

# Comprehensive Annual Financial Report

Albert Lea, Minnesota  
Year Ended December 31, 2015



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CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada  
Published April 28, 2016

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**INTRODUCTORY SECTION**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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April 28, 2016

Honorable Mayor and  
Members of the City Council

State statutes require that within six months of the close of the fiscal year the City publish a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

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.

Abdo Eick & Meyers, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Albert Lea’s financial statements for the year ended December 31, 2015. The independent auditors’ report is located at the front of the financial section of this report.

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

### **Profile of the Government**

The City of Albert Lea, incorporated in 1878, is located at the cross roads of interstate highways I-90 and I-35. It is a diversified regional industrial, agricultural, retail, medical, and tourism center. The community is historic by Minnesota standards including a downtown designated as a National Commercial Historic District, with approximately 115 buildings in the District. We are approximately 100 miles south of the Twin Cities and only ten miles from the Iowa border. We are referred to as the “land between the lakes” as we are surrounded by several beautiful lakes. Our city currently occupies over 13 square miles and serves a population of 17,815 (U.S. Census Bureau estimate). The City of Albert Lea is empowered to levy a property tax on both real and personal property located within its boundaries. These boundaries continue to increase through annexations as the City continues to develop.

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

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

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

## **Local Economy**

While the nation, state and region continue to rebound from one of the worst recessions in history, the local economy is continuing to experience economic stability and growth. Much of our local economy is based in agriculture, including food processing and renewable fuels, and is more diversified than compared to a few decades ago. However, the City's historic downtown is experiencing revitalization that is resulting in a new economic hub for the community. Improvements to water quality and other community assets are also resulting in more tourism as evidenced by multi-year increases in revenues from a local option sales tax and lodging tax.

## **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.

Unrestricted fund balance in the general fund is within the recommendation by the Office of the State Auditor. It is recommended that the city maintain a balance between thirty and fifty percent of next year's expenditures. The City has always chosen to be quite 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 has recently completed a Facilities Master Plan that addresses needed improvements or replacement for all City facilities. The Facilities Master Plan has been incorporated into the City's Financial Management Plan to ensure adequate funding sources to implement the Facilities Plan. For 2016, the City is planning for a new arrival and departure building at the Albert Lea Municipal Airport. Approximately 90% of the project is being funded by State and Federal appropriations. The City is also moving forward with the land acquisition and design for an add-on administrative building to the City Garage (Public Works Facility) in 2016. Lastly, the City may be determining and securing a site for a future Fire Station in 2016. Construction of the facility will not likely occur until 2017 at the earliest, with more likelihood in 2018 or thereafter.

Infrastructure improvements have also been a primary goal the past few years, despite the challenges of an economic recession. Several major road improvements and neighborhood road maintenance projects are being conducted each year. Significant public improvement projects slated for 2016 include the completion of Virginia Place and 5<sup>th</sup> Street reconstruction, Phase II of the Lakeview Boulevard improvement, Lake Chapeau Drive, Edgewater Drive, and the reconstruction of Park Avenue and adjacent streets.

Private initiatives of significance that have encompassed a great deal of work in both 2015 and 2016 include a \$40 million campus for St. John's Lutheran Home, a regional storm water pond to benefit several parcels in the North Industrial Park, and a 24-unit income limited housing project in the Freeborn Bank and Jacobson Buildings downtown, and continued construction of much needed market rate rental housing to resolve some of our workforce housing needs. For both the St. John's and regional storm water pond projects, significant partnership and investment was needed with the City to provide public improvements to the projects.

Several other economic development prospects, including attraction of large industry, retention and expansion of existing businesses, relocation and growth of existing businesses to other sites in the community, and continued revitalization of downtown Broadway and South Broadway are leading to more confidence and opportunity to increase the community's workforce and tax base over the next few years at a more rapid pace than previous years combined.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Albert Lea for its comprehensive annual financial report for the year ended December 31, 2014. This is the thirty-first (1983-2014) consecutive year that the City of Albert Lea has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements.

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

I express my sincere appreciation to all the members of the Finance Department who assisted and contributed to the preparation of this report. Credit is also due to the auditing firm of Abdo Eick & Meyers, LLP for their valuable contributions and advice. I would also like to thank the Mayor and City Council for their leadership in financial planning and operations in a responsible and progressive manner.

Respectfully submitted,



Chad M. Adams  
City Manager

CITY OF ALBERT LEA, MINNESOTA  
 ELECTED AND APPOINTED OFFICIALS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**ELECTED**

Name	Title	Term Expires
Vern Rasmussen Jr.	Mayor	12/31/18
John H. Schulte V	Council Member - Ward 1	12/31/16
Larry Baker	Council Member - Ward 2	12/31/18
George Marin	Council Member - Ward 3	12/31/16
Reid Olson	Council Member - Ward 4	12/31/18
Larry Anderson	Council Member - Ward 5	12/31/16
Al Brooks	Council Member - Ward 6	12/31/18

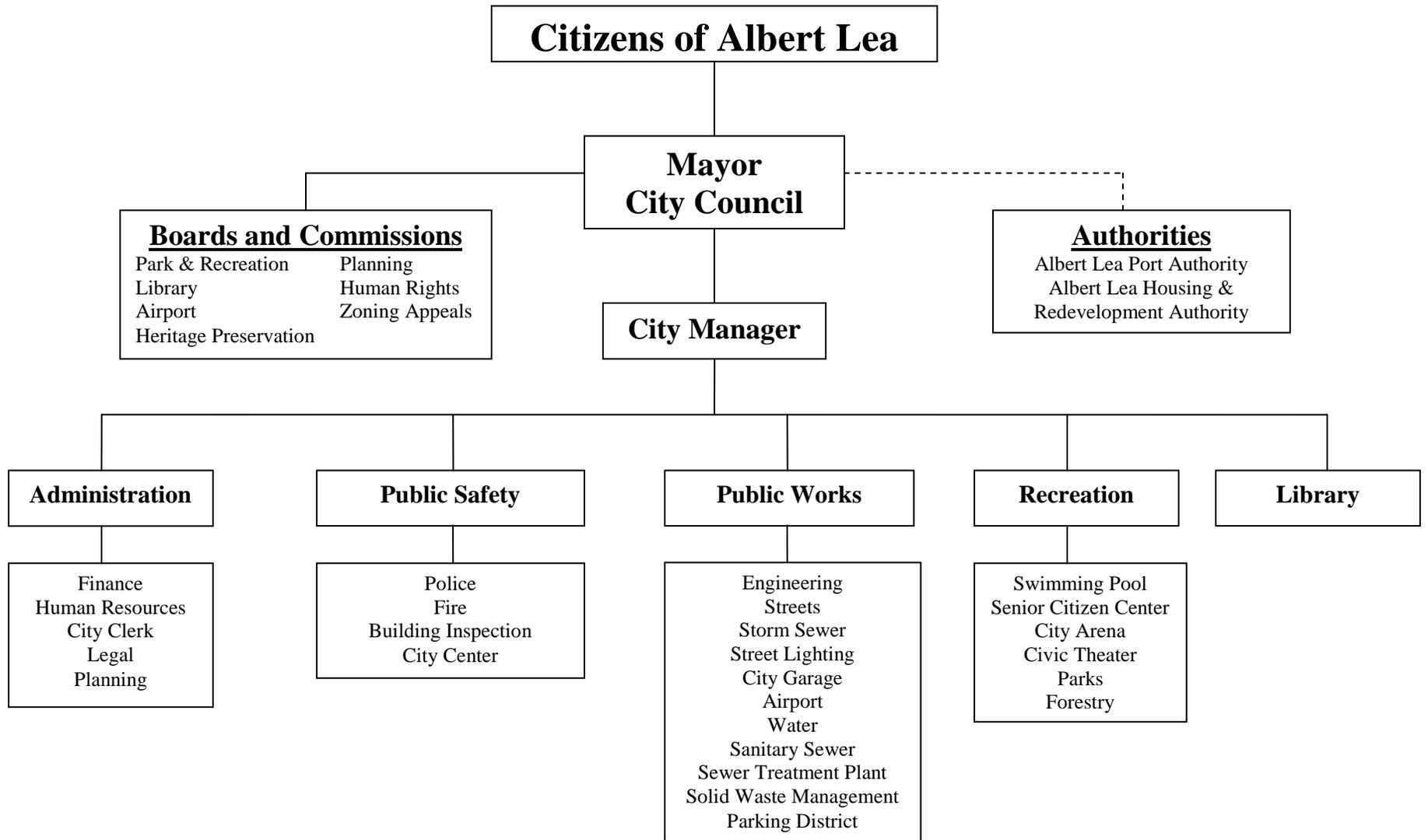
**STAFF**

Name	Title
Chad Adams	City Manager
Jerry Gabrielatos	Assistant City Manager
Lee Bjorndal	City Attorney
Peggy Havener	Library Director
Jay Hutchison	Park and Recreation Director
Steven Jahnke	Public Works Director/City Engineer
Dwaine Winkels	Director of Public Safety
Michael Zelenak	Human Resources Director



# Organization Chart

## City of Albert Lea, Minnesota





Government Finance Officers Association

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

Presented to

**City of Albert Lea  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

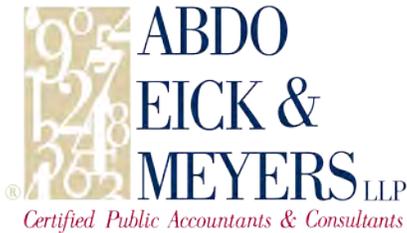
Executive Director/CEO

**FINANCIAL SECTION**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Albert Lea, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Port Authority of the City of Albert Lea, a discretely presented component unit. Those financial statements were audited by other auditors, whose report dated March 29, 2016, expressed an unmodified opinion on those statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above 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 as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### *Change in Accounting Standards*

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employer's Contributions and the Schedule of Funding Progress for Other Post-Employment Benefit Plan starting on page 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

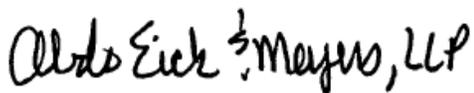
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules including the capital asset schedules and the bond payable schedule, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2016, on our consideration of the City'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 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 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's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
April 28, 2016

People  
+ Process  
Going  
Beyond the  
Numbers

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## 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, 2015. 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 5 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 \$128,344,424 (*net position*). Of this amount, \$25,146,524 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of business-type activities increased by \$589,361 and total net position of the governmental activities increased by \$5,091,865. This resulted in a total net asset increase of \$5,681,226 for the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,182,045, an increase of \$2,327,547 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$8,407,722, or 55.4 percent of the 2016 budgeted General fund expenditures and transfers.
- The City's total outstanding debt increased \$10,303,804 during the current fiscal year as a result of the implementation of GASB 68 related to pension liabilities.

**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.

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

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

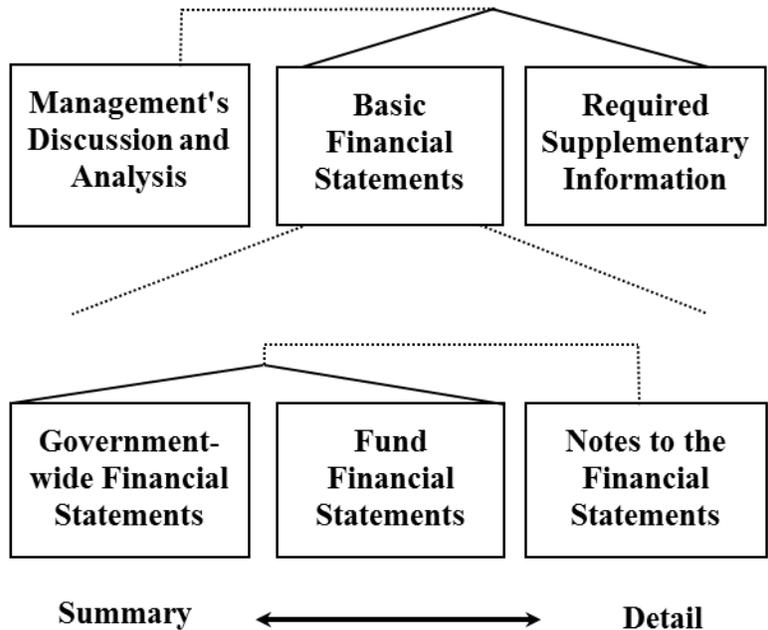


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

**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 and parking.

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 30 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 fund.** *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.

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 55 individual governmental funds, 11 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, the Debt Service fund, Fire Pension, Police Pension, Street Improvement Projects, TIF 5-13 Larson Manufacturing, TIF 5-15 Broadway Ridge Redevelopment and Lakeview Boulevard, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on pages 36 of this report.

**Proprietary funds.** The City maintains two types of proprietary fund. *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, solid waste management and parking 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 starts on page 46 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on pages 53 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 90 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 \$128,344,424 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (63.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The 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		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 47,733,215	\$ 46,085,398	\$ 1,647,817	\$ 13,789,111	\$ 13,456,701	\$ 332,410
Capital assets	61,380,317	55,341,642	6,038,675	41,197,882	41,125,761	72,121
Total assets	109,113,532	101,427,040	7,686,492	54,986,993	54,582,462	404,531
<b>Deferred outflows of resources</b>						
Deferred pension resources	1,387,728	-	1,387,728	50,013	-	50,013
<b>Liabilities</b>						
Other liabilities	3,325,734	3,412,686	(86,952)	312,417	327,433	(15,016)
Noncurrent liabilities	28,915,857	18,901,413	10,014,444	2,328,593	2,044,795	283,798
Total liabilities	32,241,591	22,314,099	9,927,492	2,641,010	2,372,228	268,782
<b>Deferred inflows of resources</b>						
Deferred pension resources	2,190,559	-	2,190,559	120,682	-	120,682
<b>Net position</b>						
Net investment in capital assets	42,082,378	38,238,312	3,844,066	39,661,982	39,407,245	254,737
Restricted	21,453,540	19,579,069	1,874,471	-	-	-
Unrestricted	12,533,192	21,295,560	(8,762,368)	12,613,332	12,802,989	(189,657)
Total net position	\$ 76,069,110	\$ 79,112,941	\$ (3,043,831)	\$ 52,275,314	\$ 52,210,234	\$ 65,080

An additional portion of the City's net position (16.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (19.6) may be used to meet the City's ongoing obligations to citizens and creditors.

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

**Governmental activities.** Governmental activities increased the City's net position by \$5,091,865, thereby accounting for 89.6 percent 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

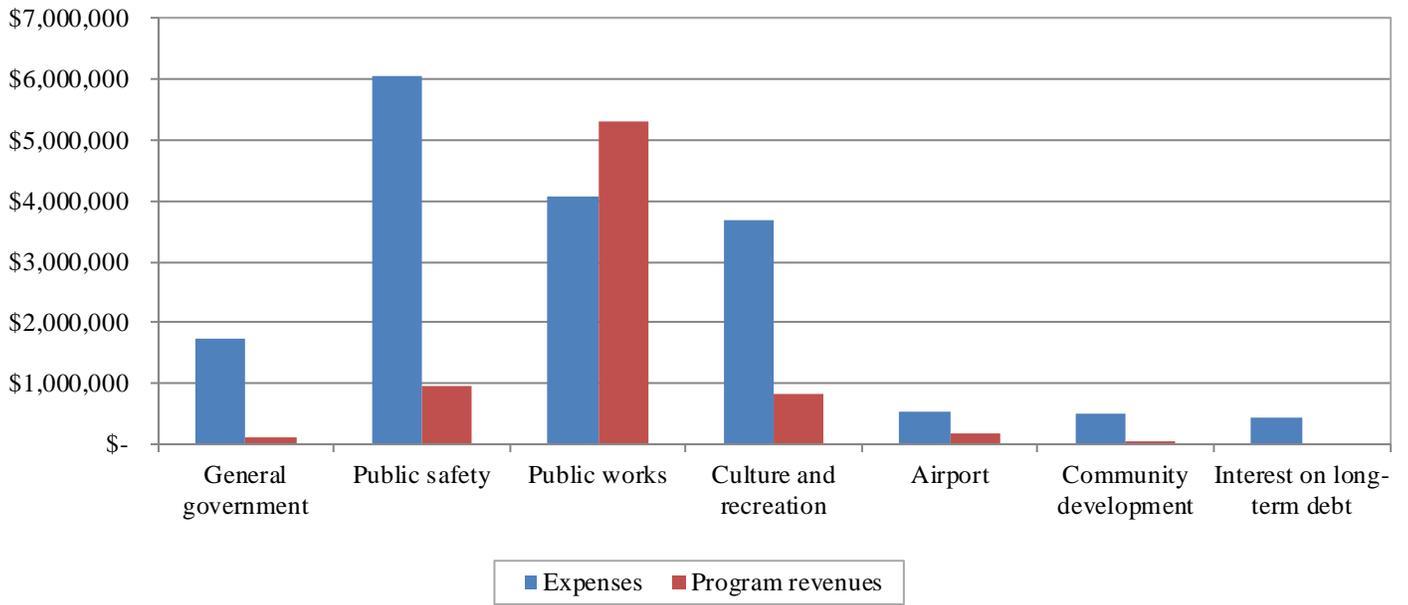
	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,536,066	\$ 1,738,468	\$ (202,402)	\$ 7,251,097	\$ 7,044,784	\$ 206,313
Operating grants and contributions	604,428	551,154	53,274	-	-	-
Capital grants and contributions	5,239,394	2,353,280	2,886,114	192,187	37,807	154,380
General revenues						
Property taxes	6,059,290	5,837,470	221,820	-	-	-
Tax increments	133,114	265,279	(132,165)	-	-	-
Lodging taxes	11,014	10,651	363	-	-	-
Franchise taxes	1,454,231	1,501,681	(47,450)	-	-	-
State grants and contributions not restricted to specific programs	5,252,535	5,169,457	83,078	-	-	-
Unrestricted investment earnings	400,659	765,231	(364,572)	96,193	744,898	(648,705)
Gain on disposal of capital assets	51,070	8,159	42,911	-	-	-
Total revenues	<u>20,741,801</u>	<u>18,200,830</u>	<u>2,540,971</u>	<u>7,539,477</u>	<u>7,827,489</u>	<u>(288,012)</u>
Expenses						
General government	1,735,013	2,066,221	(331,208)	-	-	-
Public safety	6,051,784	6,282,002	(230,218)	-	-	-
Public works	4,186,823	4,116,428	70,395	-	-	-
Culture and recreation	3,694,414	3,709,010	(14,596)	-	-	-
Airport	546,100	608,770	(62,670)	-	-	-
Community development	506,248	405,733	100,515	-	-	-
Interest on long-term debt	432,617	433,078	(461)	-	-	-
Water	-	-	-	1,628,018	1,845,736	(217,718)
Sewer	-	-	-	3,677,161	3,520,744	156,417
Solid waste	-	-	-	130,506	109,784	20,722
Parking maintenance district	-	-	-	11,368	24,363	(12,995)
Total expenses	<u>17,152,999</u>	<u>17,621,242</u>	<u>(468,243)</u>	<u>5,447,053</u>	<u>5,500,627</u>	<u>(53,574)</u>
Increase in net assets before transfers	3,588,802	579,588	3,009,214	2,092,424	2,326,862	(234,438)
Transfers - capital related	-	(883,473)	883,473	-	883,473	(883,473)
Transfers	1,503,063	1,870,820	(367,757)	(1,503,063)	(1,870,820)	367,757
Change in net position	5,091,865	1,566,935	3,524,930	589,361	1,339,515	(750,154)
Net position, January 1 as restated (Note 9)	<u>70,977,245</u>	<u>77,546,006</u>	<u>(6,568,761)</u>	<u>51,685,953</u>	<u>50,870,719</u>	<u>815,234</u>
Net position, December 31	<u>\$ 76,069,110</u>	<u>\$ 79,112,941</u>	<u>\$ (3,043,831)</u>	<u>\$ 52,275,314</u>	<u>\$ 52,210,234</u>	<u>\$ 65,080</u>

\* GASB Statement No. 68 was implemented for the year ended December 31, 2015 and required a \$8,135,696 and \$524,281 restatement of beginning net position for governmental activities and business-type activities, respectively. Prior year amounts were not restated causing a variance in ending net position at December 31, 2014 and beginning net position on January 1, 2015. See Note 8.

