</u>	<u>\$ 228,577</u>	<u>\$ 593,972</u>

Special Revenue

State Affordable Housing Aid (209)	Senior Center (210)	Airport (225)	Economic Development (230)	Housing Development (232)	Blight/ Hazardous Mitigation (234)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 319
89,520	-	106,680	200,000	-	-
-	60	46,628	-	-	142,303
-	-	-	-	-	-
-	3,254	7,142	23,496	25,964	23,188
-	-	192	9,977	-	-
89,520	3,314	160,642	233,473	25,964	165,810
-	-	-	-	-	-
-	107,862	-	-	-	-
-	-	-	57,980	26,583	313,671
-	-	146,592	-	-	-
-	-	-	-	-	-
-	-	105,462	-	-	-
-	107,862	252,054	57,980	26,583	313,671
89,520	(104,548)	(91,412)	175,493	(619)	(147,861)
-	-	-	-	17,334	16,567
-	60,000	75,000	-	-	-
-	60,000	75,000	-	17,334	16,567
89,520	(44,548)	(16,412)	175,493	16,715	(131,294)
-	107,376	260,120	1,100,314	580,571	600,004
\$ 89,520	\$ 62,828	\$ 243,708	\$ 1,275,807	\$ 597,286	\$ 468,710





City of Albert Lea  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

	Special Revenue		Total Nonmajor Special Revenue Funds
	Fire Pension (250)	Police Pension (251)	
Revenues			
Special assessments	\$ -	\$ -	\$ 319
Intergovernmental	-	-	396,200
Charges for services	-	-	188,991
Fines and forfeitures	-	-	4,667
Miscellaneous			
Investment income	6,181	62,066	151,291
Other	-	-	20,082
Total revenues	<u>6,181</u>	<u>62,066</u>	<u>761,550</u>
Expenditures			
Current			
Public safety	3,626	-	10,405
Culture and recreation	-	-	107,862
Community development	-	-	398,397
Airport	-	-	146,592
Capital outlay			
Public safety	25,895	-	25,895
Airport	-	-	105,462
Total expenditures	<u>29,521</u>	<u>-</u>	<u>794,613</u>
Excess of revenues over (under) expenditures	(23,340)	62,066	(33,063)
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	-	-	33,901
Transfers in	-	-	135,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>168,901</u>
Net change in fund balances	(23,340)	62,066	135,838
Fund Balances			
Beginning of year	<u>134,866</u>	<u>1,374,720</u>	<u>6,796,873</u>
End of year	<u>\$ 111,526</u>	<u>\$ 1,436,786</u>	<u>\$ 6,932,711</u>

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, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023			2022
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final	Actual Amounts	
Revenues				
Charges for services	\$ -	\$ -	\$ 60	\$ 19,643
Investment income	-	-	3,254	(4,885)
Total revenues	-	-	3,314	14,758
Expenditures				
Current				
Culture and recreation	102,450	102,450	107,862	102,713
Capital outlay				
Culture and recreation	-	-	-	8,388
Total expenditures	102,450	102,450	107,862	111,101
Excess of revenues under expenditures	(102,450)	(102,450)	(104,548)	(96,343)
Other Financing Sources				
Transfers in	60,000	60,000	60,000	60,000
Net change in fund balances	<u>\$ (42,450)</u>	<u>\$ (42,450)</u>	<u>(44,548)</u>	<u>(36,343)</u>
Fund Balances				
Beginning of year			107,376	143,719
End of year			<u>\$ 62,828</u>	<u>\$ 107,376</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, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023				2022
	Budgeted Amounts			Variance with	
	Original	Final	Actual Amounts	Final Budget - Over (Under)	Actual Amounts
Revenues					
Intergovernmental	\$ 62,000	\$ 62,000	\$ 106,680	\$ 44,680	\$ 597,384
Charges for services	40,000	40,000	46,628	6,628	43,815
Investment income	-	-	7,142	7,142	(9,272)
Other	-	-	192	192	61
Total revenues	102,000	102,000	160,642	58,642	631,988
Expenditures					
Current					
Airport	148,400	148,400	146,592	(1,808)	191,302
Capital outlay					
Airport	-	-	105,462	105,462	519,164
Total expenditures	148,400	148,400	252,054	103,654	710,466
Excess of revenues under expenditures	(46,400)	(46,400)	(91,412)	(45,012)	(78,478)
Other Financing Sources					
Transfers in	75,000	75,000	75,000	-	75,000
Net change in fund balances	\$ 28,600	\$ 28,600	(16,412)	\$ (45,012)	(3,478)
Fund Balances					
Beginning of year			260,120		263,598
End of year			\$ 243,708		\$ 260,120



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:

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

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.

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

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

TIF 5-24 St. Johns Housing - This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

TIF 5-25 Zumbro - This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

TIF 5-26 Unique Opport - This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.



City of Albert Lea  
Nonmajor Capital Project Funds

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.

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.

Future TIF - 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 5-26 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.

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

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

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

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

City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Balance Sheet -  
December 31, 2023

	Capital Projects			
	Broadway Ridge Renewal Grant (227)	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)
Assets				
Cash and investments	\$ 117,333	\$ 1,206,413	\$ 46,199	\$ 663,666
Taxes receivable	-	-	-	-
Accounts receivable	-	-	19,439	-
Due from other funds	-	7,398	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 117,333</u>	<u>\$ 1,213,811</u>	<u>\$ 65,638</u>	<u>\$ 663,666</u>
Liabilities				
Accounts payable	\$ -	\$ 66,391	\$ -	\$ 14,051
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Advances from component unit	-	-	-	-
Total liabilities	<u>-</u>	<u>66,391</u>	<u>-</u>	<u>14,051</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted	-	-	65,638	-
Assigned	117,333	1,147,420	-	649,615
Unassigned	-	-	-	-
Total fund balances	<u>117,333</u>	<u>1,147,420</u>	<u>65,638</u>	<u>649,615</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 117,333</u>	<u>\$ 1,213,811</u>	<u>\$ 65,638</u>	<u>\$ 663,666</u>



Continued

Capital Projects					
Storm Water Projects (409)	Snyder Field / Inclusive Park (411)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)	TIF 5-25 Zumbro (434)
\$ 303,795	\$ 602,823	\$ -	\$ -	\$ 36,593	\$ -
-	-	-	6,878	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 303,795</u>	<u>\$ 602,823</u>	<u>\$ -</u>	<u>\$ 6,878</u>	<u>\$ 36,593</u>	<u>\$ -</u>
\$ 6,291	\$ 56,021	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	10,606	1,240,154	-	11,314
-	-	998,050	-	-	-
<u>6,291</u>	<u>56,021</u>	<u>1,008,656</u>	<u>1,240,154</u>	<u>-</u>	<u>11,314</u>
-	-	-	5,246	-	-
-	-	-	-	36,593	-
297,504	546,802	-	-	-	-
-	-	(1,008,656)	(1,238,522)	-	(11,314)
<u>297,504</u>	<u>546,802</u>	<u>(1,008,656)</u>	<u>(1,238,522)</u>	<u>36,593</u>	<u>(11,314)</u>
<u>\$ 303,795</u>	<u>\$ 602,823</u>	<u>\$ -</u>	<u>\$ 6,878</u>	<u>\$ 36,593</u>	<u>\$ -</u>

City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Balance Sheet -  
December 31, 2023

	Capital Projects			
	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)	TIF 5-29 Ulland Brothers (438)
Assets				
Cash and investments	\$ 220	\$ 275	\$ 21,099	\$ -
Taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 220</u>	<u>\$ 275</u>	<u>\$ 21,099</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ 220	\$ 275	\$ -	\$ -
Due to other funds	-	-	-	-
Advances from other funds	150,510	37,067	-	47,815
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>150,730</u>	<u>37,342</u>	<u>-</u>	<u>47,815</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Restricted	-	-	21,099	-
Assigned	-	-	-	-
Unassigned	(150,510)	(37,067)	-	(47,815)
Total fund balances	<u>(150,510)</u>	<u>(37,067)</u>	<u>21,099</u>	<u>(47,815)</u>
Total liabilities, deferred inflows				
Total liabilities and fund balances	<u>\$ 220</u>	<u>\$ 275</u>	<u>\$ 21,099</u>	<u>\$ -</u>

Continued

Capital Projects

TIF 5-30 201/211 Broadway (439)	Future TIF - 300 Block Broadway (440)	TIF-Blazing Star Soil District (441)	2020 CIP Projects (490)	2022 CIP Projects (492)	2023 CIP - Bond Projects (493)
\$ 1,458	\$ 5,220	\$ 840	\$ 313,460	\$ 506,710	\$ 134,821
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	223,248
<u>\$ 1,458</u>	<u>\$ 5,220</u>	<u>\$ 840</u>	<u>\$ 313,460</u>	<u>\$ 506,710</u>	<u>\$ 358,069</u>
\$ 1,458	\$ 10,220	\$ 8,840	\$ 757,678	\$ 467,484	\$ 134,934
-	-	-	-	-	-
377,110	658,501	91,381	-	-	-
-	-	-	-	-	-
<u>378,568</u>	<u>668,721</u>	<u>100,221</u>	<u>757,678</u>	<u>467,484</u>	<u>134,934</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	39,226	223,135
<u>(377,110)</u>	<u>(663,501)</u>	<u>(99,381)</u>	<u>(444,218)</u>	<u>-</u>	<u>-</u>
<u>(377,110)</u>	<u>(663,501)</u>	<u>(99,381)</u>	<u>(444,218)</u>	<u>39,226</u>	<u>223,135</u>
<u>\$ 1,458</u>	<u>\$ 5,220</u>	<u>\$ 840</u>	<u>\$ 313,460</u>	<u>\$ 506,710</u>	<u>\$ 358,069</u>



City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Balance Sheet -  
December 31, 2023

Continued

	Capital Projects			
	2024 CIP - Bond Projects (494)	Vehicles and Equipment (701)	Computer Equipment (702)	Total Nonmajor Capital Projects Funds
Assets				
Cash and investments	\$ -	\$ 3,742,838	\$ 166,333	\$ 7,870,096
Taxes receivable	-	-	-	6,878
Accounts receivable	-	-	-	19,439
Due from other funds	-	-	-	7,398
Due from other governments	-	-	-	223,248
Total assets	<u>\$ -</u>	<u>\$ 3,742,838</u>	<u>\$ 166,333</u>	<u>\$ 8,127,059</u>
Liabilities				
Accounts payable	\$ -	\$ 59,412	\$ -	\$ 1,583,275
Due to other funds	7,398	-	-	7,398
Advances from other funds	-	-	-	2,624,458
Salaries and benefits payable	-	-	-	998,050
Total liabilities	<u>7,398</u>	<u>59,412</u>	<u>-</u>	<u>5,213,181</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	5,246
Fund Balances				
Restricted	-	-	-	123,330
Assigned	-	3,683,426	166,333	6,870,794
Unassigned	(7,398)	-	-	(4,085,492)
Total fund balances	<u>(7,398)</u>	<u>3,683,426</u>	<u>166,333</u>	<u>2,908,632</u>
Total liabilities, deferred inflows				
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 3,742,838</u>	<u>\$ 166,333</u>	<u>\$ 8,127,059</u>

City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Year Ended December 31, 2023