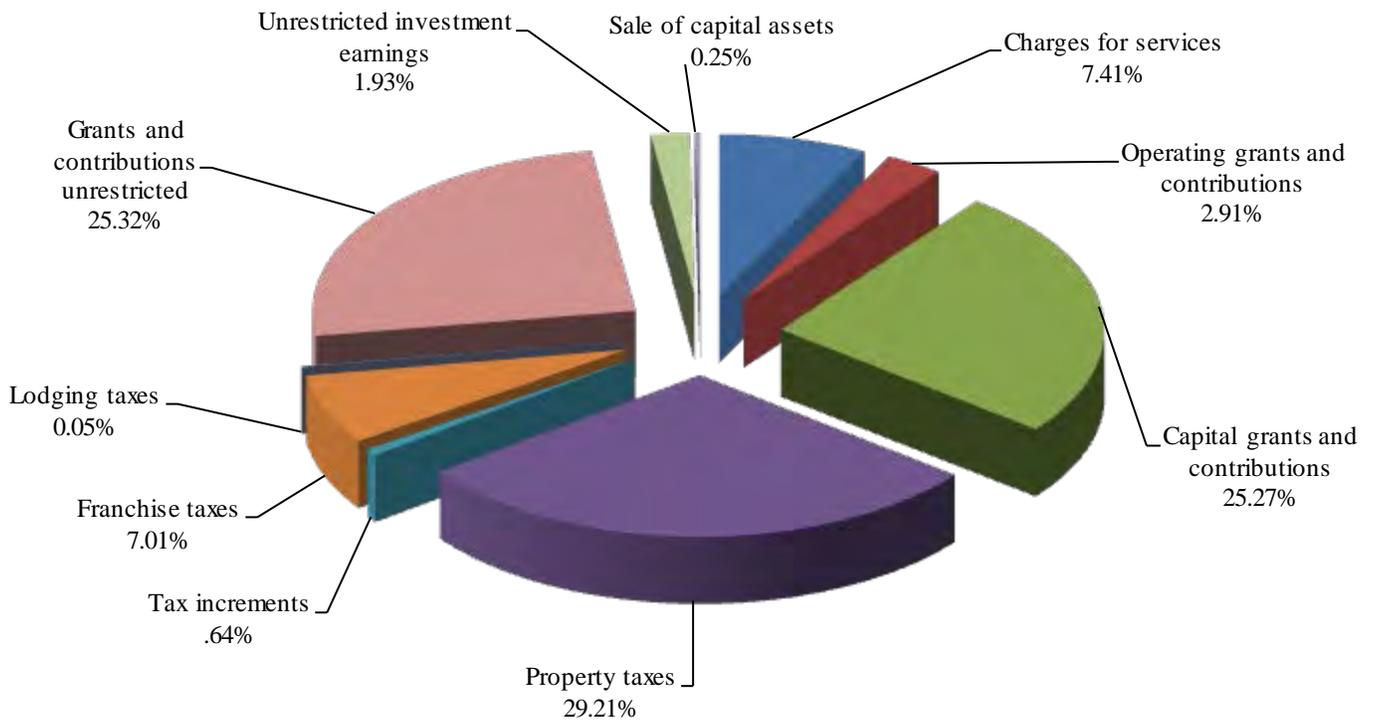
- Property taxes represent approximately 29 percent of total revenues in 2015 in governmental activities.
- The largest revenue variance was approximately a \$2.8 million increase in capital grants and contributions related to federal and state monies received in 2015 for capital projects.

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

### Expenses and Program Revenues - Governmental Activities

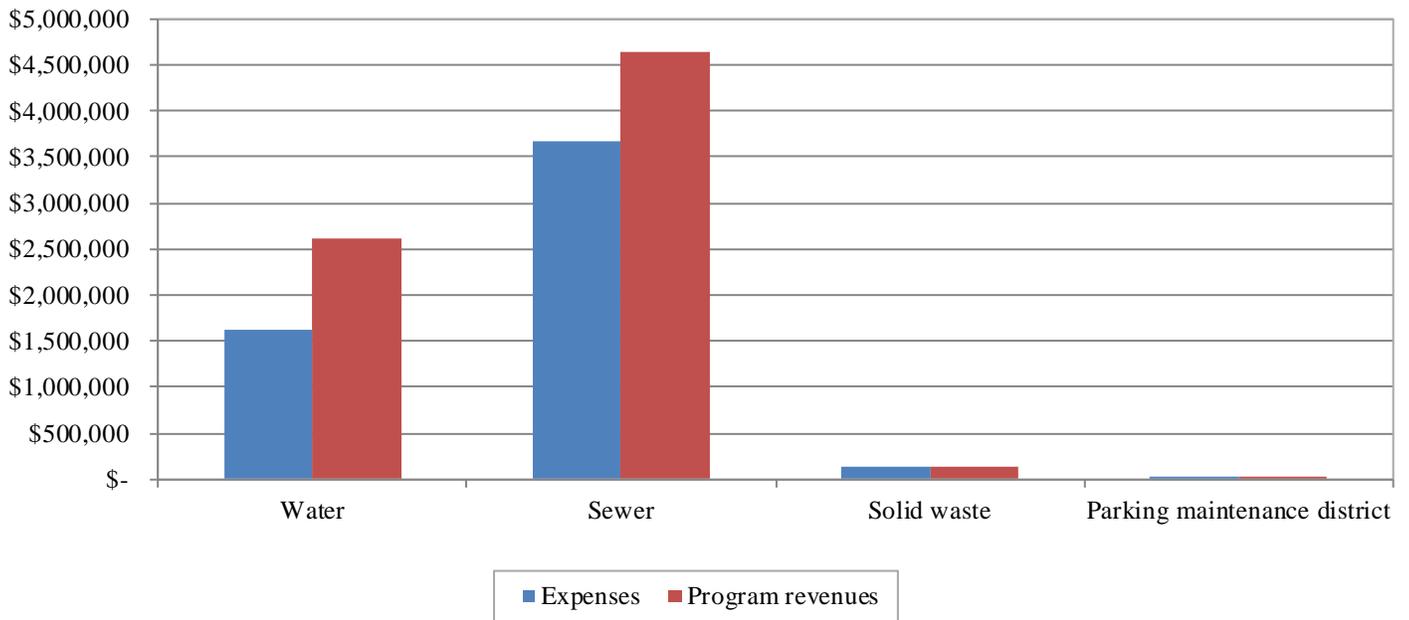


### Revenues by Source - Governmental Activities

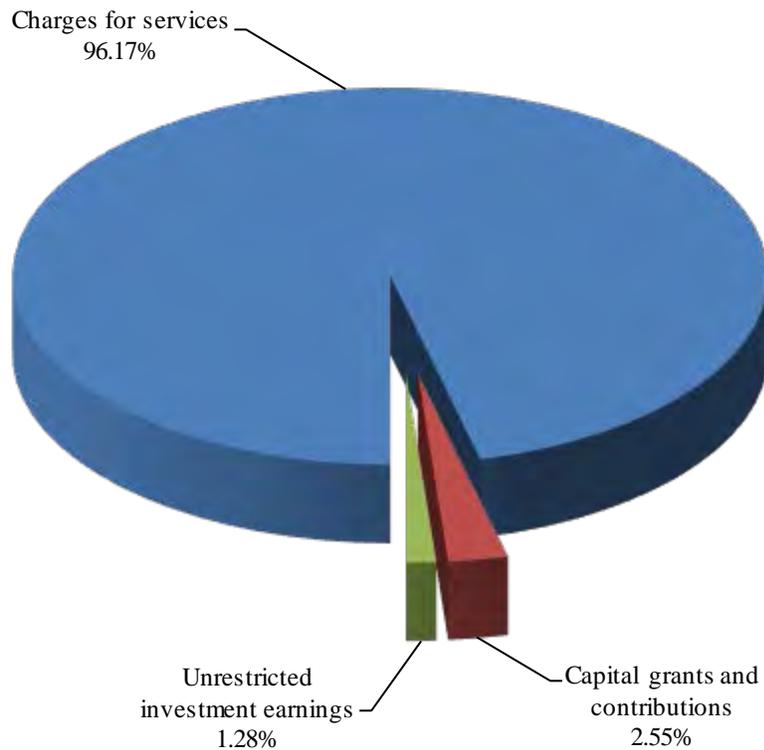


**Business-type activities.** Business-type activities increased the City’s net position \$589,361. Key elements of this increase are as follows:

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



**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,182,045, an increase of \$2,327,547 in comparison with the prior year. Approximately 14.3 percent of this total amount (\$4,878,460) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$29,303,585) is not available for new spending because it is either 1) nonspendable (\$1,919,162), 2) restricted (\$16,579,219), 3) committed (\$3,977,482), or 4) assigned (\$6,827,722) for the purposes described in the fund balance section of each balance sheet.

Major funds	Fund Balance December 31,		Increase (Decrease)
	2015	2014	
<b>General</b>	\$ 12,181,916	\$ 12,533,947	\$ (352,031)
The General fund is the chief operating fund of the City. The General fund had a decrease in fund balance of \$352,031. The fund transferred out \$1,899,588 during the year, mostly for future capital purchases.			
<b>Debt Service</b>	\$ 3,534,001	\$ 3,012,377	\$ 521,624
The Debt Service fund has a total fund balance of \$3,534,001 and increased \$521,624 from 2014. The increase in fund balance is mainly due to prepaid assessment revenues.			
<b>Fire Pension</b>	\$ 8,013,717	7,825,411	\$ 188,306
The Fire Pension fund holds investments restricted for public safety expenditures. The increase is due to investments earnings in excess of capital expenditures.			
<b>Police Pension</b>	\$ 3,236,673	3,238,353	\$ (1,680)
The Police Pension fund holds investments restricted for public safety expenditures. The decrease is due to capital expenditures in excess of investments earnings.			
<b>TIF 5-13 Larson Manufacturing</b>	\$ (1,841,046)	\$ (1,844,326)	\$ 3,280
The TIF 5-13 fund has a total fund balance deficit of \$1,841,046. The deficit is mostly due to expenditures being greater than revenues from prior years. The deficit will be funded with future tax increment revenues.			
<b>Street Improvements Projects</b>	\$ 1,972,092	\$ 1,584,068	\$ 388,024
The Street Improvements Projects fund has a total fund balance of \$1,972,072, which is an increase in fund balance of \$388,024. The increase is a result of transfers in, in excess of spending.			
<b>TIF 5-15 Broadway Ridge Redevelopment</b>	\$ (1,583,994)	\$ (1,600,003)	\$ 16,009
The TIF 5-15 fund has a total fund balance deficit of \$1,583,994. The deficit is mostly due to expenditures being greater than revenues from prior years. The deficit will be funded with future tax increment revenues.			
<b>Lakeview Boulevard</b>	\$ 309,848	\$ -	\$ 309,848
The Lakeview Boulevard fund has a total fund balance of \$309,848 which is an increase in fund balance. This was due intergovernmental revenues and bonds issued exceeding current capital costs.			

**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 \$13,075,064. The total increase in net position for the funds was \$659,353. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

## 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 decrease of \$352,031 in 2015. Some of the larger variances are as follows:

- Revenues were over budget by \$334,950 which is mostly attributed to intergovernmental and charges for services being over budget by \$170,535 and \$106,379, respectively.
- Transfers out were over budget by \$685,305 due to the Council approved \$250,000 transfer to the Broadway Ridge and a \$250,000 transfer to the Building Maintenance fund. In addition, a transfer of \$185,305 was made to separate the Broadway Ridge fund from the General Fund.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$102,578,199 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

- Purchase of a fire truck
- Purchase of 13 new vehicles
- Purchase of a front wheel loader
- Various street improvement projects
- SCBA Equipment
- SCADA System for Sewer Plant
- Police car camera system

### City of Albert Lea's Capital Assets (net of accumulated depreciation)

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	\$ 5,819,979	\$ 5,632,667	\$ 187,312	\$ 889,206	\$ 880,614	\$ 8,592
Construction in progress	8,850,149	2,096,455	6,753,694	860,961	200,085	660,876
Buildings	7,095,819	7,448,437	(352,618)	19,520,024	20,254,270	(734,246)
Improvements other than buildings	35,439,429	36,976,383	(1,536,954)	19,179,853	19,014,698	165,155
Equipment	4,174,941	3,187,700	987,241	747,838	776,094	(28,256)
Total	<u>\$ 61,380,317</u>	<u>\$ 55,341,642</u>	<u>\$ 6,038,675</u>	<u>\$ 41,197,882</u>	<u>\$ 41,125,761</u>	<u>\$ 72,121</u>

Additional information on the City's capital assets can be found in Note 3C starting on page 65 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$21,775,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Albert Lea's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
PIR assessment bonds	\$ 19,150,000	\$ 16,295,000	\$ 2,855,000	\$ -	\$ -	\$ -
Capital improvement assessment bonds	-	-	-	-	-	-
Equipment certificate	1,075,000	1,120,000	(45,000)	290,000	315,000	-
Notes payable	-	24,000	(24,000)	-	-	-
Revenue bonds	-	-	-	1,260,000	1,420,000	(160,000)
Compensated absences payable	1,010,197	1,012,696	(2,499)	247,298	240,268	7,030
Other postemployment benefits payable	443,791	374,704	69,087	101,869	86,011	15,858
Pension liability	7,169,802	-	7,169,802	443,526	-	443,526
<b>Total</b>	<b><u>\$ 28,848,790</u></b>	<b><u>\$ 18,826,400</u></b>	<b><u>\$ 10,022,390</u></b>	<b><u>\$ 2,342,693</u></b>	<b><u>\$ 2,061,279</u></b>	<b><u>\$ 281,414</u></b>

The City's bond rating is AA- from Standards and Poor's. Additional information on the City's long-term debt can be found in Note 3G starting on page 70 of this report.

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

- The City approved a balanced budget for 2016.
- The City's General fund property tax levy remained at the same level for 2016, 2015, and 2014.
- The City established a long-range financial plan to use as a tool for managing the City's tax levy, tax rate and debt load.
- The City adjusted water rates and sewer rates for 2015 and 2016.

Past unallotments of local government aid continue to make for an uncertain future in funding City government. The City is in a stable position with an unassigned fund balance in the General fund of 55 percent of the 2016 budgeted expenses at the end of 2015.

#### 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.

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Port Authority	Housing Redevelopment Authority
<b>ASSETS</b>					
Cash and temporary investments	\$ 36,734,297	\$ 12,319,595	\$ 49,053,892	\$ 1,379,836	\$ 431,832
Restricted cash	-	-	-	-	52,508
Receivables					
Taxes	240,482	-	240,482	-	-
Accounts	304,864	1,065,092	1,369,956	14,361	146,208
Special assessments	7,436,200	522,029	7,958,229	-	-
Interest	106,419	-	106,419	1,996	-
Contract for deed	-	-	-	431,461	-
Loans, net	700,919	-	700,919	585,222	-
Due from other governments	486,082	-	486,082	-	-
Due from primary government	-	-	-	1,750,000	-
Internal balances	461,732	(461,732)	-	-	-
Inventory	-	143,484	143,484	-	6,117
Prepaid items	1,262,220	31,207	1,293,427	621	9,130
Property held for resale	-	-	-	4,315,470	-
Patronage equity	-	169,436	169,436	3,182	-
Capital assets					
Land and construction in progress	14,670,128	1,750,167	16,420,295	262,933	177,998
Depreciable assets (net of accumulated depreciation)	46,710,189	39,447,715	86,157,904	2,418,705	3,347,134
<b>TOTAL ASSETS</b>	<b>109,113,532</b>	<b>54,986,993</b>	<b>164,100,525</b>	<b>11,163,787</b>	<b>4,170,927</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension resources	1,387,728	50,013	1,437,741	-	-
<b>LIABILITIES</b>					
Accounts payable	416,518	244,396	660,914	37,713	4,783
Due to other governments	262,063	245	262,308	-	20,515
Contracts payable	287,669	-	287,669	3,521	-
Accrued salaries payable	341,543	46,942	388,485	4,900	7,868
Accrued interest payable	222,044	20,834	242,878	3,141	52
Due to component unit	1,750,000	-	1,750,000	-	-
Deposits payable	45,897	-	45,897	-	33,547
Unearned revenue	-	-	-	28,475	1,583
Noncurrent liabilities					
Due within one year	3,193,404	340,799	3,534,203	82,842	18,671
Due in more than one year	25,722,453	1,987,794	27,710,247	1,240,781	370,010
<b>TOTAL LIABILITIES</b>	<b>32,241,591</b>	<b>2,641,010</b>	<b>34,882,601</b>	<b>1,401,373</b>	<b>457,029</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for subsequent years	-	-	-	-	81,750
Deferred pension resources	2,190,559	120,682	2,311,241	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,190,559</b>	<b>120,682</b>	<b>2,311,241</b>	<b>-</b>	<b>81,750</b>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION - CONTINUED  
DECEMBER 31, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Port Authority	Housing Redevelopment Authority
NET POSITION					
Net investment in capital assets	\$ 42,082,378	\$ 39,661,982	\$ 81,744,360	\$ 1,366,631	\$ 3,170,217
Restricted for					
Capital purchases	99,114	-	99,114	-	-
Airport improvements	135,755	-	135,755	-	-
Economic development	490,490	-	490,490	-	-
Capital improvements	1,081,764	-	1,081,764	-	-
Debt service	8,408,322	-	8,408,322	-	-
Fire and police operations	11,238,095	-	11,238,095	-	-
Unrestricted	12,533,192	12,613,332	25,146,524	8,395,783	461,931
 TOTAL NET POSITION	 <u>\$ 76,069,110</u>	 <u>\$ 52,275,314</u>	 <u>\$ 128,344,424</u>	 <u>\$ 9,762,414</u>	 <u>\$ 3,632,148</u>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	1,735,013	\$ 91,998	\$ -	\$ 13,915
Public safety	6,051,784	593,276	351,836	6,112
Public works	4,186,823	225,221	252,592	4,819,156
Culture and recreation	3,694,414	547,688	-	273,689
Airport	546,100	38,680	-	126,522
Community development	506,248	39,203	-	-
Interest on long-term debt	432,617	-	-	-
<b>Total governmental activities</b>	<b>17,152,999</b>	<b>1,536,066</b>	<b>604,428</b>	<b>5,239,394</b>
<b>Business-type activities</b>				
Water	1,628,018	2,538,066	-	79,880
Sewer	3,677,161	4,534,390	-	112,307
Solid waste	130,506	138,876	-	-
Parking maintenance district	11,368	39,765	-	-
<b>Total business-type activities</b>	<b>5,447,053</b>	<b>7,251,097</b>	<b>-</b>	<b>192,187</b>
<b>Total primary government</b>	<b>\$ 22,600,052</b>	<b>\$ 8,787,163</b>	<b>\$ 604,428</b>	<b>\$ 5,431,581</b>
<b>Component units</b>				
Port Authority	\$ 1,085,157	\$ 732,203	\$ 55,972	\$ -
Housing Redevelopment Authority	\$ 1,662,226	\$ 473,993	\$ 1,158,061	\$ -

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1 as restated (Note 8)

Net position - ending

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

Net Revenues (Expenses) and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Port Authority	Housing Redevelopment Authority
\$ (1,629,100)	\$ -	\$ (1,629,100)	\$ -	\$ -
(5,100,560)	-	(5,100,560)	-	-
1,110,146	-	1,110,146	-	-
(2,873,037)	-	(2,873,037)	-	-
(380,898)	-	(380,898)	-	-
(467,045)	-	(467,045)	-	-
(432,617)	-	(432,617)	-	-
<u>(9,773,111)</u>	<u>-</u>	<u>(9,773,111)</u>	<u>-</u>	<u>-</u>
-	989,928	989,928	-	-
-	969,536	969,536	-	-
-	8,370	8,370	-	-
-	28,397	28,397	-	-
<u>-</u>	<u>1,996,231</u>	<u>1,996,231</u>	<u>-</u>	<u>-</u>
<u>(9,773,111)</u>	<u>1,996,231</u>	<u>(7,776,880)</u>	<u>-</u>	<u>-</u>
			<u>(296,982)</u>	
				<u>(30,172)</u>
4,859,193	-	4,859,193	-	-
1,200,097	-	1,200,097	-	-
133,114	-	133,114	-	-
11,014	-	11,014	-	-
1,454,231	-	1,454,231	-	-
5,252,535	-	5,252,535	-	-
400,659	96,193	496,852	5,597	12
51,070	-	51,070	-	-
1,503,063	(1,503,063)	-	-	-
<u>14,864,976</u>	<u>(1,406,870)</u>	<u>13,458,106</u>	<u>5,597</u>	<u>12</u>
5,091,865	589,361	5,681,226	(291,385)	(30,160)
<u>70,977,245</u>	<u>51,685,953</u>	<u>122,663,198</u>	<u>10,053,799</u>	<u>3,662,308</u>
<u>\$ 76,069,110</u>	<u>\$ 52,275,314</u>	<u>\$ 128,344,424</u>	<u>\$ 9,762,414</u>	<u>\$ 3,632,148</u>

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**FUND FINANCIAL STATEMENTS**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF ALBERT LEA, MINNESOTA  
BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	<b>101</b>		<b>250</b>		<b>251</b>
	General	Debt Service	Fire Pension	Police Pension	
<b>ASSETS</b>					
Cash and temporary investments	\$ 10,594,356	\$ 3,498,217	\$ 8,003,570	\$ 3,221,049	
Receivables					
Taxes	239,683	-	-	-	
Special assessments	43,330	5,132,149	-	-	
Accounts	304,864	-	-	-	
Interest	82,788	-	12,647	10,984	
Loans, net	-	-	-	-	
Due from other funds	-	-	-	-	
Due from other governments	3,469	-	-	-	
Advances to other funds	1,790,942	-	-	-	
Prepaid items	108,252	-	7,655	4,640	
<b>TOTAL ASSETS</b>	<b>\$ 13,167,684</b>	<b>\$ 8,630,366</b>	<b>\$ 8,023,872</b>	<b>\$ 3,236,673</b>	
<b>LIABILITIES</b>					
Accounts payable	\$ 277,017	\$ -	\$ 10,155	\$ -	
Contracts payable	-	-	-	-	
Due to other governments	144,849	-	-	-	
Due to other funds	-	-	-	-	
Accrued salaries payable	339,101	-	-	-	
Deposits payable	37,147	-	-	-	
Advance from other funds	-	-	-	-	
Advance from component unit	-	-	-	-	
<b>TOTAL LIABILITIES</b>	<b>798,114</b>	<b>-</b>	<b>10,155</b>	<b>-</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	187,654	-	-	-	
Unavailable revenue - special assessments	-	5,096,365	-	-	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>187,654</b>	<b>5,096,365</b>	<b>-</b>	<b>-</b>	

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

<b>401</b> Street Improvement Projects	<b>422</b> TIF 5-13 Larson Manufacturing	<b>423</b> TIF 5-15 Broadway Ridge Redevelopment	<b>443</b> Lakeview Boulevard	Other Governmental Funds	Total Governmental Funds
\$ 1,779,160	\$ -	\$ -	\$ 294,188	\$ 8,035,167	\$ 35,425,707
-	244	555	-	-	240,482
2,260,721	-	-	-	-	7,436,200
-	-	-	-	-	304,864
-	-	-	-	-	106,419
-	-	-	-	700,919	700,919
223,852	-	-	-	-	223,852
2,963	-	-	144,381	335,269	486,082
-	-	-	-	-	1,790,942
-	-	-	-	7,673	128,220
<u>\$ 4,266,696</u>	<u>\$ 244</u>	<u>\$ 555</u>	<u>\$ 438,569</u>	<u>\$ 9,079,028</u>	<u>\$ 46,843,687</u>
\$ 25,133	\$ 105	\$ 105	\$ 5,842	\$ 98,466	\$ 416,823
-	-	-	122,879	164,790	287,669
-	-	-	-	117,214	262,063
-	-	-	-	223,852	223,852
-	-	-	-	-	339,101
8,750	-	-	-	-	45,897
-	91,185	1,583,889	-	115,868	1,790,942
-	1,750,000	-	-	-	1,750,000
<u>33,883</u>	<u>1,841,290</u>	<u>1,583,994</u>	<u>128,721</u>	<u>720,190</u>	<u>5,116,347</u>
-	-	555	-	-	188,209
<u>2,260,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,357,086</u>
<u>2,260,721</u>	<u>-</u>	<u>555</u>	<u>-</u>	<u>-</u>	<u>7,545,295</u>

CITY OF ALBERT LEA, MINNESOTA  
BALANCE SHEET - CONTINUED  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	<b>101</b>		<b>250</b>	<b>251</b>
	General	Debt Service	Fire Pension	Police Pension
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	\$ 108,252	\$ -	\$ 7,655	\$ 4,640
Advances to other funds	1,790,942	-	-	-
Restricted				
Capital purchases	-	-	-	-
Airport improvements	-	-	-	-
Economic development	-	-	-	-
Capital improvements	-	-	-	-
Debt service	-	3,534,001	-	-
Fire and police operations	-	-	8,006,062	3,232,033
Committed				
Economic development loans	-	-	-	-
Community development	-	-	-	-
Public works facility	1,500,000	-	-	-
Debt service	375,000	-	-	-
Assigned				
Building maintenance	-	-	-	-
Capital improvements	-	-	-	-
Unassigned	8,407,722	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>12,181,916</b>	<b>3,534,001</b>	<b>8,013,717</b>	<b>3,236,673</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 13,167,684</b>	<b>\$ 8,630,366</b>	<b>\$ 8,023,872</b>	<b>\$ 3,236,673</b>

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

<b>401</b> Street Improvement Projects	<b>422</b> TIF 5-13 Larson Manufacturing	<b>423</b> TIF 5-15 Broadway Ridge Redevelopment	<b>443</b> Lakeview Boulevard	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,673	\$ 128,220
-	-	-	-	-	1,790,942
-	-	-	-	99,114	99,114
-	-	-	-	135,755	135,755
-	-	-	-	490,490	490,490
-	-	-	-	1,081,764	1,081,764
-	-	-	-	-	3,534,001
-	-	-	-	-	11,238,095
-	-	-	-	1,898,841	1,898,841
-	-	-	-	203,641	203,641
-	-	-	-	-	1,500,000
-	-	-	-	-	375,000
-	-	-	-	749,657	749,657
1,972,092	-	-	309,848	3,796,125	6,078,065
-	(1,841,046)	(1,583,994)	-	(104,222)	4,878,460
<u>1,972,092</u>	<u>(1,841,046)</u>	<u>(1,583,994)</u>	<u>309,848</u>	<u>8,358,838</u>	<u>34,182,045</u>
<u>\$ 4,266,696</u>	<u>\$ 244</u>	<u>\$ 555</u>	<u>\$ 438,569</u>	<u>\$ 9,079,028</u>	<u>\$ 46,843,687</u>

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CITY OF ALBERT LEA, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

Amounts reported for the governmental activities in the statement of net position are different because

Total fund balances - governmental	\$ 34,182,045
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	108,970,154
Less accumulated depreciation	(47,589,837)
Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.	
	1,134,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(20,225,000)
Unamortized premiums on bonds	(70,417)
Unamortized discount on bonds	3,350
Compensated absences payable	(1,010,197)
Other postemployment benefits payable	(443,791)
Pension liability	(7,169,802)
Internal service funds are used by management to charge the costs for the central garage, administrative services, and insurance benefits incurred by individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	1,768,185
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds.	
Special assessments receivable	7,357,086
Delinquent taxes receivable	188,209
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	1,387,728
Deferred inflows of pension resources	(2,190,559)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(222,044)
Total net position - governmental activities	\$ 76,069,110

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

			250	251
	General	Debt Service	Fire Pension	Police Pension
REVENUES				
Taxes	\$ 6,330,160	\$ 1,200,097	\$ -	\$ -
License and permits	342,797	-	-	-
Intergovernmental	6,293,674	-	-	-
Charges for services	706,979	-	-	-
Fines and forfeits	100,990	-	-	-
Special assessments	-	1,628,254	-	-
Investment earnings	64,030	12,389	195,705	84,265
Interest on loans	-	-	-	-
Miscellaneous	86,312	-	-	-
<b>TOTAL REVENUES</b>	<b>13,924,942</b>	<b>2,840,740</b>	<b>195,705</b>	<b>84,265</b>
EXPENDITURES				
Current				
General government	1,661,878	-	-	-
Public safety	5,825,482	-	7,399	6,313
Public works	2,541,929	-	-	-
Culture and recreation	3,186,963	-	-	-
Airport	-	-	-	-
Community development	98,839	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	173,750	-	-	79,632
Public works	23,533	-	-	-
Culture and recreation	40,710	-	-	-
Airport	-	-	-	-
Community development	187,533	-	-	-
Debt service				
Principal	-	2,114,000	-	-
Interest and other	-	382,836	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,740,617</b>	<b>2,496,836</b>	<b>7,399</b>	<b>85,945</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	184,325	343,904	188,306	(1,680)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,362,503	177,720	-	-
Sale of capital assets	729	-	-	-
Bond issued	-	-	-	-
Transfers out	(1,899,588)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(536,356)</b>	<b>177,720</b>	<b>-</b>	<b>-</b>
NET CHANGE IN FUND BALANCES	(352,031)	521,624	188,306	(1,680)
FUND BALANCES, JANUARY 1	12,533,947	3,012,377	7,825,411	3,238,353
FUND BALANCES, DECEMBER 31	<u>\$ 12,181,916</u>	<u>\$ 3,534,001</u>	<u>\$ 8,013,717</u>	<u>\$ 3,236,673</u>

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

<b>401</b> Street Improvement Projects	<b>422</b> TIF 5-13 Larson Manufacturing	<b>423</b> TIF 5-15 Broadway Ridge Redevelopment	<b>443</b> Lakeview Boulevard	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 12,187	\$ 10,716	\$ -	\$ 110,211	\$ 7,663,371
-	-	-	-	-	342,797
7,963	-	-	2,205,722	1,231,813	9,739,172
-	-	-	-	123,221	830,200
-	-	-	-	-	100,990
68,595	-	-	-	-	1,696,849
8,046	-	-	-	27,568	392,003
-	-	-	-	5,408	5,408
117,423	-	-	-	30,660	234,395
<u>202,027</u>	<u>12,187</u>	<u>10,716</u>	<u>2,205,722</u>	<u>1,528,881</u>	<u>21,005,185</u>
-	-	-	-	40,064	1,701,942
-	-	-	-	10,210	5,849,404
33,315	-	-	3,889	56,356	2,635,489
-	-	-	-	169,585	3,356,548
-	-	-	-	136,980	136,980
-	8,907	8,909	-	76,798	193,453
-	-	-	-	169,361	169,361
-	-	-	-	618,638	872,020
32,281	-	-	2,301,533	4,843,150	7,200,497
-	-	-	-	164,256	204,966
-	-	-	-	31,137	31,137
-	-	-	-	120,605	308,138
-	-	-	-	-	2,114,000
-	-	-	-	-	382,836
<u>65,596</u>	<u>8,907</u>	<u>8,909</u>	<u>2,305,422</u>	<u>6,437,140</u>	<u>25,156,771</u>
<u>136,431</u>	<u>3,280</u>	<u>1,807</u>	<u>(99,700)</u>	<u>(4,908,259)</u>	<u>(4,151,586)</u>
1,131,845	-	14,202	-	2,963,293	5,649,563
-	-	-	-	50,341	51,070
-	-	-	525,000	4,375,000	4,900,000
(880,252)	-	-	(115,452)	(1,226,208)	(4,121,500)
<u>251,593</u>	<u>-</u>	<u>14,202</u>	<u>409,548</u>	<u>6,162,426</u>	<u>6,479,133</u>
388,024	3,280	16,009	309,848	1,254,167	2,327,547
1,584,068	(1,844,326)	(1,600,003)	-	7,104,671	31,854,498
<u>\$ 1,972,092</u>	<u>\$ (1,841,046)</u>	<u>\$ (1,583,994)</u>	<u>\$ 309,848</u>	<u>\$ 8,358,838</u>	<u>\$ 34,182,045</u>

CITY OF ALBERT LEA, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Amounts reported for governmental activities in the statement of activities are different because