	Capital Projects			
	Broadway Ridge Renewal Grant (227)	Capital Improvement (401)	Capital Project Donations (404, 405)	Building Maintenance (406)
Revenues				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	6,285	66,005	1,576	34,455
Contributions and donations	-	22,600	-	-
Other	10,000	8,750	-	-
Total revenues	<u>16,285</u>	<u>97,355</u>	<u>1,576</u>	<u>34,455</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	172,789	9,852	-	-
Mass transportation and airport	-	-	-	-
Debt service				
Principal	-	90,000	-	-
Interest and other charges	-	1,800	-	9,890
Capital outlay				
General government	-	-	-	29,277
Public safety	-	-	-	-
Public works	-	61,481	-	12,694
Culture and recreation	-	37,348	-	369,717
Community development	-	-	-	-
Total expenditures	<u>172,789</u>	<u>200,481</u>	<u>-</u>	<u>421,578</u>
Excess of revenues over (under) expenditures	(156,504)	(103,126)	1,576	(387,123)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	310,000
Bond premium	-	-	-	-
Transfers in	25,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>310,000</u>
Net change in fund balances	(131,504)	(103,126)	1,576	(77,123)
Fund balances				
Beginning of year	<u>248,837</u>	<u>1,250,546</u>	<u>64,062</u>	<u>726,738</u>
End of year	<u>\$ 117,333</u>	<u>\$ 1,147,420</u>	<u>\$ 65,638</u>	<u>\$ 649,615</u>

Continued

Capital Projects					
Storm Water Projects (409)	Snyder Field / Inclusive Park (411)	TIF 5-13 Larson Manufacturing (422)	TIF 5-15 Broadway Ridge Redevelopment (423)	TIF 5-24 St. Johns Housing (431)	TIF 5-25 Zumbro (434)
\$ -	\$ -	\$ 100,034	\$ 86,321	\$ 132,202	\$ 38,098
-	-	-	-	-	-
-	-	-	-	-	-
13,087	29,732	-	-	-	-
-	50,000	-	-	-	-
-	-	-	-	-	-
<u>13,087</u>	<u>79,732</u>	<u>100,034</u>	<u>86,321</u>	<u>132,202</u>	<u>38,098</u>
-	-	-	-	-	-
-	-	-	-	-	-
12,812	-	-	-	-	-
-	142	-	-	-	-
-	-	2,694	2,695	-	555
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	232,788	-	-	-	-
-	-	-	-	109,626	34,978
<u>12,812</u>	<u>232,930</u>	<u>2,694</u>	<u>2,695</u>	<u>109,626</u>	<u>35,533</u>
275	(153,198)	97,340	83,626	22,576	2,565
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
275	(153,198)	97,340	83,626	22,576	2,565
297,229	700,000	(1,105,996)	(1,322,148)	14,017	(13,879)
<u>\$ 297,504</u>	<u>\$ 546,802</u>	<u>\$ (1,008,656)</u>	<u>\$ (1,238,522)</u>	<u>\$ 36,593</u>	<u>\$ (11,314)</u>

City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Year Ended December 31, 2023

	Capital Projects			
	TIF 5-26 Unique Opport (435)	TIF 5-27 Marketplace (436)	TIF 5-28 Vortex (437)	TIF 5-29 Ulland Brothers (438)
Revenues				
Tax increment	\$ -	\$ -	\$ 278,084	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous				
Investment income	-	-	-	-
Contributions and donations	-	-	-	-
Other	-	-	36,503	-
Total revenues	<u>-</u>	<u>-</u>	<u>314,587</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	55,133	6,590	8,249	7,740
Mass transportation and airport	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community development	-	-	250,276	-
Total expenditures	<u>55,133</u>	<u>6,590</u>	<u>258,525</u>	<u>7,740</u>
Excess of revenues over (under) expenditures	(55,133)	(6,590)	56,062	(7,740)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(55,133)	(6,590)	56,062	(7,740)
Fund balances				
Beginning of year	<u>(95,377)</u>	<u>(30,477)</u>	<u>(34,963)</u>	<u>(40,075)</u>
End of year	<u>\$ (150,510)</u>	<u>\$ (37,067)</u>	<u>\$ 21,099</u>	<u>\$ (47,815)</u>



Continued

## Capital Projects

TIF-Blazing Star Soil District (441)	TIF 5-30 201/211 Broadway (439)	Future TIF - 300 Block Broadway (440)	2020 CIP Projects (490)	2022 CIP Projects (492)	2023 CIP - Bond Projects (493)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	374,635	394,941
-	-	-	-	-	-
-	-	-	18,097	31,828	20,036
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	18,097	406,463	414,977
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	54,935	89,977	176,331
-	-	-	-	-	-
98,565	349,790	80,636	-	-	-
-	-	-	-	-	-
-	-	-	-	-	68,431
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	702,742	320,926	2,057,432
-	-	-	-	-	-
816	-	-	-	-	-
99,381	349,790	80,636	757,677	410,903	2,302,194
(99,381)	(349,790)	(80,636)	(739,580)	(4,440)	(1,887,217)
-	-	-	-	-	-
-	-	-	-	-	2,145,000
-	-	-	-	192,324	-
-	-	-	-	202,087	-
-	-	-	-	(202,087)	(34,648)
-	-	-	-	192,324	2,110,352
(99,381)	(349,790)	(80,636)	(739,580)	187,884	223,135
-	(27,320)	(582,865)	295,362	(148,658)	-
\$ (99,381)	\$ (377,110)	\$ (663,501)	\$ (444,218)	\$ 39,226	\$ 223,135



City of Albert Lea  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Year Ended December 31, 2023

Continued

	Capital Projects			
	2024 CIP - Bond Projects (494)	Vehicles and Equipment (701)	Computer Equipment (702)	Total Nonmajor Capital Projects Funds
Revenues				
Tax increment	\$ -	\$ -	\$ -	\$ 634,739
Intergovernmental	-	800,857	-	1,570,433
Charges for services	-	44,460	-	44,460
Miscellaneous				
Investment income	-	119,345	7,218	347,664
Contributions and donations	-	-	-	72,600
Other	-	-	-	55,253
Total revenues	-	964,662	7,218	2,725,149
Expenditures				
Current				
General government	-	-	4,520	4,520
Public safety	-	-	23,793	23,793
Public works	7,398	-	3,900	345,353
Culture and recreation	-	-	18,839	18,981
Community development	-	-	-	795,288
Mass transportation and airport	-	-	-	-
Debt service				
Principal	-	-	-	90,000
Interest and other charges	-	-	-	80,121
Capital outlay				
General government	-	-	-	29,277
Public safety	-	129,858	-	129,858
Public works	-	705,329	-	3,860,604
Culture and recreation	-	147,658	-	787,511
Community development	-	-	-	395,696
Total expenditures	7,398	982,845	51,052	6,561,002
Excess of revenues over (under) expenditures	(7,398)	(18,183)	(43,834)	(3,835,853)
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	7,442	-	7,442
Issuance of debt	-	311,401	-	2,766,401
Bond premium	-	-	-	192,324
Transfers in	-	970,000	40,000	1,237,087
Transfers out	-	-	-	(236,735)
Total other financing sources (uses)	-	1,288,843	40,000	3,966,519
Net change in fund balances	(7,398)	1,270,660	(3,834)	130,666
Fund balances				
Beginning of year	-	2,412,766	170,167	2,777,966
End of year	\$ (7,398)	\$ 3,683,426	\$ 166,333	\$ 2,908,632

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City of Albert Lea  
Nonmajor Debt Service Funds

Debt Service Funds

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

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

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

2014A G.O. Equipment Certificate - This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

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

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

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

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

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

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

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

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

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

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

City of Albert Lea  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2023

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2013A (309)	2014A G.O. Equipment Certificate (310)	PIR and Refunding Bonds Series 2014B (311)
Assets				
Cash and investments	\$ 172,935	\$ 3,335	\$ -	\$ -
Special assessment receivable	378,420	190,030	-	90,612
Total assets	<u>\$ 551,355</u>	<u>\$ 193,365</u>	<u>\$ -</u>	<u>\$ 90,612</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>\$ 378,420</u>	<u>\$ 187,506</u>	<u>\$ -</u>	<u>\$ 88,795</u>
Fund Balances				
Restricted	<u>172,935</u>	<u>5,859</u>	<u>-</u>	<u>1,817</u>
Total deferred inflows of resources and fund balances	<u>\$ 551,355</u>	<u>\$ 193,365</u>	<u>\$ -</u>	<u>\$ 90,612</u>

Debt Service

2015 G.O. Bonds (312)	2016 G.O. Bonds (313)	2017 G.O. Bonds (314)	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)
\$ 1,064,196	\$ 684,565	\$ 617,568	\$ 818,569	\$ 807,048	\$ 713,843
1,304,502	235,103	186,918	259,230	342,433	411,317
<u>\$ 2,368,698</u>	<u>\$ 919,668</u>	<u>\$ 804,486</u>	<u>\$ 1,077,799</u>	<u>\$ 1,149,481</u>	<u>\$ 1,125,160</u>
\$ 1,302,775	\$ 227,114	\$ 186,305	\$ 251,284	\$ 330,642	\$ 410,456
1,065,923	692,554	618,181	826,515	818,839	714,704
<u>\$ 2,368,698</u>	<u>\$ 919,668</u>	<u>\$ 804,486</u>	<u>\$ 1,077,799</u>	<u>\$ 1,149,481</u>	<u>\$ 1,125,160</u>





City of Albert Lea  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2023

	Debt Service			Total Nonmajor Debt Service Funds
	2021 G.O. Bonds (321)	2022 G.O. Bonds (322)	2023 G.O. Bonds (323)	
Assets				
Cash and investments	\$ 614,724	\$ 526,894	\$ 164,836	\$ 6,188,513
Special assessment receivable	510,392	594,175	309,652	4,812,784
Total assets	<u>\$ 1,125,116</u>	<u>\$ 1,121,069</u>	<u>\$ 474,488</u>	<u>\$ 11,001,297</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>\$ 503,378</u>	<u>\$ 594,176</u>	<u>\$ 309,652</u>	<u>\$ 4,770,503</u>
Fund Balances				
Restricted	<u>621,738</u>	<u>526,893</u>	<u>164,836</u>	<u>6,230,794</u>
Total deferred inflows of resources and fund balances	<u>\$ 1,125,116</u>	<u>\$ 1,121,069</u>	<u>\$ 474,488</u>	<u>\$ 11,001,297</u>

City of Albert Lea  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

	Debt Service			
	PIR Bonds Series 2010A (306)	PIR Bonds Series 2012A (308)	PIR Bonds Series 2013A (309)	2014A G.O. Equipment Certificate (310)
Revenues				
Taxes	\$ 116,393	\$ -	\$ 351,633	\$ -
Special assessments	12,336	-	97,864	-
Miscellaneous				
Investment income	5,106	-	-	1,698
Total revenues	<u>133,835</u>	<u>-</u>	<u>449,497</u>	<u>1,698</u>
Expenditures				
Debt service				
Debt service				
Principal	95,000	195,000	560,000	130,000
Interest and other charges	13,367	2,097	27,346	4,206
Total expenditures	<u>108,367</u>	<u>197,097</u>	<u>587,346</u>	<u>134,206</u>
Excess of revenues over (under) expenditures	25,468	(197,097)	(137,849)	(132,508)
Other Financing Sources (Uses)				
Transfers in	-	197,029	-	-
Transfers out	-	-	-	(49,817)
Total other financing sources (uses)	<u>-</u>	<u>197,029</u>	<u>-</u>	<u>(49,817)</u>
Net change in fund balances	25,468	(68)	(137,849)	(182,325)
Fund Balances				
Beginning of year	<u>147,467</u>	<u>68</u>	<u>143,708</u>	<u>182,325</u>
End of year	<u>\$ 172,935</u>	<u>\$ -</u>	<u>\$ 5,859</u>	<u>\$ -</u>

Continued

Debt Service						
PIR and Refunding Bonds Series 2014B (311)	2015 G.O. Bonds (312)	2016 G.O. Bonds (313)	2017 G.O. Bonds (314)	2018 G.O. Bonds (315)	2019 G.O. Bonds (316)	2020 G.O. Bonds (320)
\$ 95,857 31,307	\$ 107,664 205,251	\$ 214,494 96,303	\$ 141,149 60,734	\$ 168,464 91,325	\$ 10,727 102,461	\$ 208,251 82,368
-	42,100	24,783	24,110	32,003	29,694	25,572
127,164	355,015	335,580	225,993	291,792	142,882	316,191
200,000	300,000	360,000	230,000	235,000	260,000	240,000
12,892	70,940	34,379	41,429	53,504	75,179	62,779
212,892	370,940	394,379	271,429	288,504	335,179	302,779
(85,728)	(15,925)	(58,799)	(45,436)	3,288	(192,297)	13,412
87,545	-	-	-	-	220,000	-
-	-	-	-	-	-	-
87,545	-	-	-	-	220,000	-
1,817	(15,925)	(58,799)	(45,436)	3,288	27,703	13,412
-	1,081,848	751,353	663,617	823,227	791,136	701,292
\$ 1,817	\$ 1,065,923	\$ 692,554	\$ 618,181	\$ 826,515	\$ 818,839	\$ 714,704

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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, 2023

Continued

	Debt Service			Total Nonmajor Debt Service Funds
	2021 G.O. Bonds (321)	2022 G.O. Bonds (322)	2023 G.O. Bonds (323)	
Revenues				
Taxes	\$ 99,105	\$ 309,264	\$ -	\$ 1,823,001
Special assessments	128,823	72,716	129,565	1,111,053
Miscellaneous				
Investment income	23,381	13,317	927	222,691
Total revenues	<u>251,309</u>	<u>395,297</u>	<u>130,492</u>	<u>3,156,745</u>
Expenditures				
Debt service				
Debt service				
Principal	165,000	-	-	2,970,000
Interest and other charges	29,799	127,719	304	555,940
Total expenditures	<u>194,799</u>	<u>127,719</u>	<u>304</u>	<u>3,525,940</u>
Excess of revenues over (under) expenditures	56,510	267,578	130,188	(369,195)
Other Financing Sources (Uses)				
Transfers in	-	-	34,648	539,222
Transfers out	-	-	-	(49,817)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>34,648</u>	<u>489,405</u>
Net change in fund balances	56,510	267,578	164,836	120,210
Fund Balances				
Beginning of year	<u>565,228</u>	<u>259,315</u>	<u>-</u>	<u>6,110,584</u>
End of year	<u>\$ 621,738</u>	<u>\$ 526,893</u>	<u>\$ 164,836</u>	<u>\$ 6,230,794</u>

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 5,571,000	\$ 5,571,000	\$ 5,564,776	\$ (6,224)	\$ 5,177,448
Franchise fees	1,780,000	1,780,000	1,986,933	206,933	2,023,232
Lodging	11,500	11,500	12,654	1,154	13,186
Total taxes	<u>7,362,500</u>	<u>7,362,500</u>	<u>7,564,363</u>	<u>201,863</u>	<u>7,213,866</u>
Special Assessments	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>	<u>-</u>
Licenses and permits	<u>306,600</u>	<u>306,600</u>	<u>330,106</u>	<u>23,506</u>	<u>367,084</u>
Intergovernmental revenue					
Local government aid	5,794,636	5,794,636	5,794,636	-	5,715,392
Other intergovernmental	1,080,330	1,080,330	1,250,002	169,672	2,758,103
Total intergovernmental revenue	<u>6,874,966</u>	<u>6,874,966</u>	<u>7,044,638</u>	<u>169,672</u>	<u>8,473,495</u>
Charges for services	<u>958,750</u>	<u>958,750</u>	<u>1,104,521</u>	<u>145,771</u>	<u>946,367</u>
Fines and forfeitures	<u>92,500</u>	<u>92,500</u>	<u>84,440</u>	<u>(8,060)</u>	<u>87,671</u>
Miscellaneous revenues					
Investment income	148,000	148,000	311,675	163,675	(259,731)
Contributions and donations	12,000	12,000	13,183	1,183	17,102
Other	40,684	40,684	-	(40,684)	-
Total miscellaneous revenues	<u>200,684</u>	<u>200,684</u>	<u>324,858</u>	<u>124,174</u>	<u>(242,629)</u>
Total revenues	<u>15,797,000</u>	<u>15,797,000</u>	<u>16,452,926</u>	<u>655,926</u>	<u>16,845,854</u>
Expenditures					
Current					
General government					
City Council					
Personnel services	65,288	65,288	64,414	(874)	64,401
Supplies	800	800	1,564	764	1,058
Other services and charges	94,275	94,275	100,429	6,154	90,069
Total city council	<u>160,363</u>	<u>160,363</u>	<u>166,407</u>	<u>6,044</u>	<u>155,528</u>
City Manager					
Personnel services	272,026	272,026	273,360	1,334	274,068
Supplies	1,250	1,250	595	(655)	652
Other services and charges	14,095	14,095	12,970	(1,125)	14,346
Total City Manager	<u>287,371</u>	<u>287,371</u>	<u>286,925</u>	<u>(446)</u>	<u>289,066</u>
City Clerk					
Personnel services	120,992	120,992	120,255	(737)	112,220
Supplies	300	300	1,174	874	112
Other services and charges	18,415	18,415	12,314	(6,101)	13,592
Total City Clerk	<u>139,707</u>	<u>139,707</u>	<u>133,743</u>	<u>(5,964)</u>	<u>125,924</u>

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023			2022
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Elections				
Personnel services	\$ -	\$ -	\$ -	\$ 31,109
Supplies	-	-	-	2,663
Other services and charges	-	-	-	6,712
Total elections	-	-	-	40,484
Finance				
Personnel services	448,372	448,372	(1,902)	419,122
Supplies	7,725	7,725	(4,289)	4,386
Other services and charges	102,290	102,290	(1,447)	93,175
Total finance	558,387	558,387	(7,638)	516,683
City attorney				
Personnel services	268,245	268,245	(175,417)	224,605
Supplies	1,100	1,100	(923)	1,267
Other services and charges	42,950	42,950	153,361	124,252
Total city attorney	312,295	312,295	(22,979)	350,124
Personnel administration				
Personnel services	208,873	208,873	(12,792)	185,655
Supplies	250	250	246	37
Other services and charges	59,840	59,840	39,797	71,661
Total personnel administration	268,963	268,963	27,251	257,353
Zoning and planning				
Personnel services	121,036	121,036	(615)	113,439
Supplies	200	200	(82)	363
Other services and charges	26,795	26,795	2,992	12,247
Total personnel administration	148,031	148,031	2,295	126,049
City center				
Personnel services	24,191	24,191	(14,030)	13,514
Supplies	8,600	8,600	(331)	8,042
Other services and charges	117,185	117,185	(2,840)	134,953
Total city center	149,976	149,976	(17,201)	156,509
Communications				
Personnel services	235,780	235,780	(996)	86,864
Supplies	1,500	1,500	(518)	676
Other services and charges	25,090	25,090	503	3,532
Total communications	262,370	262,370	(1,011)	91,072
Information technology				
Supplies	500	500	(480)	-
Other services and charges	88,600	88,600	(54,455)	31,253
Total information technology	89,100	89,100	(54,935)	31,253
Total general government	2,376,563	2,376,563	(74,584)	2,140,045

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Public safety					
Police					
Personnel services	\$ 3,803,858	\$ 3,803,858	\$ 3,866,041	\$ 62,183	\$ 3,556,484
Supplies	133,700	133,700	128,333	(5,367)	129,565
Other services and charges	508,162	508,162	489,153	(19,009)	430,821
Total police	<u>4,445,720</u>	<u>4,445,720</u>	<u>4,483,527</u>	<u>37,807</u>	<u>4,116,870</u>
Fire					
Personnel services	2,275,813	2,275,813	2,432,587	156,774	2,222,603
Supplies	116,300	116,300	134,333	18,033	106,915
Other services and charges	164,730	164,730	180,037	15,307	154,678
Total fire	<u>2,556,843</u>	<u>2,556,843</u>	<u>2,746,957</u>	<u>190,114</u>	<u>2,484,196</u>
Inspection services					
Personnel services	422,237	422,237	418,418	(3,819)	392,598
Supplies	4,950	4,950	4,030	(920)	6,557
Other services and charges	30,100	30,100	26,849	(3,251)	22,459
Total inspection services	<u>457,287</u>	<u>457,287</u>	<u>449,297</u>	<u>(7,990)</u>	<u>421,614</u>
Community services					
Personnel services	170,417	170,417	165,932	(4,485)	165,269
Supplies	4,050	4,050	6,599	2,549	3,850
Other services and charges	44,550	44,550	110,794	66,244	65,124
Total community services	<u>219,017</u>	<u>219,017</u>	<u>283,325</u>	<u>64,308</u>	<u>234,243</u>
Total public safety	<u>7,678,867</u>	<u>7,678,867</u>	<u>7,963,106</u>	<u>284,239</u>	<u>7,256,923</u>
Public works					
Engineering					
Personnel services	672,818	672,818	669,871	(2,947)	606,789
Supplies	16,675	16,675	6,720	(9,955)	7,124
Other services and charges	30,250	30,250	24,779	(5,471)	29,249
Total engineering	<u>719,743</u>	<u>719,743</u>	<u>701,370</u>	<u>(18,373)</u>	<u>643,162</u>
Street maintenance					
Personnel services	562,046	562,046	551,268	(10,778)	509,581
Supplies	306,800	306,800	308,422	1,622	302,216
Other services and charges	110,810	110,810	117,532	6,722	69,540
Total street maintenance	<u>979,656</u>	<u>979,656</u>	<u>977,222</u>	<u>(2,434)</u>	<u>881,337</u>
Snow and ice removal					
Personnel services	355,769	355,769	330,060	(25,709)	360,136
Supplies	125,000	125,000	128,930	3,930	127,930
Other services and charges	10,850	10,850	9,035	(1,815)	8,063
Total snow and ice removal	<u>491,619</u>	<u>491,619</u>	<u>468,025</u>	<u>(23,594)</u>	<u>496,129</u>