Total net change in fund balances	\$ 2,327,547
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Depreciation expense	(2,683,606)
Capital outlays	8,722,281
<p>Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.</p>	
Disposals	192,479
Depreciation on disposals	(192,479)
<p>Prepaid expenses which are expensed in the governmental funds are capitalized and amortized in the government-wide financial statements.</p>	
Amortization of prepaid lease	(27,000)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Issuance of debt	(4,900,000)
Principal repayments on bonds	2,090,000
Principal repayments on notes	24,000
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the 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.</p>	
	(57,727)
<p>Governmental fund report debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums and discounts are reported as an unamortized asset or liability in the city-wide financial statements.</p>	
Amortization of bond premiums and discount	7,946
<p>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.</p>	
Special assessments	(343,591)
Property taxes	(5,722)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences and other postemployment benefit payable	(66,588)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	134,983
Direct aid contributions	28,080
<p>Internal service funds are used by management to charge the costs for the central garage, administrative services, and insurance benefits incurred by individual funds.</p>	
<p>The net revenue of certain activities of internal service funds is reported with governmental activities</p>	
	<u>(158,738)</u>
Change in net position - governmental activities	<u>\$ 5,091,865</u>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 6,387,953	\$ 6,387,953	\$ 6,330,160	\$ (57,793)
Licenses and permits	253,700	253,700	342,797	89,097
Intergovernmental	6,123,139	6,123,139	6,293,674	170,535
Charges for services	600,600	600,600	706,979	106,379
Fines and forfeits	110,000	110,000	100,990	(9,010)
Investment earnings	75,000	75,000	64,030	(10,970)
Miscellaneous	39,600	39,600	86,312	46,712
<b>TOTAL REVENUES</b>	<b>13,589,992</b>	<b>13,589,992</b>	<b>13,924,942</b>	<b>334,950</b>
<b>EXPENDITURES</b>				
Current				
General government	1,835,546	1,835,546	1,661,878	173,668
Public safety	5,800,847	5,800,847	5,825,482	(24,635)
Public works	2,664,458	2,664,458	2,541,929	122,529
Culture and recreation	3,237,781	3,237,781	3,186,963	50,818
Community development	109,600	109,600	98,839	10,761
Capital outlay	90,400	90,400	425,526	(335,126)
Debt service	8,500	8,500	-	8,500
<b>TOTAL EXPENDITURES</b>	<b>13,747,132</b>	<b>13,747,132</b>	<b>13,740,617</b>	<b>6,515</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(157,140)</b>	<b>(157,140)</b>	<b>184,325</b>	<b>341,465</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	729	729
Transfers in	1,371,423	1,371,423	1,362,503	(8,920)
Transfers out	(1,214,283)	(1,214,283)	(1,899,588)	(685,305)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>157,140</b>	<b>157,140</b>	<b>(536,356)</b>	<b>(693,496)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(352,031)</b>	<b>(352,031)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>12,533,947</b>	<b>12,533,947</b>	<b>12,533,947</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 12,533,947</b>	<b>\$ 12,533,947</b>	<b>\$ 12,181,916</b>	<b>\$ (352,031)</b>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and temporary investments	\$ 1,505,688	\$ 10,583,898	\$ 230,009	\$ 12,319,595	\$ 1,308,590
Receivables					
Accounts	403,835	660,657	600	1,065,092	-
Special assessments	6,488	6,741	22,929	36,158	-
Inventories	143,484	-	-	143,484	-
Prepaid items	8,471	22,438	298	31,207	-
<b>TOTAL CURRENT ASSETS</b>	<b>2,067,966</b>	<b>11,273,734</b>	<b>253,836</b>	<b>13,595,536</b>	<b>1,308,590</b>
<b>NONCURRENT ASSETS</b>					
Special assessments receivable	306,418	179,453	-	485,871	-
Patronage equity	-	167,810	1,626	169,436	-
Capital assets					
Land	73,500	146,892	668,814	889,206	-
Construction in progress	259,779	601,182	-	860,961	-
Buildings	2,582,494	32,502,488	33,000	35,117,982	-
Improvements other than buildings	12,003,830	22,763,895	267,908	35,035,633	-
Vehicles and Equipment	421,121	2,543,698	-	2,964,819	-
Less accumulated depreciation	(6,295,220)	(27,145,433)	(230,066)	(33,670,719)	-
Total capital assets (net of accumulated depreciation)	9,045,504	31,412,722	739,656	41,197,882	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>9,351,922</b>	<b>31,759,985</b>	<b>741,282</b>	<b>41,853,189</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>11,419,888</b>	<b>43,033,719</b>	<b>995,118</b>	<b>55,448,725</b>	<b>1,308,590</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension resources	20,092	29,289	632	50,013	-
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	103,826	131,550	9,020	244,396	315
Due to other governments	245	-	-	245	-
Accrued salaries payable	18,331	28,000	611	46,942	1,822
Accrued interest payable	20,834	-	-	20,834	-
Compensated absences payable - current	72,119	58,881	4,799	135,799	-
Bonds payable - current	205,000	-	-	205,000	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>420,355</b>	<b>218,431</b>	<b>14,430</b>	<b>653,216</b>	<b>2,137</b>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION - CONTINUED  
PROPRIETARY FUNDS  
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>NONCURRENT LIABILITIES</b>					
Compensated absences payable - net of current portion	\$ 35,103	\$ 76,396	\$ -	\$ 111,499	\$ -
Other postemployment benefits payable	39,164	60,262	2,443	101,869	-
Bonds payable - net of current portion	1,330,900	-	-	1,330,900	-
Net pension liability	178,179	259,739	5,608	443,526	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,583,346</b>	<b>396,397</b>	<b>8,051</b>	<b>1,987,794</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>2,003,701</b>	<b>614,828</b>	<b>22,481</b>	<b>2,641,010</b>	<b>2,137</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension resources	48,482	70,674	1,526	120,682	-
<b>NET POSITION</b>					
Net investment in capital assets	7,509,604	31,412,722	739,656	39,661,982	-
Unrestricted	1,878,193	10,964,784	232,087	13,075,064	1,306,453
<b>TOTAL NET POSITION</b>	<b>\$ 9,387,797</b>	<b>\$ 42,377,506</b>	<b>\$ 971,743</b>	<b>\$ 52,737,046</b>	<b>\$ 1,306,453</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				\$ (461,732)	
Net position of business-type activities				\$ 52,275,314	

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

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CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,510,268	\$ 4,534,385	\$ 138,748	\$ 7,183,401	\$ -
Parking maintenance assessments	-	-	38,300	38,300	-
Miscellaneous	-	-	-	-	103,802
<b>TOTAL OPERATING REVENUES</b>	<b>2,510,268</b>	<b>4,534,385</b>	<b>177,048</b>	<b>7,221,701</b>	<b>103,802</b>
<b>OPERATING EXPENSES</b>					
Personnel services	708,803	1,072,250	27,251	1,808,304	-
Supplies	235,551	243,407	5,104	484,062	-
Other services and charges	199,603	336,007	97,238	632,848	317,011
Repairs and maintenance	66,037	276,566	1,516	344,119	-
Utilities	91,223	636,167	2,107	729,497	-
Depreciation	248,712	1,067,161	7,813	1,323,686	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,549,929</b>	<b>3,631,558</b>	<b>141,029</b>	<b>5,322,516</b>	<b>317,011</b>
<b>OPERATING INCOME (LOSS)</b>	<b>960,339</b>	<b>902,827</b>	<b>36,019</b>	<b>1,899,185</b>	<b>(213,209)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Intergovernmental	-	-	-	-	2,700
Antenna lease revenue	27,798	-	-	27,798	-
Investment earnings	7,261	87,789	1,143	96,193	6,779
Interest expense and fiscal charges	(54,545)	-	-	(54,545)	-
Miscellaneous	-	-	1,598	1,598	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(19,486)</b>	<b>87,789</b>	<b>2,741</b>	<b>71,044</b>	<b>9,479</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>940,853</b>	<b>990,616</b>	<b>38,760</b>	<b>1,970,229</b>	<b>(203,730)</b>
<b>CAPITAL CONTRIBUTIONS TRANSFERS OUT</b>	<b>79,880</b>	<b>112,307</b>	<b>-</b>	<b>192,187</b>	<b>-</b>
	<b>(583,509)</b>	<b>(849,169)</b>	<b>(70,385)</b>	<b>(1,503,063)</b>	<b>(25,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>437,224</b>	<b>253,754</b>	<b>(31,625)</b>	<b>659,353</b>	<b>(228,730)</b>
<b>NET POSITION, JANUARY 1 AS RESTATED (NOTE 8)</b>	<b>8,950,573</b>	<b>42,123,752</b>	<b>1,003,368</b>	<b>52,077,693</b>	<b>1,535,183</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 9,387,797</b>	<b>\$ 42,377,506</b>	<b>\$ 971,743</b>	<b>\$ 52,737,046</b>	<b>\$ 1,306,453</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				\$ (69,992)	
Change in net position of business-type activities				<u>\$ 589,361</u>	

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,472,160	\$ 4,571,432	\$ 180,840	\$ 7,224,432	\$ -
Other operating receipts	-	-	1,598	1,598	104,102
Payments to suppliers	(563,953)	(1,511,128)	(104,471)	(2,179,552)	(325,708)
Payments to employees	(707,080)	(1,057,060)	(27,430)	(1,791,570)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>1,201,127</u>	<u>2,003,244</u>	<u>50,537</u>	<u>3,254,908</u>	<u>(221,606)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(583,509)	(849,169)	(70,385)	(1,503,063)	(25,000)
Intergovernmental	-	-	-	-	2,700
Antenna lease revenue	27,798	-	-	27,798	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>(555,711)</u>	<u>(849,169)</u>	<u>(70,385)</u>	<u>(1,475,265)</u>	<u>(22,300)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(280,251)	(1,132,856)	-	(1,413,107)	-
Special assessments received	13,055	47,587	-	60,642	-
Connection charges collected	66,825	64,720	-	131,545	-
Principal paid on bonds	(185,000)	-	-	(185,000)	-
Interest paid on debt	(54,059)	-	-	(54,059)	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(439,430)</u>	<u>(1,020,549)</u>	<u>-</u>	<u>(1,459,979)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received from investments	7,261	87,789	1,110	96,160	6,779
Patronage dividends	-	34,982	-	34,982	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>7,261</u>	<u>122,771</u>	<u>1,110</u>	<u>131,142</u>	<u>6,779</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	213,247	256,297	(18,738)	450,806	(237,127)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>1,292,441</u>	<u>10,327,601</u>	<u>248,747</u>	<u>11,868,789</u>	<u>1,545,717</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 1,505,688</u>	<u>\$ 10,583,898</u>	<u>\$ 230,009</u>	<u>\$ 12,319,595</u>	<u>\$ 1,308,590</u>

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 960,339	\$ 902,827	\$ 36,019	\$ 1,899,185	\$ (213,209)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Miscellaneous	-	-	1,598	1,598	-
Depreciation	248,712	1,067,161	7,813	1,323,686	-
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(33,072)	49,992	1,876	18,796	300
Special assessments	(5,036)	(12,945)	1,916	(16,065)	-
Inventories	8,678	-	-	8,678	-
Prepays	101	1,926	19	2,046	-
Deferred pension resources	(20,092)	(29,289)	(632)	(50,013)	-
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	19,737	(20,907)	1,475	305	(10,519)
Deposits payable	(300)	-	-	(300)	-
Due to other governments	245	-	-	245	-
Accrued salaries payable	1,004	2,825	103	3,932	1,822
Compensated absences payable	(2,715)	9,878	(133)	7,030	-
Other postemployment benefits payable	6,097	9,381	380	15,858	-
Deferred pension resources	48,482	70,674	1,526	120,682	-
Pension liability	(31,053)	(48,279)	(1,423)	(80,755)	-
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 1,201,127</u>	 <u>\$ 2,003,244</u>	 <u>\$ 50,537</u>	 <u>\$ 3,254,908</u>	 <u>\$ (221,606)</u>
 SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Amortization of bond discounts	\$ 2,384	\$ -	\$ -	\$ 2,384	\$ -
Purchase of capital assets on account	\$ -	\$ 17,300	\$ -	\$ 17,300	\$ -

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

CITY OF ALBERT LEA, MINNESOTA  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2015

	<u>Agency Fund</u>
ASSETS	
Taxes receivable	<u>\$ 226,855</u>
LIABILITIES	
Due to other governments	<u>\$ 226,855</u>

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

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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 City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The 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 governments is considered financially accountable.

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

*Discretely Presented Component Unit.* The Housing and Redevelopment Authority (HRA) of the City is governed by nine board members, one of which is a member of the City Council. 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

**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 primary government and its component units. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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. Amounts reported as 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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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 funds financial statements, however the fiduciary fund financial statement does not have a measurement focus, though does use the accrual basis of accounting to recognize receivables and payables. 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 fiscal 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal 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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

The *General 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.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Fire Pension 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.

The *Police Pension 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.

*Street Improvement Projects fund* accounts for the acquisition of capital facilities and the construction of major permanent capital improvements having a relatively long life. Funds are provided by the Capital Improvement Assessments Debt Service fund.

The *TIF 5-13 Larson Manufacturing 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.

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

*Lakeview Boulevard fund* accounts for the capital improvements related to the Lakeview Boulevard project.

The City reports the following major proprietary funds:

The *Water fund* accounts for the water service charges which are used to finance the water system operating expenses

The *Sewer fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

Additionally, the City reports the following fund types:

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

*Fiduciary funds* account for sales tax in a trustee capacity or as an agent on behalf of others.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

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.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position/fund balance**

*Deposits and investments*

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. Certain restricted assets are included in cash and cash equivalents. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings on investments are allocated to the individual funds based upon the average of month-end cash and investment balances.

For purposes of the statement of cash flows, the enterprise and internal service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less.

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Property taxes***

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.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental fund financial statements.

***Accounts receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2015. 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***

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.

***Interfund receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

***Inventories, prepaid items, insurance, and inventory of real property***

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors (such as service and maintenance agreements) reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Insurance premiums are accounted for using the purchases method in the fund financial statements.

Investment in real property consists of property that the Port Authority holds for resale. Investments in real property are recorded at net realizable value. Donated investments in real property are recorded at their estimated fair market value on the date of the donation.

***Restricted cash***

Restricted cash consists of cash that the Housing Redevelopment hold for tenant security deposits and cash related to Section 8 Housing for rental assistance.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Capital assets*

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

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

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

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

*Pensions*

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

*Patronage equity*

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

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*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. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

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

In the fund financial statements, governmental fund types recognized 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.

*Deferred inflows of resources*

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. 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 has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Fund balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items and advances to other funds.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - 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. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager.

*Unassigned* - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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 percent of budgeted operating expenditures for cash-flow timing needs

***Net position***

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

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

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

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

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were no budget amendments in 2015.

**B. Deficit fund equity**

The following funds had fund equity deficits at December 31, 2015:

Fund	Amount
Major capital projects	
TIF 5-13 Larson Manufacturing	\$ 1,841,046
TIF 5-15 Broadway Ridge Redevelopment	1,583,994
Nonmajor capital projects	
TIF 5-16 Albert Lea Public Warehouse	2,985
TIF 9-1 Port Authority Bldg.	5,170
TIF 5-24 St. Johns Housing	41,275
Plaza Street Realignment	33,477
Park, Grace, Mariners	17,248
Lake Chapeu Drive	2,153
Edgewater Drive	1,675
Lake Avenue	239

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

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

*Deposits*

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks. Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year-end, the City's carrying amount of deposits was \$12,464. The bank balance was \$12,464. The bank balance was fully covered by of federal depository insurance.

*Investments*

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

- *Interest Rate Risk.* The City's investment policy states that not more than 20 percent of the City's unrestricted unreserved funds may be invested in obligations with maturities in excess of one year. The City's investment policy does not address a method of computation to be used. The City's investments include callable investments. For the weighted average maturity calculations, the City assumes that its callable investments will not be called.
- *Credit Risk.* Credit risk is the risk that an issuer to an investment will not fulfill its obligation. State law limits investments in state and local securities and commercial paper to those with specified rating by nationally recognized rating agencies. The City of Albert Lea further limits its investments to not allow any investments in state and local securities and commercial paper. U.S. Treasury Obligations are not considered to have credit risk.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

- *Concentration Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of December 31, 2015, the City had invested 5 percent or more of its total investment portfolio in the following issuers: 6.5 percent in Federal Home Loan Banks.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Pooled investments			
MN Municipal Money Market	N/A	Less than 1 year	\$ 7,839,302
Brokered money market	N/A	Less than 1 year	13,206,752
Non-pooled investments			
U.S. government agency securities	AAA	Less than 1 year	1,020,341
U.S. government agency securities	AAA	1 to 3 years	6,597,066
U.S. government agency securities	AAA	More than 3 years	8,782,284
U.S. treasury obligations	AAA	More than 3 years	2,022,062
U.S. treasury obligations	AAA	More than 3 years	230,291
Brokered certificates of deposit	N/A	Less than 1 year	1,470,345
Brokered certificates of deposit	N/A	1 to 3 years	4,886,006
Brokered certificates of deposit	N/A	More than 3 years	2,984,474
Total investments			<u>\$ 49,038,923</u>

(1) Ratings are provided by various credit rating agencies where applicable in indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distributions method.

NA Indicates not applicable or available.

Investments for the City are reported at fair value. The Minnesota Municipal Money Market Fund and broker money market investment pools operate in accordance with appropriate State laws and regulations. The 4M Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Cash and investments summary*

A reconciliation of cash and investments as shown on the Statement of Net Position for the City follows:

	<u>Primary Government</u>	<u>Component Unit Port Authority</u>	<u>Component Unit HRA</u>	<u>Total</u>
Deposits	\$ 12,464	\$ 1,379,836	\$ 484,340	\$ 1,876,640
Investments	49,038,923	-	-	49,038,923
Petty cash	2,505	-	-	2,505
	<u>\$ 49,053,892</u>	<u>\$ 1,379,836</u>	<u>\$ 484,340</u>	<u>\$ 50,918,068</u>
Cash and investments				
Unrestricted				
Cash and temporary investments	\$ 49,053,892	\$ 1,379,836	\$ 431,832	\$ 50,865,560
Restricted				
Cash and temporary investments	-	-	52,508	52,508
	<u>\$ 49,053,892</u>	<u>\$ 1,379,836</u>	<u>\$ 484,340</u>	<u>\$ 50,918,068</u>

**B. 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, 2015 was \$700,919. The total balance has maturities of one to twenty-six years with interest ranging from 0 to 5 percent.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**C. Capital assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

*Primary government*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 5,632,667	\$ 187,312	\$ -	\$ 5,819,979
Construction in progress	<u>2,096,455</u>	<u>6,992,322</u>	<u>(238,628)</u>	<u>8,850,149</u>
Total capital assets not being depreciated	<u>7,729,122</u>	<u>7,179,634</u>	<u>(238,628)</u>	<u>14,670,128</u>
Capital assets, being depreciated				
Buildings	17,256,891	136,970	-	17,393,861
Improvements other than buildings	63,490,191	119,581	-	63,609,772
Equipment	<u>11,964,148</u>	<u>1,524,724</u>	<u>(192,479)</u>	<u>13,296,393</u>
Total capital assets being depreciated	<u>92,711,230</u>	<u>1,781,275</u>	<u>(192,479)</u>	<u>94,300,026</u>
Less accumulated depreciation for				
Buildings	(9,808,454)	(489,588)	-	(10,298,042)
Improvements other than buildings	(26,513,808)	(1,656,535)	-	(28,170,343)
Equipment	<u>(8,776,448)</u>	<u>(537,483)</u>	<u>192,479</u>	<u>(9,121,452)</u>
Total accumulated depreciation	<u>(45,098,710)</u>	<u>(2,683,606)</u>	<u>192,479</u>	<u>(47,589,837)</u>
Total capital assets being depreciated, net	<u>47,612,520</u>	<u>(902,331)</u>	<u>-</u>	<u>46,710,189</u>
Governmental activities capital assets, net	<u>\$ 55,341,642</u>	<u>\$ 6,277,303</u>	<u>\$ (238,628)</u>	<u>\$ 61,380,317</u>

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

<b>Governmental activities</b>	
General government	\$ 194,174
Public safety	166,218
Public works	1,387,919
Culture and recreation	492,599
Airport	<u>442,696</u>
Total depreciation expense - governmental activities	<u>\$ 2,683,606</u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 880,614	\$ 8,592	\$ -	\$ 889,206
Construction in progress	200,085	1,183,643	(522,767)	860,961
Total capital assets not being depreciated	<u>1,080,699</u>	<u>1,192,235</u>	<u>(522,767)</u>	<u>1,750,167</u>
Capital assets being depreciated				
Buildings	35,086,418	31,564	-	35,117,982
Improvements other than buildings	34,396,138	639,495	-	35,035,633
Equipment	2,909,539	55,280	-	2,964,819
Total capital assets being depreciated	<u>72,392,095</u>	<u>726,339</u>	<u>-</u>	<u>73,118,434</u>
Less accumulated depreciation for				
Buildings	(14,832,148)	(765,810)	-	(15,597,958)
Improvements other than buildings	(15,381,440)	(474,340)	-	(15,855,780)
Equipment	(2,133,445)	(83,536)	-	(2,216,981)
Total accumulated depreciation	<u>(32,347,033)</u>	<u>(1,323,686)</u>	<u>-</u>	<u>(33,670,719)</u>
Total capital assets being depreciated, net	<u>40,045,062</u>	<u>(597,347)</u>	<u>-</u>	<u>39,447,715</u>
Business-type activities capital assets, net	<u>\$ 41,125,761</u>	<u>\$ 594,888</u>	<u>\$ (522,767)</u>	<u>\$ 41,197,882</u>

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

<b>Business-type activities</b>	
Water	\$ 248,712
Sewer	1,067,161
Solid waste management	1,100
Parking maintenance district	6,713
Total depreciation expense - business-type activities	<u>\$ 1,323,686</u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Discretely presented component units*

Capital asset activity for the Port Authority for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 262,933	\$ -	\$ -	\$ 262,933
Capital assets being depreciated				
Buildings	5,717,550	-	-	5,717,550
Improvements other than buildings	297,475	-	-	297,475
Equipment	230,093	-	-	230,093
Total capital assets being depreciated	<u>6,245,118</u>	<u>-</u>	<u>-</u>	<u>6,245,118</u>
Less accumulated depreciation for				
Buildings	(3,378,220)	(195,516)	-	(3,573,736)
Improvements other than buildings	(143,482)	(14,417)	-	(157,899)
Equipment	(73,927)	(20,851)	-	(94,778)
Total accumulated depreciation	<u>(3,595,629)</u>	<u>(230,784)</u>	<u>-</u>	<u>(3,826,413)</u>
Total capital assets being depreciated, net	<u>2,649,489</u>	<u>(230,784)</u>	<u>-</u>	<u>2,418,705</u>
Port Authority capital assets, net	<u>\$ 2,912,422</u>	<u>\$ (230,784)</u>	<u>\$ -</u>	<u>\$ 2,681,638</u>

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

Business-type activities	
Port Authority	<u>\$ 230,784</u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Capital asset activity for the HRA for the year ended March 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 177,998	\$ -	\$ -	\$ 177,998
Capital assets being depreciated				
Buildings	6,780,260	-	-	6,780,260
Leasehold improvements	2,231,886	-	-	2,231,886
Furniture and equipment	389,841	-	-	389,841
Total capital assets being depreciated	9,401,987	-	-	9,401,987
Less accumulated depreciation for				
Buildings	(4,204,412)	(113,650)	-	(4,318,062)
Leasehold improvements	(1,234,140)	(131,120)	-	(1,365,260)
Furniture and equipment	(347,597)	(23,934)	-	(371,531)
Total accumulated depreciation	(5,786,149)	(268,704)	-	(6,054,853)
Total capital assets being depreciated, net	3,615,838	(268,704)	-	3,347,134
HRA capital assets, net	<u>\$ 3,793,836</u>	<u>\$ (268,704)</u>	<u>\$ -</u>	<u>\$ 3,525,132</u>

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

Business-type activities	
HRA	<u>\$ 268,704</u>

**D. Construction commitments**

The City has four active construction projects as of December 31, 2015. At year end, the City's commitment with the contractor is as follows:

Project	Spent to date	Remaining Commitment
Lakeview Blvd	\$ 2,334,698	\$ 217,923
NW S&W	1,494,195	90,526
2015 Neighborhood Project	1,059,648	98,493
Virginia/5th Street	577,171	1,521,235
Total	<u>\$ 5,465,712</u>	<u>\$ 1,928,177</u>

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Interfund receivables, payables, and transfers**

The composition of interfund balances at December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due from/to other funds</b>		
Governmental	Governmental	
Street Improvement Projects	Nonmajor	\$ 223,852
<b>Advance from/to other funds</b>		
Governmental	Governmental	
General fund	TIF 5-13 Larson Manufacturing fund	\$ 91,185
Governmental	Governmental	
General fund	Capital Improvements Assessments	1,583,889
Governmental	Governmental	
General fund	Nonmajor	115,868
Total advances from/to other funds		<u>\$ 1,790,942</u>

The General fund made advances to several tax increment financing funds rather than have those funds issue bonds. These advances will be repaid over time through increment from the tax levies. The General fund is holding deferred assessments for the capital projects funds. These are treated as advances to the capital projects funds. When these assessments are no longer deferred these advances will be repaid by the capital projects funds.

The Capital Improvements Assessments and nonmajor governmental funds have interfund receivables for deficit cash balances.

Interfund transfers for the year ended December 31, 2015 is as follows:

Fund	Transfers in					Total	
	General	Debt Service	Street Improvement Projects	TIF 5-15 Broadway Ridge	Nonmajor governmental		
<b>Transfers out</b>							
General	\$ -	\$ -	\$ 253,152	\$ -	\$ 1,646,436	\$ 1,899,588	
Street Improvement Projects	-	177,720	-	-	702,532	880,252	
Lakeview Boulevard	-	-	-	-	115,452	115,452	
Nonmajor governmental	-	-	878,693	14,202	333,313	1,226,208	
Water	509,509	-	-	-	74,000	583,509	
Sewer	778,109	-	-	-	71,060	849,169	
Nonmajor Enterprise	49,885	-	-	-	20,500	70,385	
Internal service fund	25,000	-	-	-	-	25,000	
Total transfers		<u>\$ 1,362,503</u>	<u>\$ 177,720</u>	<u>\$ 1,131,845</u>	<u>\$ 14,202</u>	<u>\$ 2,963,293</u>	<u>\$ 5,649,563</u>

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

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**F. Leases**

*Operating leases*

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

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

**G. Long-term debt**

PIR assessment bonds

PIR assessment bonds are issued 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.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Permanent Improvement Series 2007A	\$ 2,400,000	4.00-4.20 %	07/01/07	02/01/18	\$ 720,000
Permanent Improvement Series 2009A	2,840,000	2.00-3.25	07/15/09	02/01/19	1,290,000
Permanent Improvement Series 2010A	3,260,000	2.00-3.50	07/15/10	02/01/26	1,715,000
Permanent Improvement Series 2011A	970,000	.70-2.75	06/01/11	02/01/22	570,000
Permanent Improvement Series 2012A	2,215,000	.45-2.15	07/01/12	02/01/23	1,690,000
Permanent Improvement Series 2013A	5,335,000	2.00-2.85	09/18/13	02/01/24	4,795,000
General Obligation Bonds Series 2014B	3,720,000	2.0 - 2.5	9/9/2014	2/1/2025	3,470,000
General Obligation Bonds Series 2015A	4,900,000	2.0 - 2.5	7/16/2015	2/1/2036	4,900,000
Total G.O. Special Assessment Bonds					<u><u>\$ 19,150,000</u></u>

The annual debt service requirements to maturity for PIR assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 2,265,000	\$ 481,477	\$ 2,746,477
2017	2,490,000	417,931	2,907,931
2018	2,380,000	356,693	2,736,693
2019	2,150,000	299,332	2,449,332
2020	1,840,000	250,968	2,090,968
2021 - 2025	6,570,000	635,350	7,205,350
2026 - 2030	800,000	163,125	963,125
2031 - 2035	535,000	73,969	608,969
2036	120,000	2,250	122,250
Total	<u><u>\$ 19,150,000</u></u>	<u><u>\$ 2,681,095</u></u>	<u><u>\$ 21,831,095</u></u>

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

General obligation revenue bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued. The Water fund is currently carrying bonds for the construction of the South Water Treatment Plant and water tower improvements. These bonds had original issue amounts of \$1,080,000 and \$1,040,000. The bonds from both of these funds are payable from the net revenues of their respective funds for which they were issued and not from an ad valorem tax, but are backed by the full faith and credit of the City. Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payments are as follows:

					<u>Water</u>
Net operating revenues					\$ 2,510,268
Principal and interest					239,059
Percentage of revenues					10 %

<u>Description</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at Year End</u>
G.O. Revenue Bonds Series 2007B	\$ 1,040,000	4.10-4.40 %	07/01/07	02/01/23	\$ 630,000
G.O. Revenue Bonds Series 2010B	1,080,000	1.10-3.25	07/15/10	08/01/21	<u>630,000</u>
 Total Revenue Bonds					 <u><u>\$ 1,260,000</u></u>

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

<u>Year Ending December 31,</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 170,000	\$ 43,700	\$ 213,700
2017	170,000	38,510	208,510
2018	180,000	32,829	212,829
2019	180,000	26,683	206,683
2020	190,000	20,200	210,200
2021 - 2023	<u>370,000</u>	<u>20,955</u>	<u>390,955</u>
 Total	 <u><u>\$ 1,260,000</u></u>	 <u><u>\$ 182,877</u></u>	 <u><u>\$ 1,442,877</u></u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Equipment certificates

The City issued \$1,435,000 in General Obligation Equipment Certificates in 2014. These proceeds will be used to finance asbestos abatement and boiler removal, an HVAC project, HVAC engineering, and water meters for the City. The Certificates will be general obligations of the City for which the City will pledge its full faith, credit and taxing powers.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificate Series 2014A	\$ 1,285,000	.40 - 2.62 %	1/16/2014	2/1/2023	\$ 1,215,000
G.O. Equipment Certificate Series 2014B	150,000	2.00	9/9/2014	2/1/2020	<u>150,000</u>
Total G.O Equipment Certificates					<u><u>\$ 1,365,000</u></u>

The annual debt service requirements to maturity for the equipment certificates are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2016	\$ 135,000	\$ 18,023	\$ 153,023
2017	135,000	16,714	151,714
2018	145,000	15,006	160,006
2019	145,000	12,883	157,883
2020	145,000	10,356	155,356
2021 - 2023	<u>370,000</u>	<u>14,321</u>	<u>384,321</u>
Total	<u><u>\$ 1,075,000</u></u>	<u><u>\$ 87,303</u></u>	<u><u>\$ 1,162,303</u></u>
Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2016	\$ 35,000	\$ 4,763	\$ 39,763
2017	35,000	4,526	39,526
2018	35,000	4,176	39,176
2019	35,000	3,713	38,713
2020	35,000	3,127	38,127
2021 - 2023	<u>115,000</u>	<u>4,500</u>	<u>119,500</u>
Total	<u><u>\$ 290,000</u></u>	<u><u>\$ 24,805</u></u>	<u><u>\$ 314,805</u></u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
PIR Assessment bonds	\$ 16,295,000	\$ 4,900,000	\$ (2,045,000)	\$ 19,150,000	\$ 2,265,000
Bond premium	78,913	-	(8,496)	70,417	-
Bond discount	(3,900)	-	550	(3,350)	-
Equipment Certificate	1,120,000	-	(45,000)	1,075,000	135,000
Notes payable	24,000	-	(24,000)	-	-
Total bonds and notes payable and equipment certificates	17,514,013	4,900,000	(2,121,946)	20,292,067	2,400,000
Pension liability					
GERF	-	4,239,454 *	(614,702)	3,624,752	-
PEPFF	-	3,896,242 *	(351,192)	3,545,050	-
Compensated absences payable	1,012,696	794,494	(796,993)	1,010,197	793,404
Other postemployment benefits payable	374,704	95,619	(26,532)	443,791	-
Governmental activity long-term liabilities	<u>\$ 18,901,413</u>	<u>\$ 13,925,809</u>	<u>\$ (3,911,365)</u>	<u>\$ 28,915,857</u>	<u>\$ 3,193,404</u>
<b>Business-type activities</b>					
Bonds payable					
G.O. Revenue bonds	\$ 1,420,000	\$ -	\$ (160,000)	\$ 1,260,000	\$ 170,000
Bond discounts	(8,876)	1,229	-	(7,647)	-
Equipment Certificates	315,000	-	(25,000)	290,000	35,000
Total bonds payable and equipment certificates	1,726,124	1,229	(185,000)	1,542,353	205,000
Pension liability	-	524,281 *	(80,755)	443,526	-
Compensated absences payable	240,268	143,890	(136,860)	247,298	135,799
Other postemployment benefits payable	86,011	21,949	(6,091)	101,869	-
Business-type activity long-term liabilities	<u>\$ 2,052,403</u>	<u>\$ 691,349</u>	<u>\$ (408,706)</u>	<u>\$ 2,335,046</u>	<u>\$ 340,799</u>

\* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note 8 for further detail.

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Advance from component unit

In October 2006, the City of Albert Lea received an advance from the Albert Lea Port Authority, a component unit, in the amount of \$1,750,000. This advance was in exchange for the purchase of land from the Albert Lea Port Authority in the amount of \$1,750,000 for immediate resale to Larson Manufacturing for \$1. Repayment of this advance will be made solely from available tax increment. Tax increment is expected to be received beginning in 2016. This is a 0 percent interest advance. To the extent available tax increment is insufficient to repay the principal amount outstanding; the outstanding balance shall be forgiven by the Albert Lea Port Authority.

**Component unit long-term debt - HRA**

The HRA had the following notes and mortgages were issued to finance the purchase of rental property and will be repaid with revenue from the property.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
MHFA PARIF Note	\$ 120,000	- %	02/20/09	02/20/39	\$ 120,000
USDA Rural Development Loan	43,806	4.00	02/20/09	02/26/30	34,915
MHFA POHP Note	200,000	-	03/23/11	03/23/31	200,000
Total notes and mortgages payable					<u><u>\$ 354,915</u></u>

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

Year Ending March 31,	<b>Notes and Mortgages Payable</b>		
	Principal	Interest	Total
2016	\$ 1,735	\$ 1,352	\$ 3,087
2017	1,805	1,281	3,086
2018	1,879	1,208	3,087
2019	1,955	1,131	3,086
2020	2,035	1,052	3,087
2021-2025	11,489	3,945	15,434
2026-2030	14,017	1,406	15,423
2031-2035	200,000	-	200,000
2036-2039	120,000	-	120,000
Total	<u><u>\$ 354,915</u></u>	<u><u>\$ 11,375</u></u>	<u><u>\$ 366,290</u></u>

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Long-term liability activity for the HRA for the year ended March 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Notes and mortgages payable	\$ 356,569	\$ -	\$ (1,654)	\$ 354,915	\$ 1,735
Compensated absences payable	35,024	21,894	(23,152)	33,766	16,936
Business-type activity long-term liabilities	<u>\$ 391,593</u>	<u>\$ 21,894</u>	<u>\$ (24,806)</u>	<u>\$ 388,681</u>	<u>\$ 18,671</u>

**Component unit long-term debt - Port Authority**

The Port Authority received financing from the local utility company for a proposed industrial park in the amount of \$500,000, without interest, payable in equal installments through 2015. The funds were used for land acquisition costs and utility construction within the project. This loan is to be repaid solely from the revenues of the Port Authority.

The Port Authority received financing 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 percent interest, payable in equal monthly installments of \$11,363 through August 2019. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2015, the Port Authority is in compliance with their debt covenants.