City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023				2022
	Budgeted Amounts			Variance with Final Budget - Over (Under)	
	Original	Final	Actual Amounts		Actual Amounts
Expenditures (Continued)					
Current (Continued)					
Public works (Continued)					
Storm drainage					
Personnel services	\$ 141,866	\$ 141,866	\$ 142,499	\$ 633	\$ 130,355
Supplies	35,550	35,550	40,215	4,665	25,943
Other services and charges	72,390	72,390	59,689	(12,701)	76,166
Total storm drainage	249,806	249,806	242,403	(7,403)	232,464
Street lighting					
Supplies	20,000	20,000	9,941	(10,059)	9,420
Other services and charges	261,000	261,000	285,652	24,652	264,665
Total street lighting	281,000	281,000	295,593	14,593	274,085
City garage					
Personnel services	200,174	200,174	198,241	(1,933)	187,375
Supplies	38,500	38,500	52,378	13,878	38,997
Other services and charges	87,990	87,990	88,867	877	87,017
Total city garage	326,664	326,664	339,486	12,822	313,389
Total public works	3,048,488	3,048,488	3,024,099	(24,389)	2,840,566
Culture and recreation					
Recreation administration					
Personnel services	328,225	328,225	322,649	(5,576)	185,863
Supplies	21,950	21,950	13,696	(8,254)	6,597
Other services and charges	41,420	41,420	39,330	(2,090)	28,258
Total recreation administration	391,595	391,595	375,675	(15,920)	220,718
Arena					
Personnel services	228,698	228,698	245,695	16,997	185,388
Supplies	39,045	39,045	28,067	(10,978)	31,180
Other services and charges	224,510	224,510	228,635	4,125	251,979
Total arena	492,253	492,253	502,397	10,144	468,547
Swimming pool					
Personnel services	136,872	136,872	118,091	(18,781)	136,287
Supplies	38,325	38,325	24,891	(13,434)	22,990
Other services and charges	44,260	44,260	43,822	(438)	44,082
Total swimming pool	219,457	219,457	186,804	(32,653)	203,359
Park and recreation programs					
Personnel services	-	-	-	-	118,454
Supplies	-	-	-	-	9,162
Other services and charges	-	-	-	-	9,504
Total park and recreation programs	-	-	-	-	137,120

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023

With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (Continued)					
Culture and recreation (Continued)					
Theater					
Supplies	\$ 1,500	\$ 1,500	\$ 893	\$ (607)	\$ 23
Other services and charges	20,300	20,300	16,167	(4,133)	28,847
Total theater	21,800	21,800	17,060	(4,740)	28,870
Parks					
Personnel services	982,069	982,069	871,807	(110,262)	937,792
Supplies	180,500	180,500	167,160	(13,340)	184,561
Other services and charges	148,345	148,345	148,350	5	143,446
Total parks	1,310,914	1,310,914	1,187,317	(123,597)	1,265,799
Forestry					
Personnel services	124,425	124,425	123,707	(718)	97,535
Supplies	44,250	44,250	24,619	(19,631)	14,736
Other services and charges	140,300	140,300	163,703	23,403	63,573
Total forestry	308,975	308,975	312,029	3,054	175,844
Library					
Personnel services	857,818	857,818	829,304	(28,514)	741,950
Supplies	169,100	169,100	149,728	(19,372)	126,676
Other services and charges	74,545	74,545	61,466	(13,079)	66,635
Total library	1,101,463	1,101,463	1,040,498	(60,965)	935,261
Total culture and recreation	3,846,457	3,846,457	3,621,780	(224,677)	3,435,518
Community development					
Community development services					
Personnel services	-	-	-	-	135,702
Supplies	-	-	-	-	4,808
Other services and charges	-	-	-	-	13,648
Total community development services	-	-	-	-	154,158
Property acquisitions					
Supplies	-	-	262	262	403
Other services and charges	53,625	53,625	44,502	(9,123)	60,146
Total property acquisitions	53,625	53,625	44,764	(8,861)	60,549
Economic development					
Other services and charges	141,500	141,500	115,192	(26,308)	98,582
Total community development	195,125	195,125	159,956	(35,169)	313,289
Total current expenditures	17,145,500	17,145,500	17,070,920	(74,580)	15,986,341

City of Albert Lea  
General Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Year Ended December 31, 2023  
With Comparative Actual Amounts for the Year Ended December 31, 2022

	2023			2022
	Budgeted Amounts		Variance with Final Budget - Over (Under)	Actual Amounts
	Original	Final		
Expenditures (Continued)				
Debt Service				
Principal	\$ 15,000	\$ 15,000	\$ 18,439	\$ 16,068
Capital outlay				
General government				
Public safety	6,500	6,500	6,097	-
Public works	5,500	5,500	23,989	11,900
Culture and recreation	11,500	11,500	15,770	21,399
Total capital outlay	23,500	23,500	45,856	33,299
Total expenditures	17,184,000	17,184,000	17,135,215	16,035,708
Excess of revenues over (under) expenditures	(1,387,000)	(1,387,000)	(682,289)	704,711
Other Financing Sources (Uses)				
Proceeds from sale of capital asset	-	-	1,871	1,000
Transfers in	2,317,000	2,317,000	2,317,000	2,064,000
Transfers out	(930,000)	(930,000)	(930,000)	(2,175,824)
Total other financing sources (uses)	1,387,000	1,387,000	1,388,871	(110,824)
Net change in fund balances	\$ -	\$ -	706,582	699,322
Fund Balances				
Beginning of year			11,498,917	10,799,595
End of year			\$ 12,205,499	\$ 11,498,917

City of Albert Lea  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2023

	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total
Assets			
Cash and investments	\$ 200,757	\$ 256,528	\$ 457,285
Liabilities			
Accounts payable	2,352	-	2,352
Net Position			
Unrestricted	\$ 198,405	\$ 256,528	\$ 454,933

City of Albert Lea  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and  
Changes in Net Position  
Year Ended December 31, 2023

	Health/Workers Comp Insurance (703)	Property Liability Insurance (704)	Total
Operating revenues			
Miscellaneous	\$ 564	\$ 15,170	\$ 15,734
Operating expenses			
Personnel services	39,691	-	39,691
Other services and charges	89,025	60,013	149,038
Total operating expenses	<u>128,716</u>	<u>60,013</u>	<u>188,729</u>
Operating loss	<u>(128,152)</u>	<u>(44,843)</u>	<u>(172,995)</u>
Nonoperating revenues			
Investment income	13,154	11,356	24,510
Miscellaneous revenue	7,600	-	7,600
Total nonoperating revenues	<u>20,754</u>	<u>11,356</u>	<u>32,110</u>
Loss before transfers	(107,398)	(33,487)	(140,885)
Transfers out	<u>(72,000)</u>	<u>-</u>	<u>(72,000)</u>
Change in net position	(179,398)	(33,487)	(212,885)
Net position			
January 1	<u>377,803</u>	<u>290,015</u>	<u>667,818</u>
December 31	<u>\$ 198,405</u>	<u>\$ 256,528</u>	<u>\$ 454,933</u>

City of Albert Lea  
Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended December 31, 2023

	Health/Workers Comp Insurance (703)	Property/ Liability Insurance (705)	Total
Cash Flows - Operating Activities			
Payments to suppliers	\$ (88,886)	\$ (60,013)	\$ (148,899)
Payments to employees	(39,691)	-	(39,691)
Other operating receipts	564	15,170	15,734
Net cash flows - operating activities	<u>(128,013)</u>	<u>(44,843)</u>	<u>(172,856)</u>
Cash Flows - Noncapital			
Financing activities			
Intergovernmental receipts	7,600	-	7,600
Transfer to other funds	<u>(72,000)</u>	<u>-</u>	<u>(72,000)</u>
Net cash flows - noncapital financing activities	<u>(64,400)</u>	<u>-</u>	<u>(64,400)</u>
Cash Flows - Investing Activities			
Investment income	<u>13,154</u>	<u>11,356</u>	<u>24,510</u>
Net change in cash and cash equivalents	(179,259)	(33,487)	(212,746)
Cash and Cash Equivalents			
January 1	<u>380,016</u>	<u>290,015</u>	<u>670,031</u>
December 31	<u>\$ 200,757</u>	<u>\$ 256,528</u>	<u>\$ 457,285</u>
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities			
Operating loss	\$ (128,152)	\$ (44,843)	\$ (172,995)
Adjustments to reconcile operating loss to net cash flows - operating activities			
Accounts payable	139	-	139
Net cash flows - operating activities	<u>\$ (128,013)</u>	<u>\$ (44,843)</u>	<u>\$ (172,856)</u>

STATISTICAL SECTION (UNAUDITED)

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023





City of Albert Lea  
Statistical Section (Unaudited)

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

#### Financial Trends

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

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

#### Revenue Capacity

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

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

#### Debt Capacity

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

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

#### Demographic and Economic Information

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

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

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

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 38,238,312	\$ 42,082,378	\$ 42,945,205	\$ 47,259,002
Restricted	19,579,069	21,453,540	24,221,520	24,314,972
Unrestricted	21,295,560	12,533,192	10,664,422	9,968,233
Total governmental activities net position	<u>\$ 79,112,941</u>	<u>\$ 76,069,110</u>	<u>\$ 77,831,147</u>	<u>\$ 81,542,207</u>
Business-Type Activities				
Net investment in capital assets	\$ 39,407,245	\$ 39,661,982	\$ 42,729,009	\$ 42,939,676
Unrestricted	12,802,989	12,613,332	11,238,332	10,698,663
Total business-type activities net position	<u>\$ 52,210,234</u>	<u>\$ 52,275,314</u>	<u>\$ 53,967,341</u>	<u>\$ 53,638,339</u>
Total Primary Government				
Net investment in capital assets	\$ 77,645,557	\$ 81,744,360	\$ 85,674,214	\$ 90,198,678
Restricted	19,579,069	21,453,540	24,221,520	24,314,972
Unrestricted	34,098,549	25,146,524	21,902,754	20,666,896
Total primary government	<u>\$ 131,323,175</u>	<u>\$ 128,344,424</u>	<u>\$ 131,798,488</u>	<u>\$ 135,180,546</u>