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

Year Ending December 31,	Notes Payable		
	Principal	Interest	Total
2016	\$ 82,842	\$ 54,468	\$ 137,310
2017	84,931	51,427	136,358
2018	88,664	47,694	136,358
2019	1,058,570	29,173	1,087,743
Total	<u>\$ 1,315,007</u>	<u>\$ 182,762</u>	<u>\$ 1,497,769</u>

Changes in long-term liabilities

Long-term liability activity for the Port was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences	<u>\$ 3,295</u>	<u>\$ 9,098</u>	<u>\$ (10,173)</u>	<u>\$ 2,220</u>	<u>\$ -</u>
<b>Business-type activities</b>					
Notes payable	\$ 1,376,136	\$ -	\$ (61,129)	\$ 1,315,007	\$ 82,842
Compensated absences payable	6,396	3,033	(3,033)	6,396	-
Business-type activity long-term liabilities	<u>\$ 1,382,532</u>	<u>\$ 3,033</u>	<u>\$ (64,162)</u>	<u>\$ 1,321,403</u>	<u>\$ 82,842</u>

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Plan description**

The City of Albert Lea administers a single-employer defined benefit healthcare plan. 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. The healthcare plan does not issue a publicly available financial report.

**B. Funding policy**

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.

**C. Annual other postemployment benefit cost**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 125,783
Interest on net OPEB obligation	18,428
Adjustment to annual required contribution	<u>(26,643)</u>
 Annual OPEB cost (expense)	 117,568
 Contributions made	 <u>(32,623)</u>
Increase in net OPEB obligation	84,945
 Net OPEB obligation- beginning of year	 <u>460,715</u>
 NET OPEB obligating - end of year	 <u><u>\$ 545,660</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2015, 2014, and 2013 follows:

Year Ending	Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/15	\$ 117,568	27.7 %	\$ 545,660
12/31/14	115,487	23.7	460,715
12/31/13	156,155	24.5	372,643

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED**

**D. Funded status and funding progress**

As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,740,310, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$7,741,398, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the January 1, 2014 actuarial valuation, the projected unit credit with thirty year amortization of the unfunded liability method was used. The actuarial assumptions included a discount inflation rate of 4.0 percent (net of investment expenses) an annual healthcare cost trend rate of 7.50 percent initially, reduced to an ultimate rate of 5.0 percent in eight years, and a general inflation rate of 3 percent.

The unfunded actuarial accrued liability is being amortized as a level dollar amount over 30 years on an open basis. The remaining amortization period at January 1, 2014 was not to exceed thirty years.

**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. Plan description**

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City, are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, 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 PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**B. Benefits provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases. The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

GERF benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year 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.

PEPFF benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

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

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the years ending December 31, 2015, 2014 and 2013 were \$334,857, \$349,800 and \$342,895 respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2015. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the years ending December 31, 2015, 2014 and 2013 were \$475,222, \$419,297 and \$388,950 respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**D. Pension costs**

GERF pension costs

At December 31, 2015, the City reported a liability of \$4,068,278 or its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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 proportion 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, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.0785 percent which was an decrease of 0.0133 percent from its proportion measured as of June 30, 2014. For the year ended December 31, 2015, the City recognized pension expense of \$287,599 for its proportionate share of GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,120	\$ 205,110
Changes in actuarial assumptions	246,966	-
Net difference between projected and actual earnings on plan investments	-	362,151
Changes in proportion	-	539,701
Contributions to GERF subsequent to the measurement date	167,669	-
Total	\$ 458,755	\$ 1,106,962

Deferred outflows of resources totaling \$167,669 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	\$ (255,539)
2017	(255,539)
2018	(401,079)
2019	96,281
2020	-
Thereafter	-

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

PEPFF pension costs

At December 31, 2015, the City reported a liability of \$3,545,050 or its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, 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 proportion 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, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.312 percent which was an increase of 0.006 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$377,403 or its proportionate share of PEPFF's pension expense. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,699	\$ 574,891
Changes in actuarial assumptions	673,877	-
Net difference between projected and actual earnings on plan investments	-	629,388
Changes in proportion	67,075	-
Contributions to PEPFF subsequent to the measurement date	234,335	-
Total	\$ 978,986	\$ 1,204,279

Deferred outflows of resources totaling \$234,335 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2016	\$ (193,436)
2017	(193,436)
2018	(193,436)
2019	222,249
2020	(101,569)
Thereafter	-

CITY OF ALBERT LEA, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**E. Actuarial assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabled members were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent effective every January 1<sup>st</sup> until 2034, then 2.5 percent for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	<u>2.00</u>	0.50
Total	<u>100.00 %</u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 5: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**G. Pension liability sensitivity**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.90%)	Current (7.90%)	1 Percent Increase (8.90%)
	GERF	\$ 6,396,778	\$ 4,068,278
PEPFF	6,909,340	3,545,050	765,561

**H. Pension plan fiduciary net position**

Detailed information about each defined benefit 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); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

**Note 6: DEFINED CONTRIBUTION PLAN**

There are three City Council members the City that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. 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 percent of salary which is matched by the elected official's employer. 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 percent of employer contributions and twenty-five hundredths of 1 percent (.0025) of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2015, 2014 and 2013 were \$1,400, \$1,400 and \$1,400, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,400	\$ 1,400	5.00%	5.00%	5.00%

CITY OF ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 7: OTHER INFORMATION**

**A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal 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.

**B. Commitments and contingent liabilities**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

**Note 8: CHANGE IN ACCOUNTING STANDARDS**

During 2015, the City implemented several new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB), including Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2014 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 4.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

<u>Fund</u>	<u>December 31, 2015</u>		
	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2015 as Restated
Governmental activities	\$ 79,112,941	\$ (8,135,696)	\$ 70,977,245
Business-type activities	\$ 52,210,234	\$ (524,281)	\$ 51,685,953
Business-type activities			
Water	\$ 9,159,805	\$ (209,232)	\$ 8,950,573
Sewer	42,431,770	(308,018)	42,123,752
Solid Waste	283,066	(7,031)	276,035
Parking Maintenance District	727,333	-	727,333
Total business-type activities	<u>\$ 52,601,974</u>	<u>\$ (524,281)</u>	<u>\$ 52,077,693</u>

(1) To record beginning net pension liability, deferred inflows of resources and deferred outflow of resources at December 31, 2014.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF ALBERT LEA, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's share of PERA net pension liability - General Employees Retirement Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.0785 %	\$ 4,068,278	\$ -	\$ 4,068,278	\$ 5,031,160	80.9 %	78.2 %

**Schedule of employer's PERA contributions - General Employees Retirement Fund**

Required Supplementary Information						
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
12/31/15	\$ 334,857	\$ 334,857	\$ -	\$ 4,464,760	7.5 %	

**Schedule of employer's share of PERA net pension liability - Public Employees Police and Fire Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.3120 %	\$ 3,545,050	\$ -	\$ 3,545,050	\$ 2,851,421	124.3 %	86.6 %

**Schedule of employer's PERA contributions - Public Employees Police and Fire Fund**

Required Supplementary Information						
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)	
12/31/15	\$ 475,222	\$ 475,222	\$ -	\$ 2,933,469	16.2 %	

CITY OF ALBERT LEA, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of funding progress for other postemployment benefit plan**

Actuarial Valuation Date	Required Supplementary Information				Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)				
01/01/14	\$ -	\$ 1,740,310	\$ 1,740,310	- %	\$ 7,741,398	22.5 %	
01/01/11	-	1,960,784	1,960,784	-	7,864,964	24.9	
01/01/08	-	429,016	429,016	-	7,877,079	5.5	

**Schedule of employer contributions for other postemployment benefit plan**

Year Ended December 31,	Annual Required Contribution	Percentage Contributed
2015	\$ 125,783	26 %
2014	122,131	22
2013	160,697	24

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

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 1,505,811	\$ 6,529,356	\$ 8,035,167
Receivables			
Loans, net	700,919	-	700,919
Due from other governments	265,681	69,588	335,269
Prepaid items	7,673	-	7,673
TOTAL ASSETS	\$ 2,480,084	\$ 6,598,944	\$ 9,079,028
<b>LIABILITIES</b>			
Accounts payable	\$ 16,769	\$ 81,697	\$ 98,466
Contracts payable	-	164,790	164,790
Due to other governments	-	117,214	117,214
Due to other funds	118,291	105,561	223,852
Advances from other funds	-	115,868	115,868
TOTAL LIABILITIES	135,060	585,130	720,190
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	7,673	-	7,673
Restricted			
Capital purchases	99,114	-	99,114
Airport improvements	135,755	-	135,755
Economic development	-	490,490	490,490
Capital improvements	-	1,081,764	1,081,764
Committed			
Economic development loans	1,898,841	-	1,898,841
Community development	203,641	-	203,641
Assigned			
Building maintenance	-	749,657	749,657
Capital improvements	-	3,796,125	3,796,125
Unassigned	-	(104,222)	(104,222)
TOTAL FUND BALANCES	2,345,024	6,013,814	8,358,838
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,480,084	\$ 6,598,944	\$ 9,079,028

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Special Revenue	Capital Projects	Total
<b>REVENUES</b>			
Tax increment	\$ -	\$ 110,211	\$ 110,211
Intergovernmental	126,522	1,105,291	1,231,813
Charges for services	114,901	8,320	123,221
Investment earnings	1,387	26,181	27,568
Interest on loans	5,408	-	5,408
Miscellaneous	19,630	11,030	30,660
<b>TOTAL REVENUES</b>	<b>267,848</b>	<b>1,261,033</b>	<b>1,528,881</b>
<b>EXPENDITURES</b>			
Current			
General government	-	40,064	40,064
Public safety	10,210	-	10,210
Public works	-	56,356	56,356
Culture and recreation	169,585	-	169,585
Airport	136,980	-	136,980
Community development	20,123	56,675	76,798
Capital outlay			
General government	-	169,361	169,361
Public safety	-	618,638	618,638
Public works	-	4,843,150	4,843,150
Culture and recreation	-	164,256	164,256
Airport	31,137	-	31,137
Community development	-	120,605	120,605
<b>TOTAL EXPENDITURES</b>	<b>368,035</b>	<b>6,069,105</b>	<b>6,437,140</b>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<b>(100,187)</b>	<b>(4,808,072)</b>	<b>(4,908,259)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	128,384	2,834,909	2,963,293
Bond issued	-	4,375,000	4,375,000
Sale of capital assets	-	50,341	50,341
Transfers out	-	(1,226,208)	(1,226,208)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>128,384</b>	<b>6,034,042</b>	<b>6,162,426</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>28,197</b>	<b>1,225,970</b>	<b>1,254,167</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,316,827</b>	<b>4,787,844</b>	<b>7,104,671</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 2,345,024</b>	<b>\$ 6,013,814</b>	<b>\$ 8,358,838</b>

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## NONMAJOR SPECIAL REVENUE FUNDS

A Special Revenue Fund is established to account for the proceeds of specific revenue sources that are restricted by law or administrative action to the expenditure for specified purposes.

*Police Forfeitures fund* - was established to account for the monies received related to police forfeited property.

*Economic Development Revolving fund* - was established to provide a permanent source of economic development monies for use by the City to assist with economic development in the City.

*Senior Center fund* - was established to account for the activities related to the Senior Center activities.

*Airport Fund* - was established to account for the activities relating to Airport activities.

*Vitality Center fund* - was established to account for funds received for purposes of promoting the community as a national vitality center following the Blue Zones/AARP Vitality Project in 2009.

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>201</b>	<b>203</b>	<b>210</b>
	Police Forfeitures	Economic Development Revolving	Senior Center
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 99,114	\$ 1,197,922	\$ 194,932
Receivables			
Loans, net	-	700,919	-
Due from other governments	-	-	-
Prepaid items	-	-	223
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 99,114</u></u>	<u><u>\$ 1,898,841</u></u>	<u><u>\$ 195,155</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 5,134
Due to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<u>          </u>	<u>          </u>	<u>5,134</u>
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid items	-	-	223
Restricted			
Capital purchases	99,114	-	-
Airport improvements	-	-	-
Committed			
Economic development loans	-	1,898,841	-
Community development	-	-	189,798
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>99,114</u>	<u>1,898,841</u>	<u>190,021</u>
<b>TOTAL LIABILITIES AND     FUND BALANCES</b>	<u><u>\$ 99,114</u></u>	<u><u>\$ 1,898,841</u></u>	<u><u>\$ 195,155</u></u>

225	226	
Airport	Vitality Center	Total
\$ -	\$ 13,843	\$ 1,505,811
-	-	700,919
265,681	-	265,681
7,450	-	7,673
<u>\$ 273,131</u>	<u>\$ 13,843</u>	<u>\$ 2,480,084</u>
\$ 11,635	\$ -	\$ 16,769
118,291	-	118,291
<u>129,926</u>	<u>-</u>	<u>135,060</u>
7,450	-	7,673
-	-	99,114
135,755	-	135,755
-	-	1,898,841
<u>-</u>	<u>13,843</u>	<u>203,641</u>
<u>143,205</u>	<u>13,843</u>	<u>2,345,024</u>
<u>\$ 273,131</u>	<u>\$ 13,843</u>	<u>\$ 2,480,084</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	201	203	210
	Police Forfeitures	Economic Development Revolving	Senior Center
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	65,871
Investment earnings	-	452	832
Interest on loans	-	5,408	-
Miscellaneous	16,624	-	3,006
<b>TOTAL REVENUES</b>	<b>16,624</b>	<b>5,860</b>	<b>69,709</b>
EXPENDITURES			
Current			
Public safety	10,210	-	-
Culture and recreation	-	-	169,585
Airport	-	-	-
Community development	-	-	-
Capital outlay			
Airport	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>10,210</b>	<b>-</b>	<b>169,585</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,414	5,860	(99,876)
OTHER FINANCING SOURCES			
Transfers in	-	-	93,384
NET CHANGE IN FUND BALANCES	6,414	5,860	(6,492)
FUND BALANCES, JANUARY 1	92,700	1,892,981	196,513
FUND BALANCES, DECEMBER 31	<u>\$ 99,114</u>	<u>\$ 1,898,841</u>	<u>\$ 190,021</u>

225		226		
Airport		Vitality Center		Total
\$ 126,522		\$ -		\$ 126,522
38,680		10,350		114,901
-		103		1,387
-		-		5,408
-		-		19,630
<u>165,202</u>		<u>10,453</u>		<u>267,848</u>
-		-		10,210
-		-		169,585
136,980		-		136,980
-		20,123		20,123
<u>31,137</u>		<u>-</u>		<u>31,137</u>
<u>168,117</u>		<u>20,123</u>		<u>368,035</u>
(2,915)		(9,670)		(100,187)
<u>35,000</u>		<u>-</u>		<u>128,384</u>
32,085		(9,670)		28,197
<u>111,120</u>		<u>23,513</u>		<u>2,316,827</u>
<u>\$ 143,205</u>		<u>\$ 13,843</u>		<u>\$ 2,345,024</u>

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## NONMAJOR CAPITAL PROJECT FUNDS

**Broadway Ridge** - was established to account for capital improvement projects associated with Broadway Ridge.

**MSA Construction** - was established to account for capital improvement projects associated with MSA construction funding.

**Parkland Dedication** - was established to account for park dedication fees paid to the City.

**Building Maintenance** - was established in 1989 to provide a source of funds for maintenance and capital improvements to buildings owned by the City that were acquired with General Governmental Funds.

**TIF 5-7 East Main Redevelopment** - was established to account for tax increment financing activities relative to project costs associated with the redevelopment of public and private property located on the south side of East Main Street between Syverson Avenue and Morningside Road.

**TIF 5-16 Albert Lea Warehouse** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district

**TIF 5-18 Freeborn Lumber** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district.

**TIF 5-12 Mrs. Gerry's** - was established to account for tax increment financing activities relative to project costs associated with the property associated with Mrs. Gerry's TIF district.

**TIF 6-1 Newbury Development** - was established to account for tax increment financing activities relative to installing public street and utilities associated with the private development of the district.

**TIF 9-1 Port Authority Bldg.** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district.

**TIF 5-24 St. Johns Housing** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district.

**TIF 5-19 Prairie Cottages** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district.

**TIF 5-23 Pro Trucking** - was established to account for tax increment activities relative to reimbursing eligible project costs associated with site improvements within the district.

**2014 MSA Overlay** - was established to account for capital improvement projects associated with 2014 MSA overlay funding.

**Plaza Street Realignment** - was established to account for capital improvement projects associated with the Plaza Street Realignment project.

**Broadway Avenue Streetscape**- accounts for the construction of capital assets for the Broadway Avenue Streetscape project.

**2015 MSA Overlay** - was established to account for capital improvement projects associated with 2015 MSA overlay funding.

**Broadway Streetscape**- accounts for the construction of capital assets for the Broadway Streetscape project.

**2013 Neighborhood Improvements**- was established to account for capital improvement projects associated with the neighborhood improvements.

**West 9<sup>th</sup> Street Improvements** - was established to account for capital improvement projects associated with West 9<sup>th</sup> Street.

**2014 Neighborhood Overlay** - was established to account for capital improvement projects related to the neighborhood overlay project.

**2014 Concrete Alley Paving** - was established to account for capital improvement projects related to the concrete alley paving projects.

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## NONMAJOR CAPITAL PROJECT FUNDS - CONTINUED

*NW S&W St Johns* - was established to account for capital improvement projects associated with the NW S&W St Johns Project.

*2015 Neighborhood Project* - was established to account for capital improvement projects associated with the 2015 neighborhood projects.

*Virginia 5<sup>th</sup> St Project* - was established to account for capital improvement projects associated with the Virginia 5<sup>th</sup> street project.

*PW Facility Phase one* - was established to account for capital improvement projects associated with the public works facility.

*Park, Grace, Mariners* - was established to account for capital improvement projects associated with the Park, Grace, Mariners project.