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

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 51,854,858	\$ 59,788,439	\$ 62,676,110	\$ 64,920,908	\$ 69,755,089	\$ 71,324,410
23,938,762	18,624,347	17,183,548	16,911,070	16,046,115	15,110,745
10,547,381	9,745,316	11,359,395	13,404,704	11,338,156	11,205,202
<u>\$ 86,341,001</u>	<u>\$ 88,158,102</u>	<u>\$ 91,219,053</u>	<u>\$ 95,236,682</u>	<u>\$ 97,139,360</u>	<u>\$ 97,640,357</u>
\$ 42,141,720	\$ 44,963,435	\$ 44,674,279	\$ 44,914,570	\$ 44,271,081	\$ 44,633,953
11,003,827	11,595,802	12,242,153	12,098,097	13,034,145	13,370,214
<u>\$ 53,145,547</u>	<u>\$ 56,559,237</u>	<u>\$ 56,916,432</u>	<u>\$ 57,012,667</u>	<u>\$ 57,305,226</u>	<u>\$ 58,004,167</u>
\$ 93,996,578	\$ 104,751,874	\$ 107,350,389	\$ 109,835,478	\$ 114,026,170	\$ 115,958,363
23,938,762	18,624,347	17,183,548	16,911,070	16,046,115	15,110,745
21,551,208	21,341,118	23,601,548	25,502,801	24,372,301	24,575,416
<u>\$ 139,486,548</u>	<u>\$ 144,717,339</u>	<u>\$ 148,135,485</u>	<u>\$ 152,249,349</u>	<u>\$ 154,444,586</u>	<u>\$ 155,644,524</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 2,066,221	\$ 1,735,013	\$ 2,062,534	\$ 2,166,561
Public safety	6,282,002	6,051,784	7,793,711	6,989,633
Public works	4,116,428	4,186,823	3,448,159	3,420,520
Culture and recreation	3,709,010	3,694,414	3,614,932	4,006,557
Airport	608,770	546,100	578,473	1,125,612
Community development	405,733	506,248	1,135,736	803,201
Interest on long-term debt	433,078	432,617	501,753	525,704
Total governmental activities expenses	<u>17,621,242</u>	<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>
Business-type activities				
Water	1,845,736	1,628,018	1,674,260	1,673,215
Sewer	3,520,744	3,677,161	3,603,255	3,540,898
Solid waste	109,784	130,506	140,752	145,871
Parking maintenance district	24,636	11,368	10,861	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,500,900</u>	<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>
Total expenses	<u>\$ 23,122,142</u>	<u>\$ 22,600,052</u>	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 131,199	\$ 91,998	\$ 100,449	\$ 140,139
Culture and recreation	659,180	547,688	593,500	672,198
Other activities	948,089	896,380	955,216	790,990
Operating grants and contributions	551,154	604,428	613,416	574,252
Capital grants and contributions	2,353,280	5,239,394	4,749,991	4,013,023
Total governmental activities program revenue	<u>4,642,902</u>	<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>
Business-type activities				
Charges for services				
Water	2,363,536	2,538,061	2,778,218	2,979,526
Sewer	4,465,989	4,534,385	4,230,589	4,250,258
Other activities	215,350	178,641	164,168	159,616
Operating grants and contributions	-	-	2,620	187
Capital grants and contributions	37,807	192,197	59,774	35,686
Total governmental activities program revenue	<u>7,082,682</u>	<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>
Total program revenues	<u>\$ 11,725,584</u>	<u>\$ 14,823,172</u>	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>

Continued  
Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 2,169,413	\$ 2,466,797	\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630
6,983,401	6,853,580	7,110,586	6,951,984	8,643,912	9,371,247
4,012,349	4,858,591	4,783,978	3,536,516	6,767,143	5,140,112
3,631,330	4,219,744	3,622,589	3,760,769	4,425,231	4,598,875
620,411	719,033	741,140	930,211	661,675	776,785
449,376	597,661	838,465	1,810,521	1,838,469	1,643,875
564,742	597,515	681,353	467,067	533,935	555,080
18,431,022	20,312,921	20,187,763	19,868,546	25,444,644	24,826,604
1,904,474	1,746,635	1,769,325	1,865,980	2,085,679	2,416,996
4,118,407	4,116,664	4,233,447	4,039,871	4,102,829	4,771,273
104,009	138,355	142,238	158,194	145,871	144,239
-	-	-	-	-	-
-	-	-	-	158,112	371,296
6,126,890	6,001,654	6,145,010	6,064,045	6,492,491	7,703,804
\$ 24,557,912	\$ 26,314,575	\$ 26,332,773	\$ 25,932,591	\$ 31,937,135	\$ 32,530,408
\$ 165,619	\$ 169,971	\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220
599,705	561,087	318,690	513,111	526,678	569,123
937,108	1,038,574	881,717	1,000,158	910,558	1,166,427
593,197	656,566	1,550,687	2,330,966	1,018,904	986,689
5,026,013	2,675,884	3,004,849	3,200,609	7,928,692	3,079,569
7,321,642	5,102,082	5,890,153	7,125,117	10,464,870	5,894,028
3,172,833	3,356,138	3,528,741	3,793,951	3,900,428	4,124,002
4,236,478	4,466,819	4,462,862	4,393,485	5,039,665	5,501,096
183,978	162,093	176,446	207,790	356,746	593,026
-	13,711	7,570	7,125	22,719	-
18,034	3,118,474	249,325	22,792	32,879	26,463
7,611,323	11,117,235	8,424,944	8,425,143	9,352,437	10,244,587
\$ 14,932,965	\$ 16,219,317	\$ 14,315,097	\$ 15,550,260	\$ 19,817,307	\$ 16,138,615

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

Continued

	Fiscal Year			
	2014	2015	2016	2017
Net (Expenses) Revenues				
Governmental activities	\$ (12,978,340)	\$ (9,773,111)	\$ (12,122,726)	\$ (12,847,186)
Business-type activities	1,581,782	1,996,231	1,806,241	2,065,289
Total primary government	<u>\$ (11,396,558)</u>	<u>\$ (7,776,880)</u>	<u>\$ (10,316,485)</u>	<u>\$ (10,781,897)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities				
Taxes				
Property taxes - general purposes	\$ 4,764,012	\$ 4,859,193	\$ 4,790,563	\$ 4,938,679
Property taxes - debt service	1,073,458	1,200,097	1,398,161	1,388,212
Tax increments	265,279	133,114	125,907	321,562
Franchise and lodging taxes	1,512,332	1,465,245	1,603,182	1,659,893
Unrestricted grants and contributions	5,169,457	5,252,535	5,316,055	5,246,746
Unrestricted investment earnings	765,231	400,659	347,736	402,765
Sale of capital assets	8,159	51,070	56,707	33,956
Transfers - capital related	(883,473)	-	(1,435,368)	652,489
Transfers	1,870,820	1,503,063	1,681,820	1,913,944
Total governmental activities expenses	<u>14,545,275</u>	<u>14,864,976</u>	<u>13,884,763</u>	<u>16,558,246</u>
Business-type activities				
Unrestricted investment earnings	744,898	96,193	132,238	172,142
Sale of capital assets	-	-	-	-
Transfers - capital related	883,473	-	1,435,368	(652,489)
Transfers	(1,870,820)	(1,503,063)	(1,681,820)	(1,913,944)
Total business-type activities expenses	<u>(242,449)</u>	<u>(1,406,870)</u>	<u>(114,214)</u>	<u>(2,394,291)</u>
Total primary government	<u>\$ 14,302,826</u>	<u>\$ 13,458,106</u>	<u>\$ 13,770,549</u>	<u>\$ 14,163,955</u>
Change in Net Position				
Governmental activities	\$ 1,566,935	\$ 5,091,865	\$ 1,762,037	\$ 3,711,060
Business-type activities	1,339,333	589,361	1,692,027	(329,002)
Total primary government	<u>\$ 2,906,268</u>	<u>\$ 5,681,226</u>	<u>\$ 3,454,064</u>	<u>\$ 3,382,058</u>

Continued  
Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (11,109,380)	\$ (9,773,111)	\$ (14,297,610)	\$ (12,743,429)	\$ (14,979,774)	\$ (18,932,576)
1,484,433	1,996,231	2,279,934	2,361,098	2,859,946	2,540,783
<u>\$ (9,624,947)</u>	<u>\$ (7,776,880)</u>	<u>\$ (12,017,676)</u>	<u>\$ (10,382,331)</u>	<u>\$ (12,119,828)</u>	<u>\$ (16,391,793)</u>
\$ 4,849,730	\$ 4,733,069	\$ 4,878,635	\$ 4,849,455	\$ 5,152,501	\$ 5,463,178
1,552,317	1,552,317	1,737,902	1,881,233	1,876,914	1,935,337
354,442	367,775	386,348	398,482	353,317	631,480
1,798,752	1,730,997	1,657,164	1,649,356	2,023,232	1,986,933
5,410,140	5,415,747	5,626,401	5,709,861	5,876,300	5,810,318
431,089	1,009,666	614,346	(82,131)	(808,593)	1,078,113
84,402	31,369	197,265	132,802	124,781	43,214
-	-	-	-	-	-
1,997,884	2,187,000	2,260,500	2,222,000	2,284,000	2,485,000
<u>16,478,756</u>	<u>17,027,940</u>	<u>17,358,561</u>	<u>16,761,058</u>	<u>16,882,452</u>	<u>19,433,573</u>
151,632	485,109	337,761	(42,863)	(283,387)	643,158
-	-	-	-	-	-
-	-	-	-	-	-
<u>(1,997,884)</u>	<u>(2,187,000)</u>	<u>(2,260,500)</u>	<u>(2,222,000)</u>	<u>(2,284,000)</u>	<u>(2,485,000)</u>
<u>(1,846,252)</u>	<u>(1,701,891)</u>	<u>(1,922,739)</u>	<u>(2,264,863)</u>	<u>(2,567,387)</u>	<u>(1,841,842)</u>
<u>\$ 14,632,504</u>	<u>\$ 15,326,049</u>	<u>\$ 15,435,822</u>	<u>\$ 14,496,195</u>	<u>\$ 14,315,065</u>	<u>\$ 17,591,731</u>
\$ 5,369,376	\$ 7,254,829	\$ 3,060,951	\$ 4,017,629	\$ 1,902,678	\$ 500,997
(361,819)	294,340	357,195	96,235	292,559	698,941
<u>\$ 5,007,557</u>	<u>\$ 7,549,169</u>	<u>\$ 3,418,146</u>	<u>\$ 4,113,864</u>	<u>\$ 2,195,237</u>	<u>\$ 1,199,938</u>

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

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 1,919,712	\$ 1,899,194	\$ 1,804,829	\$ 1,731,572
Committed	-	1,875,000	1,875,000	-
Unassigned	10,614,235	8,407,722	9,155,071	8,398,760
Total general fund	<u>\$ 12,533,947</u>	<u>\$ 12,181,916</u>	<u>\$ 12,834,900</u>	<u>\$ 10,130,332</u>
All other governmental funds				
Nonspendable	\$ 7,938	\$ 19,968	\$ 7,415	\$ 4,927
Restricted	14,344,702	16,579,219	16,391,488	16,965,298
Committed	2,133,007	2,102,482	2,037,501	2,615,975
Assigned	6,400,714	6,827,722	6,812,232	7,764,741
Unassigned	(3,545,810)	(3,529,262)	(3,766,025)	(3,279,636)
Total all other governmental funds	<u>\$ 19,340,551</u>	<u>\$ 22,000,129</u>	<u>\$ 21,482,611</u>	<u>\$ 24,071,305</u>



Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,702,641	\$ 1,671,527	\$ 1,695,073	\$ 1,761,349	\$ 2,443,094	\$ 2,889,364
-	-	-	-	-	-
7,879,629	8,713,892	9,985,667	9,038,246	9,055,823	9,316,135
<u>\$ 9,582,270</u>	<u>\$ 10,385,419</u>	<u>\$ 11,680,740</u>	<u>\$ 10,799,595</u>	<u>\$ 11,498,917</u>	<u>\$ 12,205,499</u>
\$ 3,083	\$ -	\$ -	\$ -	\$ -	\$ -
16,951,572	10,777,732	9,772,899	9,934,296	9,482,588	9,478,366
3,171,609	3,229,423	3,430,091	4,035,980	4,153,686	4,175,565
7,813,460	7,235,022	7,224,916	7,918,744	5,401,645	6,870,794
(3,202,420)	(2,977,074)	(3,092,060)	(3,233,883)	(2,701,758)	(4,085,492)
<u>\$ 24,737,304</u>	<u>\$ 18,265,103</u>	<u>\$ 17,335,846</u>	<u>\$ 18,655,137</u>	<u>\$ 16,336,161</u>	<u>\$ 16,439,233</u>

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 7,635,725	\$ 7,663,371	\$ 7,957,791	\$ 8,286,427
Licenses and permits	312,958	342,797	280,282	296,467
Intergovernmental	6,861,436	9,739,172	6,886,655	8,481,280
Charges for services	917,164	830,200	1,028,636	877,925
Fines and forfeits	98,138	100,990	97,655	100,315
Special assessments	1,562,614	1,696,849	1,659,298	1,725,872
Interest on investments	764,369	392,003	331,854	387,807
Interest on loans	11,128	5,408	1,078	1,827
Miscellaneous	225,975	234,395	282,580	468,774
Total revenues	18,389,507	21,005,185	18,525,829	20,626,694
Expenditures				
General government	1,868,185	1,701,942	1,859,435	1,930,519
Public safety	6,119,229	5,849,404	6,016,086	6,333,491
Public works	2,809,929	2,635,489	2,468,244	2,437,700
Culture and recreation	3,205,489	3,356,548	3,282,690	3,374,156
Airport	130,705	136,980	306,591	227,124
Community development	306,163	193,453	416,995	731,839
Capital outlay	3,729,085	8,786,119	6,612,275	6,758,610
Debt service				
Principal	1,619,483	2,114,000	2,400,000	2,639,510
Interest and fiscal charges	439,025	382,836	508,374	532,519
Total expenditures	20,227,293	25,156,771	23,870,690	24,965,468
Deficiency of revenues under expenditures	(1,837,786)	(4,151,586)	(5,344,861)	(4,338,774)
Other financing sources (uses)				
Bond issued	3,005,000	4,900,000	3,510,000	2,275,000
Refunding bond issued	1,835,000	-	-	-
Principal paid on refunded bonds	(1,835,000)	-	-	-
Premium on bonds issued	-	-	-	-
Loan proceeds	-	-	-	-
Sale of capital assets	8,159	51,070	56,707	33,956
Contribution for senior center	202,396	-	-	-
Payment to refunding agent	-	-	209,800	-
Transfer out	(11,211,407)	(4,121,500)	(1,821,366)	(4,919,775)
Transfer in	13,082,227	5,649,563	3,525,186	6,833,719
Total other financing sources (uses)	5,086,375	6,479,133	5,480,327	4,222,900
Net change in fund balances	\$ 3,248,589	\$ 2,327,547	\$ 135,466	\$ (115,874)
Debt service as a percentage of non capital expenditures	12.44%	15.19%	17.15%	17.51%

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 8,541,532	\$ 8,351,045	\$ 8,638,196	\$ 8,776,541	\$ 9,445,104	\$ 10,022,103
328,177	311,538	294,938	336,338	367,084	330,106
9,551,765	7,452,543	9,024,657	9,390,216	13,993,457	9,011,271
1,056,646	1,175,316	873,804	1,021,910	1,010,725	1,337,972
105,300	116,077	70,336	109,827	102,678	89,107
1,702,227	1,571,186	1,478,069	1,518,488	1,380,624	1,262,205
413,355	980,692	594,207	(79,900)	(784,489)	1,053,603
7,761	24,640	25,331	28,081	19,486	49,660
266,724	199,793	78,388	115,952	103,794	111,458
21,973,487	20,182,830	21,077,926	21,217,453	25,638,463	23,267,485
1,997,162	2,152,625	2,087,627	2,101,907	2,152,786	2,306,499
6,771,675	6,481,734	6,651,818	7,191,519	7,526,368	7,997,304
3,147,116	3,170,733	2,978,719	3,187,706	3,352,909	3,369,452
3,471,282	3,585,183	3,071,308	3,304,307	3,604,036	3,748,623
205,596	173,816	236,389	248,802	189,569	146,592
301,095	409,751	569,302	1,681,486	1,697,679	1,353,641
7,117,729	11,586,282	7,052,832	3,755,120	11,018,356	5,380,159
2,828,875	2,810,156	2,749,931	2,900,115	2,886,068	3,078,439
571,309	604,575	629,322	629,786	587,601	636,061
26,411,839	30,974,855	26,027,248	25,000,748	33,015,372	28,016,770
(4,438,352)	(10,792,025)	(4,949,322)	(3,783,295)	(7,376,909)	(4,749,285)
2,430,000	2,565,000	2,575,000	1,790,000	3,195,000	2,455,000
-	-	-	-	-	-
-	-	-	-	-	-
49,409	291,086	282,621	76,639	153,474	192,324
-	-	-	-	-	311,401
88,996	31,369	197,265	132,802	124,781	43,214
-	-	-	-	-	-
-	-	-	-	-	-
(3,626,190)	(2,065,268)	(3,982,595)	(3,066,311)	(3,125,810)	(1,671,309)
5,614,074	4,300,786	6,243,095	5,288,311	5,409,810	4,228,309
4,556,289	5,122,973	5,315,386	4,221,441	5,757,255	5,558,939
\$ 117,937	\$ (5,669,052)	\$ 366,064	\$ 438,146	\$ (1,619,654)	\$ 809,654
18.11%	17.79%	17.75%	17.96%	14.98%	20.43%

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

	Fiscal Year			
	2014	2015	2016	2017
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 131,199	\$ 91,998	\$ 100,449	\$ 140,139
Culture and recreation	659,180	547,688	593,500	672,198
Other activities	948,089	896,380	955,216	790,990
Operating grants and contributions	551,154	604,428	613,416	574,252
Capital grants and contributions	2,353,280	5,239,394	4,749,991	4,013,023
Total governmental activities program revenue	<u>4,642,902</u>	<u>7,379,888</u>	<u>7,012,572</u>	<u>6,190,602</u>
Business-type activities				
Charges for services				
Water	2,363,536	2,538,061	2,778,218	2,979,526
Sewer	4,465,989	4,534,385	4,230,589	4,250,258
Other Activities	215,350	178,641	164,168	159,616
Operating grants and contributions	-	-	2,620	187
Capital grants and contributions	37,807	192,197	59,774	35,686
Total business-type activities program revenue	<u>7,082,682</u>	<u>7,443,284</u>	<u>7,235,369</u>	<u>7,425,273</u>
Total program revenues	<u>\$ 11,725,584</u>	<u>\$ 14,823,172</u>	<u>\$ 14,247,941</u>	<u>\$ 13,615,875</u>
Expenses				
Governmental activities				
General government	\$ 2,066,221	\$ 1,735,013	\$ 2,062,534	\$ 2,166,561
Public safety	6,282,002	6,051,784	7,793,711	6,989,633
Public works	4,116,428	4,186,823	3,448,159	3,420,520
Culture and recreation	3,709,010	3,694,414	3,614,932	4,006,557
Airport	608,770	546,100	578,473	1,125,612
Community development	405,733	506,248	1,135,736	803,201
Interest on long-term debt	433,078	432,617	501,753	525,704
Total governmental activities expenses	<u>17,621,242</u>	<u>17,152,999</u>	<u>19,135,298</u>	<u>19,037,788</u>
Business-type activities				
Water	1,845,736	1,628,018	1,674,260	1,673,215
Sewer	3,520,744	3,677,161	3,603,255	3,540,898
Solid waste	109,784	130,506	140,752	145,871
Parking	24,363	11,368	10,861	-
Utility line protection plan	-	-	-	-
Total business-type activities expenses	<u>5,500,627</u>	<u>5,447,053</u>	<u>5,429,128</u>	<u>5,359,984</u>
Total expenses	<u>\$ 23,121,869</u>	<u>\$ 22,600,052</u>	<u>\$ 24,564,426</u>	<u>\$ 24,397,772</u>

Table 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 165,619	\$ 169,971	\$ 134,210	\$ 80,273	\$ 80,038	\$ 92,220
599,705	561,087	318,690	513,111	526,678	569,123
937,108	1,038,574	881,717	1,000,158	910,558	1,166,427
593,197	656,566	1,550,687	2,330,966	1,018,904	986,689
5,026,013	2,675,884	3,004,849	3,200,609	7,928,692	3,079,569
7,321,642	5,102,082	5,890,153	7,125,117	10,464,870	5,894,028
3,172,833	3,356,138	3,528,741	3,793,951	3,900,428	4,124,002
4,236,478	4,466,819	4,462,862	4,393,485	5,039,665	5,501,096
183,978	162,093	176,446	207,790	356,746	593,026
-	13,711	7,570	7,125	22,719	-
18,034	3,118,474	249,325	22,792	32,879	26,463
7,611,323	11,117,235	8,424,944	8,425,143	9,352,437	10,244,587
\$ 14,932,965	\$ 16,219,317	\$ 14,315,097	\$ 15,550,260	\$ 19,817,307	\$ 16,138,615
\$ 2,169,413	\$ 2,466,797	\$ 2,409,652	\$ 2,411,478	\$ 2,574,279	\$ 2,740,630
6,983,401	6,853,580	7,110,586	6,951,984	8,643,912	9,371,247
4,012,349	4,858,591	4,783,978	3,536,516	6,767,143	5,140,112
3,631,330	4,219,744	3,622,589	3,760,769	4,425,231	4,598,875
620,411	719,033	838,465	930,211	661,675	776,785
449,376	597,661	741,140	1,810,521	1,838,469	1,643,875
564,742	597,515	681,353	467,067	533,935	555,080
18,431,022	20,312,921	20,187,763	19,868,546	25,444,644	24,826,604
1,904,474	1,746,635	1,769,325	1,865,980	2,085,679	2,416,996
4,118,407	4,116,664	4,233,447	4,039,871	4,102,829	4,771,273
104,009	138,355	142,238	158,194	145,871	144,239
-	-	-	-	-	-
-	-	-	-	158,112	371,296
6,126,890	6,001,654	6,145,010	6,064,045	6,492,491	7,703,804
\$ 24,557,912	\$ 26,314,575	\$ 26,332,773	\$ 25,932,591	\$ 31,937,135	\$ 32,530,408

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

Table 6

Fiscal Year	Property Taxes	Franchise Taxes	Lodging Taxes	Other Taxes	Total
2014	\$ 5,816,826	\$ 1,501,681	\$ 10,651	\$ 265,279	\$ 7,594,437
2015	6,053,568	1,454,231	11,014	133,114	7,651,927
2016	6,188,724	1,591,773	11,409	125,907	7,917,813
2017	6,326,891	1,648,034	11,859	321,562	8,308,346
2018	6,387,647	1,787,168	11,584	355,133	8,541,532
2019	6,245,560	1,730,997	11,624	362,864	8,351,045
2020	6,588,627	1,657,164	6,057	386,348	8,638,196
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

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

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

Table 7

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collections of Current Year's Taxes During Fiscal Period	Percentage of Levy Collected During Fiscal Period	Collections of Prior Year's Taxes During Fiscal Period	Total Collections To Date	Percentage of Levy Collected To Date
2014	\$ 5,831,420	\$ 5,704,581	97.52 %	\$ 126,839	\$ 5,831,151	100.00 %
2015	5,958,550	5,879,780	97.71	78,770	5,958,191	99.99
2016	6,156,614	6,086,218	97.82	70,396	6,156,166	99.99
2017	6,236,269	6,210,749	98.68	25,520	6,235,116	99.98
2018	6,310,770	6,199,264	98.86	111,506	6,309,897	99.99
2019	6,310,770	6,182,403	99.59	128,367	6,307,559	99.95
2020	6,520,259	6,370,347	97.70	149,912	6,514,504	99.91
2021	6,707,233	6,544,859	97.58	162,374	6,690,962	99.76
2022	6,941,914	6,820,799	98.26	121,115	6,910,956	99.55
2023	7,341,000	7,210,118	98.22	130,882	7,210,118	98.22

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





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

Table 8

Fiscal Year Ended December 31	Current Assessments Due	Current Assessments Collected	Percent Collected	Total Outstanding Delinquent Assessments	Prepayment of Assessments
2014	\$ 1,309,516	\$ 1,309,516	100.00 %	\$ 29	\$ 426,843
2015	1,425,096	1,425,096	100.00	60	308,792
2016	1,710,255	1,709,857	99.98	398	495,935
2017	1,341,595	1,339,867	99.87	1,728	277,776
2018	1,389,166	1,387,621	99.89	1,545	360,006
2019	1,321,102	1,313,922	99.46	7,180	246,620
2020	1,265,153	1,255,251	99.22	9,902	217,588
2021	1,150,627	1,126,367	97.89	24,260	154,962
2022	726,865	557,301	76.67	169,564	235,370
2023	641,602	489,372	76.27	152,230	156,703

Note: Certified assessments only.