*Lake Chapeu Drive* - was established to account for capital improvement projects associated with the Lake Chapeu Drive project.

*Edgewater Drive* - was established to account for capital improvement projects associated with the Edgewater Drive project.

*Lake Avenue* - was established to account for capital improvement projects associated with the Lake Avenue project.

*Vehicles and Equipment* - was established to account for future vehicle and equipment purchases.

*Computer Equipment* - was established to account for future computer equipment purchases.

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES  
DECEMBER 31, 2015

	227	440	404	406
	Broadway Ridge	MSA Projects	Parkland Dedication	Building Maintenance
<b>ASSETS</b>				
Cash and temporary investments	\$ 463,377	\$ -	\$ -	\$ 758,514
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 463,377</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 758,514</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,857
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>8,857</u></b>
<b>FUND BALANCES</b>				
Restricted				
Economic development	-	-	-	-
Capital improvements	-	-	-	-
Assigned				
Building maintenance	-	-	-	749,657
Capital improvements	463,377	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>463,377</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>749,657</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 463,377</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 758,514</u></b>

<b>420</b> TIF 5-7 E Main Redevelopment	<b>424</b> TIF 5-16 Albert Lea Public Warehouse	<b>425</b> TIF 5-18 Freeborn Lumber	<b>427</b> TIF 5-12 Mrs. Gerry's	<b>428</b> TIF 6-1 Newbury Development	<b>429</b> TIF 9-1 Port Authority Bldg.	<b>431</b> TIF 5-24 St. Johns Housing
\$ 2,589	\$ 1,493	\$ 8,591	\$ 550,261	\$ 21,740	\$ 8,669	\$ -
-	-	-	-	-	-	-
<u>\$ 2,589</u>	<u>\$ 1,493</u>	<u>\$ 8,591</u>	<u>\$ 550,261</u>	<u>\$ 21,740</u>	<u>\$ 8,669</u>	<u>\$ -</u>
\$ 2,589	\$ 4,478	\$ 8,591	\$ 13,871	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	13,839	-
-	-	-	74,593	-	-	41,275
<u>2,589</u>	<u>4,478</u>	<u>8,591</u>	<u>88,464</u>	<u>-</u>	<u>13,839</u>	<u>41,275</u>
-	-	-	461,797	21,740	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(2,985)	-	-	-	(5,170)	(41,275)
-	(2,985)	-	461,797	21,740	(5,170)	(41,275)
<u>\$ 2,589</u>	<u>\$ 1,493</u>	<u>\$ 8,591</u>	<u>\$ 550,261</u>	<u>\$ 21,740</u>	<u>\$ 8,669</u>	<u>\$ -</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
DECEMBER 31, 2015

	<b>432</b> TIF 5-19 Prairie Cottages	<b>433</b> TIF 5-23 Pro Trucking	<b>441</b> 2014 MSA Overlay	<b>442</b> Plaza Street Realignment
<b>ASSETS</b>				
Cash and temporary investments	\$ 14,371	\$ 6,953	\$ -	\$ -
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 14,371</b>	<b>\$ 6,953</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 856
Contracts payable	-	-	-	-
Due to other funds	-	-	-	32,621
Due to other governments	14,371	-	-	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>14,371</b>	<b>-</b>	<b>-</b>	<b>33,477</b>
<b>FUND BALANCES</b>				
Restricted				
Economic development	-	6,953	-	-
Capital improvements	-	-	-	-
Assigned				
Building maintenance	-	-	-	-
Capital improvements	-	-	-	-
Unassigned	-	-	-	(33,477)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>6,953</b>	<b>-</b>	<b>(33,477)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,371</b>	<b>\$ 6,953</b>	<b>\$ -</b>	<b>\$ -</b>

<b>444</b>	<b>445</b>	<b>470</b>	<b>471</b>	<b>474</b>	<b>475</b>	<b>476</b>
Broadway Avenue Streetscape	2015 MSA Overlay	Broadway Streetscape	2013 Neighborhood Improvements	West 9th Street Improvements	2014 Neighborhood Overlay	2014 Concrete Alley Paving
\$ 254,235	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	69,588	-	-	-	-	-
<u>\$ 254,235</u>	<u>\$ 69,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	66,720	-	-	-	-	-
89,004	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>89,004</u>	<u>66,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
165,231	2,868	-	-	-	-	-
-	-	-	-	-	-	-
<u>165,231</u>	<u>2,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 254,235</u>	<u>\$ 69,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
DECEMBER 31, 2015

	<b>477</b> NW S&W St Johns	<b>478</b> 2015 Neighborhood Project	<b>479</b> Virginia 5th St Project	<b>480</b> PW Facility Phase One
<b>ASSETS</b>				
Cash and temporary investments	\$ 252,906	\$ 127,083	\$ 868,013	\$ -
Due from other governments	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 252,906</u>	<u>\$ 127,083</u>	<u>\$ 868,013</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,448	\$ -	\$ -	\$ -
Contracts payable	78,642	55,771	30,377	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Advances from other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>80,090</u>	<u>55,771</u>	<u>30,377</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted				
Economic development	-	-	-	-
Capital improvements	172,816	71,312	837,636	-
Assigned				
Building maintenance	-	-	-	-
Capital improvements	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>172,816</u>	<u>71,312</u>	<u>837,636</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 252,906</u>	<u>\$ 127,083</u>	<u>\$ 868,013</u>	<u>\$ -</u>

<b>481</b> Park, Grace, Mariners	<b>483</b> Lake Chapeu Drive	<b>484</b> Edgewater Drive	<b>485</b> Lake Avenue	<b>701</b> Vehicles and Equipment	<b>702</b> Computer Equipment	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,830,064	\$ 360,497	\$ 6,529,356
-	-	-	-	-	-	69,588
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,830,064</u>	<u>\$ 360,497</u>	<u>6,598,944</u>
\$ 15,095	\$ -	\$ -	\$ -	\$ 25,912	\$ -	\$ 81,697
-	-	-	-	-	-	164,790
2,153	2,153	1,675	239	-	-	105,561
-	-	-	-	-	-	117,214
-	-	-	-	-	-	115,868
<u>17,248</u>	<u>2,153</u>	<u>1,675</u>	<u>239</u>	<u>25,912</u>	<u>-</u>	<u>585,130</u>
-	-	-	-	-	-	490,490
-	-	-	-	-	-	1,081,764
-	-	-	-	-	-	749,657
-	-	-	-	2,804,152	360,497	3,796,125
<u>(17,248)</u>	<u>(2,153)</u>	<u>(1,675)</u>	<u>(239)</u>	<u>-</u>	<u>-</u>	<u>(104,222)</u>
<u>(17,248)</u>	<u>(2,153)</u>	<u>(1,675)</u>	<u>(239)</u>	<u>2,804,152</u>	<u>360,497</u>	<u>6,013,814</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,830,064</u>	<u>\$ 360,497</u>	<u>6,598,944</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	227	440	404	406
	Broadway Ridge	MSA Projects	Parkland Dedication	Building Maintenance
REVENUES				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	1,057	-	-	3,582
Charges for services	-	-	8,320	-
Miscellaneous	9,325	-	-	1,705
<b>TOTAL REVENUES</b>	<b>10,382</b>	<b>-</b>	<b>8,320</b>	<b>5,287</b>
EXPENDITURES				
Current				
General government	-	-	-	40,064
Public works	-	-	-	-
Community development	7,310	-	-	-
Capital outlay				
General government	-	-	-	169,361
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	19,751	-
Community development	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>7,310</b>	<b>-</b>	<b>19,751</b>	<b>209,425</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,072	-	(11,431)	(204,138)
OTHER FINANCING SOURCES (USES)				
Transfers in	460,305	133,082	60	250,000
Bond issued	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers out	-	(324,843)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>460,305</b>	<b>(191,761)</b>	<b>60</b>	<b>250,000</b>
NET CHANGE IN FUND BALANCES	463,377	(191,761)	(11,371)	45,862
FUND BALANCES, JANUARY 1	-	191,761	11,371	703,795
FUND BALANCES, DECEMBER 31	\$ 463,377	\$ -	\$ -	\$ 749,657

420	424	425	427	428	429	431
TIF 5-7 E Main Redevelopment	TIF 5-16 Albert Lea Public Warehouse	TIF 5-18 Freeborn Lumber	TIF 5-12 Mrs. Gerry's	TIF 6-1 Newbury Development	TIF 9-1 Port Authority Bldg.	TIF 5-24 St. Johns Housing
\$ 122	\$ 10,537	\$ 18,087	\$ 15,196	\$ 7,560	\$ 29,135	\$ -
-	-	-	-	-	-	-
-	-	-	-	194	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>122</u>	<u>10,537</u>	<u>18,087</u>	<u>15,196</u>	<u>7,754</u>	<u>29,135</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,916	-	11,233	-	893	8,323	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	9,483	8,591	30,640	-	27,678	21,592
<u>28,916</u>	<u>9,483</u>	<u>19,824</u>	<u>30,640</u>	<u>893</u>	<u>36,001</u>	<u>21,592</u>
<u>(28,794)</u>	<u>1,054</u>	<u>(1,737)</u>	<u>(15,444)</u>	<u>6,861</u>	<u>(6,866)</u>	<u>(21,592)</u>
-	-	-	-	-	-	-
-	-	-	555,000	-	-	-
-	-	-	-	-	-	-
<u>(14,202)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(14,202)</u>	<u>-</u>	<u>-</u>	<u>555,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(42,996)	1,054	(1,737)	539,556	6,861	(6,866)	(21,592)
<u>42,996</u>	<u>(4,039)</u>	<u>1,737</u>	<u>(77,759)</u>	<u>14,879</u>	<u>1,696</u>	<u>(19,683)</u>
<u>\$ -</u>	<u>\$ (2,985)</u>	<u>\$ -</u>	<u>\$ 461,797</u>	<u>\$ 21,740</u>	<u>\$ (5,170)</u>	<u>\$ (41,275)</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>432</b>	<b>433</b>	<b>441</b>	<b>442</b>
	TIF 5-19 Prairie Cottages	TIF 5-23 Pro Trucking	2014 MSA Overlay	Plaza Street Realignment
<b>REVENUES</b>				
Tax increment	\$ 14,371	\$ 15,203	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	-	-	1,572	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>14,371</b>	<b>15,203</b>	<b>1,572</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	22,382
Culture and recreation	-	-	-	-
Community development	14,371	8,250	-	-
<b>TOTAL EXPENDITURES</b>	<b>14,371</b>	<b>8,250</b>	<b>-</b>	<b>22,382</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>6,953</b>	<b>1,572</b>	<b>(22,382)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	315,683	-
Bond issued	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers out	-	-	(317,255)	(11,095)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(1,572)</b>	<b>(11,095)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>6,953</b>	<b>-</b>	<b>(33,477)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 6,953</b>	<b>\$ -</b>	<b>\$ (33,477)</b>

<b>444</b>	<b>445</b>	<b>470</b>	<b>471</b>	<b>474</b>	<b>475</b>	<b>476</b>
Broadway Avenue Streetscape	2015 MSA Overlay	Broadway Streetscape	2013 Neighborhood Improvements	West 9th Street Improvements	2014 Neighborhood Overlay	2014 Concrete Alley Paving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
861,135	244,156	-	-	-	-	-
-	-	162	395	2,147	334	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>861,135</u>	<u>244,156</u>	<u>162</u>	<u>395</u>	<u>2,147</u>	<u>334</u>	<u>-</u>
-	-	-	-	-	-	-
24,183	721	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,065,186	310,567	1,134	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,089,369</u>	<u>311,288</u>	<u>1,134</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(228,234)	(67,132)	(972)	395	2,147	334	-
-	-	972	-	-	-	-
400,000	70,000	-	-	-	-	-
-	-	-	-	-	-	-
(6,535)	-	-	(64,060)	(429,472)	(53,925)	(4,821)
<u>393,465</u>	<u>70,000</u>	<u>972</u>	<u>(64,060)</u>	<u>(429,472)</u>	<u>(53,925)</u>	<u>(4,821)</u>
165,231	2,868	-	(63,665)	(427,325)	(53,591)	(4,821)
-	-	-	63,665	427,325	53,591	4,821
<u>\$ 165,231</u>	<u>\$ 2,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>477</b>	<b>478</b>	<b>479</b>	<b>480</b>
	NW S&W St Johns	2015 Neighborhood Project	Virginia 5th St Project	PW Facility Phase One
<b>REVENUES</b>				
Tax increment	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest on investments	-	-	213	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current				
General government	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,602,184	753,688	612,577	1,500
Culture and recreation	-	-	-	-
Community development	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,602,184</b>	<b>753,688</b>	<b>612,577</b>	<b>1,500</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,602,184)</b>	<b>(753,688)</b>	<b>(612,364)</b>	<b>(1,500)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	700,000	1,500
Bond issued	1,775,000	825,000	750,000	-
Sale of capital assets	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,775,000</b>	<b>825,000</b>	<b>1,450,000</b>	<b>1,500</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>172,816</b>	<b>71,312</b>	<b>837,636</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 172,816</b>	<b>\$ 71,312</b>	<b>\$ 837,636</b>	<b>\$ -</b>

<b>481</b>	<b>483</b>	<b>484</b>	<b>485</b>	<b>701</b>	<b>702</b>	
Park, Grace, Mariners	Lake Chapeu Drive	Edgewater Drive	Lake Avenue	Vehicles and Equipment	Computer Equipment	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,211
-	-	-	-	-	-	1,105,291
-	-	-	-	14,819	1,706	26,181
-	-	-	-	-	-	8,320
-	-	-	-	-	-	11,030
-	-	-	-	14,819	1,706	1,261,033
-	-	-	-	-	-	40,064
-	-	-	-	4,659	26,793	56,356
-	-	-	-	-	-	56,675
-	-	-	-	-	-	169,361
-	-	-	-	618,638	-	618,638
17,248	2,153	1,675	239	452,617	-	4,843,150
-	-	-	-	144,505	-	164,256
-	-	-	-	-	-	120,605
17,248	2,153	1,675	239	1,220,419	26,793	6,069,105
(17,248)	(2,153)	(1,675)	(239)	(1,205,600)	(25,087)	(4,808,072)
-	-	-	-	909,907	63,400	2,834,909
-	-	-	-	-	-	4,375,000
-	-	-	-	50,341	-	50,341
-	-	-	-	-	-	(1,226,208)
-	-	-	-	960,248	63,400	6,034,042
(17,248)	(2,153)	(1,675)	(239)	(245,352)	38,313	1,225,970
-	-	-	-	3,049,504	322,184	4,787,844
<u>\$ (17,248)</u>	<u>\$ (2,153)</u>	<u>\$ (1,675)</u>	<u>\$ (239)</u>	<u>\$ 2,804,152</u>	<u>\$ 360,497</u>	<u>\$ 6,013,814</u>

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## NONMAJOR PROPRIETARY FUNDS

Enterprise funds are established to account for the financing of self-supporting activities of governmental units that render services to the general public on a user charge basis. These funds are operated as enterprise funds although their expenditures are controlled (not legally restricted) through the budgetary accounting procedures similar to other City funds.

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

*Parking Maintenance District fund* - This fund accounts for the income and expenses in the downtown Parking Maintenance District.