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

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

Fiscal Year	Real Property		Personal Property	
Year Ended December 31,	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value
2014	\$ 9,298,274	\$ 863,696,800	\$ 479,886	\$ 24,044,800
2015	9,341,540	864,984,200	533,759	26,775,000
2016	9,705,164	897,229,600	447,095	22,441,800
2017	9,711,367	901,900,200	306,371	15,368,100
2018	10,206,037	950,539,500	310,773	15,588,200
2019	10,881,784	1,018,997,000	285,044	14,268,000
2020	11,111,511	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

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				
Tax		Percent of Tax		
Capacity	Estimated	Capacity to	Estimated	Total
	Market Value	Estimated	Market Value	Direct Rate
		Market Value		
\$ 9,778,160	\$ 887,741,600	1.10 %		62.050 %
9,875,299	891,759,200	1.11		63.216
10,152,259	919,671,400	1.10		64.322
10,017,738	917,268,300	1.09		63.087
10,516,810	966,127,700	1.09		64.866
11,166,828	1,033,265,000	1.08		61.908
11,438,153	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

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

Fiscal Year Ended December 31,	Direct Government			
	Operating Rate	Cap Imp Bonds Rate	PIR Bonds Rate	Total Rate
2014	50.918 %	0.878 %	10.254 %	62.050 %
2015	50.795	0.000	12.421	63.216
2016	50.025	0.000	14.297	64.322
2017	48.137	0.000	14.950	63.087
2018	48.910	0.000	15.956	64.866
2019	46.680	0.000	15.228	61.908
2020	43.834	0.000	16.230	60.064
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

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	
24.930 %	48.653 %	2.439 %	138.072 %
24.948	48.598	2.401	139.163
24.842	53.931	2.419	145.514
25.241	55.084	2.357	145.769
27.113	59.057	3.257	154.293
27.372	59.697	3.140	152.117
27.749	62.573	3.024	153.410
27.344	63.737	2.972	154.390
25.869	63.069	3.015	152.630
21.540	52.214	2.756	128.800

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

Taxpayer	Business Type	2023		
		Taxable Market Value	Rank	Percentage of Total Market Valuation
Vortex Cold Storage LLC	Warehouse	\$ 15,310,800	1	1.27 %
St John's Lutheran Home	Healthcare	8,159,600	2	0.68
Wal-Mart Real Estate Business	Retail	8,037,300	3	0.67
Saint Paul Properties	Industrial	7,774,100	4	0.65
Freeborn Mower Electric Co-op	Utility	6,826,200	5	0.57
Minnesota Energy Resources	Utility	6,717,100	6	0.56
Trailside Apartments	Housing	6,250,100	7	0.52
Pratt Properties II, LLC	Corrugated Box	5,448,400	8	0.45
Albert Lea Port Authority	Economic Development	5,434,900	9	0.45
Larson Manufacturing Company	Manufacturing	5,188,100	10	0.43
Hormel Foods	Manufacturing	-	-	-
Home Depot USA	Retail	-	-	-
ITC Midwest, LLC	Utility	-	-	-
Interstate Power Company	Utility	-	-	-
Continental Albert Lea LLP	Warehouse	-	-	-
MCB Properties, LTD	Corrugated Box	-	-	-
Carrington Family Trust	Commercial Land and Bldgs	-	-	-
Total		<u>\$ 75,146,600</u>		<u>6.24 %</u>

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

Table 11

2014		
Market Value	Rank	Percentage of Total Market Valuation
\$ -	-	- %
-	-	-
7,551,000	2	0.85
-	-	-
-	-	-
-	-	-
-	-	-
4,733,100	6	0.53
7,233,400	3	0.81
3,971,200	8	0.45
4,421,500	7	0.50
3,301,500	10	0.37
22,481,800	1	2.53
5,411,200	5	0.61
5,440,800	4	0.61
3,855,700	9	0.43
<u>\$ 68,401,200</u>		<u>7.69 %</u>

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

Fiscal Year	Governmental Activities				
	General Obligation Armory Bonds	G.O. Tax Increment Bonds	Notes Payable	Equipment Certificates	Special Assessment Bonds (2)
2014	\$ -	\$ -	\$ 24,000	\$ 1,120,000	\$ 16,370,013
2015	-	-	-	1,075,000	19,217,067
2016	-	-	-	940,000	20,454,119
2017	-	-	-	805,000	20,231,167
2018	-	-	-	660,000	20,025,553
2019	-	-	163,700	700,000	20,034,497
2020	-	-	148,769	555,000	20,261,683
2021	-	-	133,654	405,000	19,327,762
2022	-	-	117,585	250,000	19,889,805
2023	-	-	410,548	80,000	19,562,138

(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)
\$ 1,411,124	\$ 315,000	\$ -	\$ 19,240,137	2.58 %	\$ 1,071
1,252,353	290,000	-	21,834,420	3.07	1,216
1,078,284	255,000	-	22,727,403	3.14	1,267
910,669	220,000	-	22,166,836	3.09	1,238
733,055	185,000	-	21,603,608	2.84	1,197
555,440	150,000	1,214,286	22,817,923	2.91	1,265
2,886,730	115,000	1,162,783	25,129,965	3.11	1,383
10,499,445	80,000	1,228,465	31,674,326	3.68	1,747
12,040,697	40,000	1,179,000	33,517,087	3.95	1,813
11,423,862	-	1,128,000	32,604,548	3.49	1,782



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

Table 13

Fiscal Year	Gross Bonded Debt (1)	Less Debt Service Funds (2)	Net Bonded Debt	Ratio on Net Bonded Debt to Capacity (3)	Net Bonded Debt per Capita (3)
2014	\$ 19,240,137	\$ (8,246,744)	\$ 10,993,393	112.43%	\$ 612
2015	21,834,420	(8,408,322)	13,426,098	135.96%	748
2016	22,727,403	(11,673,438)	11,053,965	108.88%	616
2017	22,166,836	(12,652,707)	9,514,129	94.97%	532
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%	516
2020	25,129,965	(13,527,062)	11,602,903	101.44%	639
2021	31,674,326	(13,676,863)	17,997,463	153.43%	993
2022	32,338,087	(13,283,697)	19,054,390	130.92%	1,030
2023	31,476,548	(12,324,424)	19,152,124	127.85%	1,047

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

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

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

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

	Fiscal Year			
	2014	2015	2016	2017
Debt Limit	\$ 26,632,248	\$ 26,752,776	\$ 27,590,142	\$ 27,518,049
Total net debt applicable to limit	<u>1,190,858</u>	<u>1,163,189</u>	<u>944,521</u>	<u>879,593</u>
Legal debt margin	<u>\$ 25,441,390</u>	<u>\$ 25,589,587</u>	<u>\$ 26,645,621</u>	<u>\$ 26,638,456</u>
Total net debt applicable to the limited as a percentage of debt limit	4.47%	4.35%	3.42%	3.20%

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					
2018	2019	2020	2021	2022	2023
\$ 26,752,776	\$ 27,590,142	\$ 28,983,831	\$ 32,666,715	\$ 39,912,978	\$ 40,966,302
692,982	690,940	670,000	485,000	290,000	80,000
<u>\$ 26,059,794</u>	<u>\$ 26,899,202</u>	<u>\$ 28,313,831</u>	<u>\$ 32,181,715</u>	<u>\$ 39,622,978</u>	<u>\$ 40,886,302</u>
2.59%	2.50%	2.31%	1.48%	0.73%	0.20%

Legal Debt Margin Calculation for Fiscal Year

Estimated Taxable Market Value	<u>\$ 1,365,543,400</u>
Debt Limit (2% of taxable market value, 3% after 2008)	<u>\$ 40,966,302</u>
Legal Debt Margin	<u>\$ 40,966,302</u>

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

Table 15

	<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>
Jurisdiction			
Direct			
City of Albert Lea	\$ 17,514,013	100.00 %	<u>\$ 17,514,013</u>
Overlapping			
School District #241	33,260,448	43.10	14,335,411
County of Freeborn	9,390,000	22.30	2,094,349
Shell Rock River Watershed	1,053,339	22.59	<u>237,997</u>
Total overlapping debt			<u>16,667,757</u>
Total direct and overlapping debt			<u><u>\$ 34,181,770</u></u>

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

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

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

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

Table 16

Fiscal Year	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2014	\$ 2,334,575	\$ 1,524,685	\$ 809,890	\$ 155,000	\$ 54,972	\$ 209,972	3.86 %
2015	2,510,268	1,301,217	1,209,051	185,000	54,059	239,059	5.06
2016	2,729,257	1,344,681	1,384,576	205,000	54,362	259,362	5.34
2017	2,929,831	1,347,363	1,582,468	205,000	44,249	249,249	6.35
2018	3,120,669	1,541,431	1,579,238	215,000	34,284	249,284	6.34
2019	3,321,001	1,358,060	1,962,941	223,767	28,929	252,696	7.77
2020	3,491,601	1,332,705	2,158,896	118,666	50,942	169,608	12.73
2021	3,754,751	1,380,451	2,374,300	246,000	195,651	441,651	5.38
2022	3,862,862	1,467,465	2,395,397	242,196	152,740	394,936	6.07
2023	4,084,332	1,747,905	2,336,427	548,000	241,453	789,453	2.96

Gross revenues include all revenues from operations and interest.

Operating expense includes the cost of operations excluding depreciation expense.

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

Table 17

Fiscal Year	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2014	\$ 4,465,898	\$ 2,495,649	\$ 1,970,249	\$ -	\$ -	\$ -	100.00 %
2015	4,534,385	2,564,397	1,969,988	-	-	-	100.00
2016	4,230,589	2,462,142	1,768,447	-	-	-	100.00
2017	4,250,258	2,361,015	1,889,243	-	-	-	100.00
2018	4,213,234	2,874,193	1,339,041	-	-	-	100.00
2019	4,450,023	2,867,173	1,582,850	20,297	4,337	24,634	100.00
2020	4,446,636	2,969,112	1,477,524	111,000	8,267	119,267	12.39
2021	4,374,686	2,725,514	1,649,172	39,000	17,941	56,941	28.96
2022	5,015,365	2,763,889	2,251,476	107,383	10,339	117,722	19.13
2023	5,485,454	3,421,318	2,064,136	118,000	64,208	182,208	11.33

Gross revenues include all revenues from operations.

Operating expense includes the cost of operations excluding depreciation expense.



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

Table 18

Year	Population (1)	Personal Income (2)	Median Household Income (3)	School Enrollment (4)	Unemployment Rate (5)
2014	17,957	\$ 710,666,232	\$ 39,576	3,217	4.5 %
2015	17,945	724,511,430	40,374	3,323	4.7
2016	17,899	716,622,263	40,037	3,397	3.3
2017	18,045	760,199,760	42,128	3,423	4.7
2018	18,032	784,969,024	43,532	3,535	3.9
2019	18,165	808,578,645	44,513	3,595	3.7
2020	18,132	861,415,056	47,508	3,572	4.1
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

Source:

(1) State demographer estimate.

(2) Estimation: Calculated (population multiplied by per capita personal income).

(3) US Census Bureau.

(4) Minnesota Department of Education (Student Data).

(5) MN DEED (Freeborn County).



City of Albert Lea, Minnesota  
Statistical Section (Unaudited)  
Top 10 Water System Customers  
(by Units of Consumption as of December 31, 2023)

Table 19

Customers	Business Type	Consumption in Cubic Feet for 12 months ended 12/31/23	Percent of Total Consumption
Mrs. Gerry's Kitchen	Industrial	8,781,414	9.2 %
Hormel Albert Lea Select Foods	Industrial	6,069,461	6.4
Cargill Meat Solution Corporation	Industrial	5,231,191	5.5
Ventura Foods LLC	Industrial	2,770,314	2.9
Mayo Clinic Health Systems Albert Lea	Clinic/Hospital	1,508,268	1.6
AmTech Ingredients, LLC	Industrial	1,427,707	1.5
Stoney Creek Estates	Commercial	1,110,800	1.2
St John's Campus	Clinic/Hospital	1,026,183	1.1
Albert Lea Electro Plating Inc	Industrial	974,186	1.0
New Hills Condominium	Commercial	721,354	0.8

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

Source: City utility data.

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

Employer	Business Type	2023		
		Number of Employees	Rank	Percent of Total City Employee
Mayo Clinic Health Systems - Albert Lea	Medical	1,200	1	12.21 %
Albert Lea Area Schools	Education (Pre K-12)	684	2	6.96
Albert Lea Select Foods	Pork Processing	448	3	4.56
Lou-Rich, Inc	Manufacturing	393	4	4.00
Freeborn County	County Government	336	5	3.42
Cargill Incorporated	Agribusiness	320	6	3.26
St. John's Lutheran Home	Nursing Home, Assisted Living	300	7	3.05
Wal-Mart	Discount retail	285	8	2.90
City of Albert Lea	City Government	280	9	2.85
Hy-Vee Food Store	Grocery	200	10	2.03
Good Samaritan Center	Nursing Home, Assisted Living	-	-	-
Innovance, Inc	Holding Company (non-bank)	-	-	-
Total		4,446		45.24 %

Table 20

2014		
Number of Employees	Rank	Percent of Total City Employee
1,200	1	7.63 %
499	2	3.17
387	3	2.46
250	9	1.59
282	8	1.79
320	5	2.03
300	6	1.91
285	7	1.81
-	-	-
-	-	-
350	4	2.23
240	10	1.53
<u>4,113</u>		<u>26.15 %</u>

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

Function	Fiscal Year				
	2014	2015	2016	2017	2018
General Government					
Administration	4.00	4.00	4.00	4.00	4.00
Human resources	1.00	1.50	1.50	1.50	1.50
Finance	5.00	4.50	4.00	4.50	4.50
Legal	2.00	2.00	2.00	2.00	2.00
Public information	1.00	1.00	1.00	1.00	1.00
Planning	-	-	-	-	-
City Center	1.00	1.00	1.00	1.00	1.00
Police					
Sworn officers	26.00	26.50	26.50	26.50	26.50
Other	14.60	2.50	2.50	2.90	2.90
Fire and Inspection					
Fire	16.50	16.50	16.50	16.50	16.50
Inspection	3.00	3.00	3.00	4.00	4.00
Public Works					
Engineering	5.40	5.40	5.40	5.40	5.40
Street and garage	12.00	12.00	12.00	12.34	12.59
Water	10.00	9.00	9.00	9.33	9.58
Sewer	13.50	13.50	13.50	13.83	14.08
Solid waste management	1.00	1.00	1.00	1.00	1.00
Parks and Recreation					
Recreation	2.85	2.85	2.85	2.85	2.35
Swimming	0.15	0.15	0.15	0.15	0.15
Senior citizen center	1.20	1.50	1.50	1.50	1.50
Arena	3.00	3.00	3.00	3.00	2.50
Parks	8.00	8.00	8.00	8.00	9.25
Library	10.30	11.50	12.70	12.70	13.70
Community Development	-	-	-	-	-
Total employees	<u>140.67</u>	<u>141.22</u>	<u>140.95</u>	<u>140.50</u>	<u>140.50</u>

Source: 2023 Budget

Table 21

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

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

Function	Fiscal Year				
	2014	2015	2016	2017	2018
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire Station	1	1	1	1	1
Streets					
Streets (miles)	138.22	138.22	138.22	138.22	138.22
Streetlights	1,862	1,862	1,862	1,862	1,862
Parks and Recreation					
Arena	1	1	1	1	1
Civic theater	1	1	1	1	1
Senior citizen center	1	1	1	1	1
Softball fields	5	5	5	5	5
Swimming pools	1	1	1	1	1
Splash pad	-	-	-	1	1
Tennis courts	3	3	3	3	3
Parks acreage	432	432	432	432	432
Parks	44	44	44	44	44
Water					
Storage capacity (millions of gallons)	2.4	2.4	2.4	2.4	2.4
Watermains (miles)	115.78	115.78	115.78	115.78	115.78
Pumping plants	4	4	4	4	4
Fire hydrants	1,156	1,156	1,156	1,156	1,156
Sewer					
Sanitary sewers (miles)	109.73	109.73	109.73	109.73	109.73
Storm sewers (miles)	58.59	58.59	58.59	58.59	58.59
Maximum daily treatment capacity (millions of gallons)	12.5	12.5	12.5	12.5	12.5



Table 22

Fiscal Year				
2019	2020	2021	2022	2023
1	1	1	1	1
18	18	18	18	18
1	1	1	1	1
138.22	138.22	138.22	138.22	138.22
1,869	1,870	1,870	1,870	1,870
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
1	1	1	1	1
3	7	7	7	7
432	432	432	432	432
44	44	44	44	44
2.4	2.4	2.4	2.4	2.4
117.15	117.15	117.15	117.15	117.15
4	4	4	4	4
1,169	1,169	1,169	1,169	1,169
111.33	111.33	111.33	111.33	111.33
58.59	58.59	58.59	58.59	58.59
12.5	12.5	12.5	12.5	12.5

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

Function	Fiscal Year				
	2014	2015	2016	2017	2018
Police					
Stations	1	1	1	1	1
Patrol units	18	18	18	18	18
Fire Station	1	1	1	1	1
Streets					
Streets (miles)	138.22	138.22	138.22	138.22	138.22
Streetlights	1,862	1,862	1,862	1,862	1,862
Parks and Recreation					
Arena	1	1	1	1	1
Civic theater	1	1	1	1	1
Senior citizen center	1	1	1	1	1
Softball fields	5	5	5	5	5
Swimming pools	1	1	1	1	1
Splash pad	-	-	-	1	1
Tennis courts	3	3	3	3	3
Parks acreage	432	432	432	432	432
Parks	44	44	44	44	44
Water					
Storage capacity (millions of gallons)	2.4	2.4	2.4	2.4	2.4
Watermains (miles)	115.78	115.78	115.78	115.78	115.78
Pumping plants	4	4	4	4	4
Fire hydrants	1,156	1,156	1,156	1,156	1,156
Sewer					
Sanitary sewers (miles)	109.73	109.73	109.73	109.73	109.73
Storm sewers (miles)	58.59	58.59	58.59	58.59	58.59
Maximum daily treatment capacity (millions of gallons)	12.5	12.5	12.5	12.5	12.5

Table 22

Fiscal Year				
2019	2020	2021	2022	2023
1	1	1	1	1
18	18	18	18	18
1	1	1	1	1
138.22	138.22	138.22	138.22	138.22
1,869	1,870	1,870	1,870	1,870
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
5	5	5	5	5
1	1	1	1	1
1	1	1	1	1
3	7	7	7	7
432	432	432	432	432
44	44	44	44	44
2.4	2.4	2.4	2.4	2.4
117.15	117.15	117.15	117.15	117.15
4	4	4	4	4
1,169	1,169	1,169	1,169	1,169
111.33	111.33	111.33	111.33	111.33
58.59	58.59	58.59	58.59	58.59
12.5	12.5	12.5	12.5	12.5

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

	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Police						
Class I crimes	426	406	347	433	496	551
Class II crimes	644	599	571	372	624	678
Fire						
Number of calls answered	803	2,084	2,143	2,091	2,271	2,404
Inspections	195	388	437	395	610	1,052
Highways and Streets						
Street resurfacing (miles)	5.52	1.43	5.19	3.35	4.51	2.19
Culture and recreation						
Boat dock permits	242	257	265	262	266	269
Park facility rentals	331	341	311	343	340	383
Water						
New connections	11	17	19	10	20	68
Watermain breaks	46	28	26	39	59	38
Average daily consumptions (thousand of gallons)	3,208	3,073	2,930	2,853	2,753	5,501
Wastewater						
Average daily sewage treatment (thousand of gallons)	3,718	3,615	4,376	3,654	3,630	4,853

Table 23

Fiscal Year			
2020	2021	2022	2023
522	485	352	411
708	693	766	727
2,445	2,656	2,888	2,742
473	155	558	505
3.23	2.19	3.89	1.51
271	279	275	269
7	339	327	332
38	20	16	12
40	41	36	35
2,548	2,566	2,434	2,483
3,216	2,947	2,615	2,926

**FORM OF LEGAL OPINION**

(See following pages)

## PROPOSED FORM OF LEGAL OPINION

\$15,475,000  
GENERAL OBLIGATION BONDS, SERIES 2024B  
CITY OF ALBERT LEA  
FREEBORN COUNTY  
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Albert Lea, Freeborn County, Minnesota (the "Issuer"), of its \$15,475,000 General Obligation Bonds, Series 2024B, bearing a date of original issue of July 25, 2024 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution, Charter of the Issuer and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

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

TAFT STETTINIUS & HOLLISTER LLP



**BOOK-ENTRY-ONLY SYSTEM**

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

(See following pages)

## PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Albert Lea, Minnesota (the "Issuer"), in connection with the issuance of its \$15,475,000 General Obligation Bonds, Series 2024B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on July 8, 2024 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

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

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated July 8, 2024, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2024, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2025, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Current Property Valuations; Direct Debt; Tax Levies and Collections; US Census Data/Population Trend; and Employment/Unemployment Data.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided

because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: July 25, 2024.

CITY OF ALBERT LEA, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Manager