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	<b>603</b>	<b>611</b>	
	Solid Waste	Parking Maintenance District	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and temporary investments	\$ 177,554	\$ 52,455	\$ 230,009
Receivables			
Accounts	600	-	600
Special assessments	-	22,929	22,929
Prepaid items	298	-	298
	<u>178,452</u>	<u>75,384</u>	<u>253,836</u>
<b>TOTAL CURRENT ASSETS</b>			
<b>NONCURRENT ASSETS</b>			
Patronage equity	1,626	-	1,626
Capital assets			
Land	80,071	588,743	668,814
Buildings	33,000	-	33,000
Improvements other than buildings	-	267,908	267,908
Less accumulated depreciation	(32,617)	(197,449)	(230,066)
	<u>80,454</u>	<u>659,202</u>	<u>739,656</u>
<b>TOTAL NONCURRENT ASSETS</b>			
<b>TOTAL ASSETS</b>			
	<u>260,532</u>	<u>734,586</u>	<u>995,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	632	-	632
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	6,923	2,097	9,020
Accrued salaries payable	611	-	611
Compensated absences payable	4,799	-	4,799
	<u>12,333</u>	<u>2,097</u>	<u>14,430</u>
<b>TOTAL CURRENT LIABILITIES</b>			
<b>NONCURRENT LIABILITIES</b>			
Other postemployment benefits payable	2,443	-	2,443
Net pension liability	5,608	-	5,608
	<u>8,051</u>	<u>-</u>	<u>8,051</u>
<b>TOTAL NONCURRENT LIABILITIES</b>			
<b>TOTAL LIABILITIES</b>			
	<u>20,384</u>	<u>2,097</u>	<u>22,481</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension resources	1,526	-	1,526
<b>NET POSITION</b>			
Investment in capital assets	80,454	659,202	739,656
Unrestricted	158,800	73,287	232,087
	<u>\$ 239,254</u>	<u>\$ 732,489</u>	<u>\$ 971,743</u>

CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	603	611	Total
	Solid Waste	Parking Maintenance District	
OPERATING REVENUES			
Charges for services	\$ 138,748	\$ -	\$ 138,748
Parking maintenance assessments	-	38,300	38,300
<b>TOTAL OPERATING REVENUES</b>	<b>138,748</b>	<b>38,300</b>	<b>177,048</b>
OPERATING EXPENSES			
Personnel services	27,251	-	27,251
Supplies	3,058	2,046	5,104
Other services and charges	95,336	1,902	97,238
Repairs and maintenance	1,516	-	1,516
Utilities	1,400	707	2,107
Depreciation	1,100	6,713	7,813
<b>TOTAL OPERATING EXPENSES</b>	<b>129,661</b>	<b>11,368</b>	<b>141,029</b>
OPERATING INCOME	9,087	26,932	36,019
NONOPERATING REVENUES			
Miscellaneous	128	1,470	1,598
Investment earnings	979	164	1,143
<b>TOTAL NONOPERATING REVENUES</b>	<b>1,107</b>	<b>1,634</b>	<b>2,741</b>
INCOME BEFORE TRANSFERS	10,194	28,566	38,760
TRANSFERS OUT	(46,975)	(23,410)	(70,385)
CHANGE IN NET POSITION	(36,781)	5,156	(31,625)
NET POSITION, JANUARY 1 (AS RESTATED)	276,035	727,333	1,003,368
NET POSITION, DECEMBER 31	\$ 239,254	\$ 732,489	\$ 971,743

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CITY OF ALBERT LEA, MINNESOTA  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	<b>603</b>	<b>611</b>	
	Solid Waste	Parking Maintenance District	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 140,624	\$ 40,216	\$ 180,840
Other operating receipts	128	1,470	1,598
Payments to suppliers	(99,236)	(5,235)	(104,471)
Payments to employees	(27,430)	-	(27,430)
	<u>14,086</u>	<u>36,451</u>	<u>50,537</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
	<u>14,086</u>	<u>36,451</u>	<u>50,537</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(46,975)	(23,410)	(70,385)
	<u>(46,975)</u>	<u>(23,410)</u>	<u>(70,385)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received from investments	946	164	1,110
	<u>946</u>	<u>164</u>	<u>1,110</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(31,943)	13,205	(18,738)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>209,497</u>	<u>39,250</u>	<u>248,747</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 177,554</u>	<u>\$ 52,455</u>	<u>\$ 230,009</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income	\$ 9,087	\$ 26,932	\$ 36,019
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Miscellaneous	128	1,470	1,598
Depreciation	1,100	6,713	7,813
Decrease (increase) in assets/deferred outflows of resources			
Accounts receivable	1,876	-	1,876
Special assessments	-	1,916	1,916
Prepaid items	19	-	19
Deferred pension resources	(632)	-	(632)
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	2,055	(580)	1,475
Accrued salaries payable	103	-	103
Compensated absences payable	(133)	-	(133)
Other postemployment benefits payable	380	-	380
Deferred pension resources	1,526	-	1,526
Pension liability	(1,423)	-	(1,423)
	<u>(1,423)</u>	<u>-</u>	<u>(1,423)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 14,086</u>	<u>\$ 36,451</u>	<u>\$ 50,537</u>

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CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property	\$ 4,852,953	\$ 4,852,953	\$ 4,864,915	\$ 11,962	\$ 4,784,656
Franchise	1,525,000	1,525,000	1,454,231	(70,769)	1,501,681
Lodging	10,000	10,000	11,014	1,014	10,651
Total taxes	<u>6,387,953</u>	<u>6,387,953</u>	<u>6,330,160</u>	<u>(57,793)</u>	<u>6,296,988</u>
Licenses and permits					
Business	61,700	61,700	57,328	(4,372)	58,579
Nonbusiness	192,000	192,000	285,469	93,469	254,379
Total licenses and permits	<u>253,700</u>	<u>253,700</u>	<u>342,797</u>	<u>89,097</u>	<u>312,958</u>
Intergovernmental					
Federal aid	-	-	145,008	145,008	52,675
State					
Local government aid	5,220,298	5,220,298	5,220,298	-	5,158,721
Market value homestead credit	-	-	1,280	1,280	481
Other	25,000	25,000	58,051	33,051	36,691
Highway aid	230,000	230,000	249,842	19,842	237,929
P.E.R.A.	22,335	22,335	22,335	-	27,674
Police aid	212,676	212,676	213,376	700	195,906
Fire aid	62,600	62,600	67,854	5,254	65,374
School district	45,000	45,000	42,526	(2,474)	39,881
County - other	305,230	305,230	273,104	(32,126)	441,165
Total intergovernmental	<u>6,123,139</u>	<u>6,123,139</u>	<u>6,293,674</u>	<u>170,535</u>	<u>6,256,497</u>
Charges for services					
General government	7,600	7,600	10,652	3,052	6,738
Public safety	28,000	28,000	30,340	2,340	36,886
Public works	136,000	136,000	205,107	69,107	372,652
Parks and recreation	424,000	424,000	445,758	21,758	428,651
Other services	5,000	5,000	15,122	10,122	8,880
Total charges for services	<u>600,600</u>	<u>600,600</u>	<u>706,979</u>	<u>106,379</u>	<u>853,807</u>
Fines and forfeits					
Court	95,000	95,000	84,775	(10,225)	83,538
Library	15,000	15,000	16,215	1,215	14,600
Total fines and forfeits	<u>110,000</u>	<u>110,000</u>	<u>100,990</u>	<u>(9,010)</u>	<u>98,138</u>
Special assessments	-	-	-	-	2,410
Investment earnings	75,000	75,000	64,030	(10,970)	7,772
Miscellaneous revenue	39,600	39,600	86,312	46,712	110,280
TOTAL REVENUES	<u>13,589,992</u>	<u>13,589,992</u>	<u>13,924,942</u>	<u>334,950</u>	<u>13,938,850</u>

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

EXPENDITURES	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Current					
General government					
City Council					
Personnel services	\$ 64,374	\$ 64,374	\$ 66,200	\$ (1,826)	\$ 64,632
Supplies	2,250	2,250	1,042	1,208	2,220
Other services and charges	64,875	64,875	63,695	1,180	56,536
Total	131,499	131,499	130,937	562	123,388
Elections					
Personnel services	-	-	-	-	13,468
Supplies	-	-	-	-	5,874
Other services and charges	-	-	100	(100)	3,960
Total	-	-	100	(100)	23,302
City Manager					
Personnel services	360,213	360,213	310,340	49,873	342,621
Supplies	2,050	2,050	764	1,286	1,948
Other services and charges	56,800	56,800	42,884	13,916	33,663
Total	419,063	419,063	353,988	65,075	378,232
City Clerk					
Personnel services	80,126	80,126	80,445	(319)	78,547
Supplies	3,700	3,700	704	2,996	646
Other services and charges	18,690	18,690	19,704	(1,014)	13,670
Total	102,516	102,516	100,853	1,663	92,863
Financial administration					
Personnel services	235,020	235,020	239,184	(4,164)	278,533
Supplies	8,880	8,880	10,553	(1,673)	11,347
Other services and charges	141,005	141,005	136,259	4,746	148,379
Total	384,905	384,905	385,996	(1,091)	438,259
City Attorney					
Personnel services	214,573	214,573	212,256	2,317	212,893
Supplies	6,330	6,330	981	5,349	1,235
Other services and charges	71,809	71,809	30,974	40,835	65,871
Total	292,712	292,712	244,211	48,501	279,999
Personnel administration					
Personnel services	128,529	128,529	159,851	(31,322)	140,204
Supplies	1,625	1,625	700	925	338
Other services and charges	50,125	50,125	30,870	19,255	39,241
Total	180,279	180,279	191,421	(11,142)	179,783

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
General government - continued					
City Center					
Personnel services	\$ 68,665	\$ 68,665	\$ 69,075	\$ (410)	\$ 67,413
Supplies	34,659	34,659	23,710	10,949	51,005
Other services and charges	221,248	221,248	161,587	59,661	162,828
Total	<u>324,572</u>	<u>324,572</u>	<u>254,372</u>	<u>70,200</u>	<u>281,246</u>
Total general government	<u>1,835,546</u>	<u>1,835,546</u>	<u>1,661,878</u>	<u>173,668</u>	<u>1,797,072</u>
Public safety					
Police					
Personnel services	2,649,606	2,649,606	2,734,356	(84,750)	3,384,013
Supplies	163,150	163,150	112,607	50,543	138,438
Other services and charges	592,571	592,571	539,940	52,631	281,532
Total	<u>3,405,327</u>	<u>3,405,327</u>	<u>3,386,903</u>	<u>18,424</u>	<u>3,803,983</u>
Fire protection					
Personnel services	1,677,350	1,677,350	1,725,071	(47,721)	1,609,777
Supplies	103,610	103,610	101,112	2,498	71,239
Other services and charges	119,933	119,933	94,987	24,946	100,934
Total	<u>1,900,893</u>	<u>1,900,893</u>	<u>1,921,170</u>	<u>(20,277)</u>	<u>1,781,950</u>
Inspection services					
Personnel services	243,806	243,806	272,576	(28,770)	234,847
Supplies	30,520	30,520	16,199	14,321	26,545
Other services and charges	39,680	39,680	64,417	(24,737)	57,836
Total	<u>314,006</u>	<u>314,006</u>	<u>353,192</u>	<u>(39,186)</u>	<u>319,228</u>
Community services					
Personnel services	140,121	140,121	139,426	695	138,227
Supplies	11,940	11,940	4,237	7,703	6,351
Other services and charges	28,560	28,560	20,554	8,006	26,642
Total	<u>180,621</u>	<u>180,621</u>	<u>164,217</u>	<u>16,404</u>	<u>171,220</u>
Total public safety	<u>5,800,847</u>	<u>5,800,847</u>	<u>5,825,482</u>	<u>(24,635)</u>	<u>6,076,381</u>
Public works					
Engineering					
Personnel services	550,016	550,016	555,287	(5,271)	525,735
Supplies	15,375	15,375	7,866	7,509	10,736
Other services and charges	36,631	36,631	40,095	(3,464)	31,067
Total	<u>602,022</u>	<u>602,022</u>	<u>603,248</u>	<u>(1,226)</u>	<u>567,538</u>

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public works - continued					
Street maintenance					
Personnel services	\$ 421,609	\$ 421,609	\$ 425,817	\$ (4,208)	\$ 431,667
Supplies	393,700	393,700	342,110	51,590	374,319
Other services and charges	90,969	90,969	113,905	(22,936)	79,341
Total	<u>906,278</u>	<u>906,278</u>	<u>881,832</u>	<u>24,446</u>	<u>885,327</u>
Snow removal					
Personnel services	254,127	254,127	228,960	25,167	236,148
Supplies	113,600	113,600	76,213	37,387	105,485
Other services and charges	25,050	25,050	10,183	14,867	14,113
Total	<u>392,777</u>	<u>392,777</u>	<u>315,356</u>	<u>77,421</u>	<u>355,746</u>
Storm drainage					
Personnel services	98,493	98,493	101,682	(3,189)	102,350
Supplies	33,300	33,300	39,499	(6,199)	15,320
Other services and charges	101,950	101,950	75,177	26,773	92,212
Total	<u>233,743</u>	<u>233,743</u>	<u>216,358</u>	<u>17,385</u>	<u>209,882</u>
Street lighting					
Supplies	22,000	22,000	10,633	11,367	12,876
Other services and charges	250,000	250,000	263,209	(13,209)	248,622
Total	<u>272,000</u>	<u>272,000</u>	<u>273,842</u>	<u>(1,842)</u>	<u>261,498</u>
City garage					
Personnel services	168,996	168,996	175,125	(6,129)	178,753
Supplies	34,015	34,015	37,401	(3,386)	58,676
Other services and charges	54,627	54,627	38,767	15,860	61,150
Total	<u>257,638</u>	<u>257,638</u>	<u>251,293</u>	<u>6,345</u>	<u>298,579</u>
Total public works	<u>2,664,458</u>	<u>2,664,458</u>	<u>2,541,929</u>	<u>122,529</u>	<u>2,578,570</u>
Culture and recreation					
Recreation administration					
Personnel services	293,101	293,101	290,403	2,698	282,875
Supplies	8,700	8,700	4,165	4,535	13,540
Other services and charges	14,660	14,660	16,299	(1,639)	14,548
Total	<u>316,461</u>	<u>316,461</u>	<u>310,867</u>	<u>5,594</u>	<u>310,963</u>
Arena					
Personnel services	305,854	305,854	313,936	(8,082)	299,879
Supplies	52,200	52,200	28,172	24,028	36,865
Other services and charges	200,480	200,480	182,246	18,234	171,139
Total	<u>558,534</u>	<u>558,534</u>	<u>524,354</u>	<u>34,180</u>	<u>507,883</u>

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation - continued					
Swimming pool					
Personnel services	\$ 115,126	\$ 115,126	\$ 105,830	\$ 9,296	\$ 110,995
Supplies	73,300	73,300	59,877	13,423	32,924
Other services and charges	42,700	42,700	33,214	9,486	25,575
Total	231,126	231,126	198,921	32,205	169,494
Senior citizen center					
Personnel services	-	-	-	-	70,389
Supplies	-	-	-	-	9,290
Other services and charges	-	-	-	-	10,695
Total	-	-	-	-	90,374
Adult athletics					
Personnel services	-	-	-	-	8,111
Supplies	-	-	-	-	4,634
Other services and charges	-	-	-	-	2,596
Total	-	-	-	-	15,341
Youth athletics					
Personnel services	-	-	-	-	2,696
Supplies	-	-	-	-	2,708
Other services and charges	-	-	-	-	135
Total	-	-	-	-	5,539
Youth programs					
Personnel services	43,120	43,120	34,497	8,623	19,287
Supplies	12,200	12,200	15,168	(2,968)	6,528
Other services and charges	7,150	7,150	4,895	2,255	3,548
Total	62,470	62,470	54,560	7,910	29,363
Civic theater					
Supplies	1,000	1,000	1,250	(250)	471
Other services and charges	18,350	18,350	17,582	768	29,999
Total	19,350	19,350	18,832	518	30,470
Parks					
Personnel services	655,767	655,767	714,482	(58,715)	674,667
Supplies	194,802	194,802	180,499	14,303	199,597
Other services and charges	144,265	144,265	155,439	(11,174)	168,581
Total	994,834	994,834	1,050,420	(55,586)	1,042,845

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation - continued					
Forestry					
Personnel services	\$ 89,223	\$ 89,223	\$ 86,259	\$ 2,964	\$ 83,761
Supplies	22,500	22,500	23,989	(1,489)	25,605
Other services and charges	37,900	37,900	19,757	18,143	20,903
Total	<u>149,623</u>	<u>149,623</u>	<u>130,005</u>	<u>19,618</u>	<u>130,269</u>
Library					
Library services					
Personnel services	704,120	704,120	695,168	8,952	653,699
Supplies	125,650	125,650	133,110	(7,460)	134,231
Other services and charges	75,613	75,613	70,726	4,887	65,662
Total	<u>905,383</u>	<u>905,383</u>	<u>899,004</u>	<u>6,379</u>	<u>853,592</u>
Total culture and recreation	<u>3,237,781</u>	<u>3,237,781</u>	<u>3,186,963</u>	<u>50,818</u>	<u>3,186,133</u>
Community development					
Community development services					
Personnel services	1,350	1,350	1,319	31	243
Supplies	1,350	1,350	942	408	-
Other services and charges	42,100	42,100	68,393	(26,293)	43,633
Total	<u>44,800</u>	<u>44,800</u>	<u>70,654</u>	<u>(25,854)</u>	<u>43,876</u>
Economic development					
Supplies	-	-	708	(708)	-
Other services and charges	64,800	64,800	27,477	37,323	55,928
Total	<u>64,800</u>	<u>64,800</u>	<u>28,185</u>	<u>36,615</u>	<u>55,928</u>
Total community development	<u>109,600</u>	<u>109,600</u>	<u>98,839</u>	<u>10,761</u>	<u>99,804</u>
Total current expenditures	<u>13,648,232</u>	<u>13,648,232</u>	<u>13,315,091</u>	<u>333,141</u>	<u>13,737,960</u>
Capital outlay					
General government	2,500	2,500	-	2,500	-
Public safety	26,600	26,600	173,750	(147,150)	133
Public works	28,300	28,300	23,533	4,767	6,985
Culture and recreation	33,000	33,000	40,710	(7,710)	28,675
Community development	-	-	187,533	(187,533)	-
Total capital outlay	<u>90,400</u>	<u>90,400</u>	<u>425,526</u>	<u>(335,126)</u>	<u>35,793</u>
Debt service					
Principal	8,500	8,500	-	8,500	8,483
TOTAL EXPENDITURES	<u>13,747,132</u>	<u>13,747,132</u>	<u>13,740,617</u>	<u>6,515</u>	<u>13,782,236</u>

CITY OF ALBERT LEA, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES COMPARED TO BUDGET - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(With Comparative Actual Amounts For The Year Ended December 31, 2014)

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (157,140)	\$ (157,140)	\$ 184,325	\$ 341,465	\$ 156,614
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	729	729	2,934
Transfers in	1,371,423	1,371,423	1,362,503	(8,920)	930,290
Transfers out	(1,214,283)	(1,214,283)	(1,899,588)	(685,305)	(11,211,407)
TOTAL OTHER FINANCING SOURCES (USES)	157,140	157,140	(536,356)	(693,496)	(10,278,183)
NET CHANGE IN FUND BALANCES	-	-	(352,031)	(352,031)	(10,121,569)
FUND BALANCES, JANUARY 1	12,533,947	12,533,947	12,533,947	-	22,655,516
FUND BALANCES, DECEMBER 31	\$ 12,533,947	\$ 12,533,947	\$ 12,181,916	\$ (352,031)	\$ 12,533,947

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## 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.

***Health Insurance fund*** - This fund provides financing for risk management activities for workers compensation insurance and accounts for activities of our group health plan.

***Property Liability Insurance fund*** - This fund provides financing for risk management activities property liability insurance.

CITY OF ALBERT LEA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	<b>703</b>	<b>704</b>	
	Health	Property	
	<u>Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and temporary investments	<u>\$ 1,127,180</u>	<u>\$ 181,410</u>	<u>\$ 1,308,590</u>
<b>LIABILITIES</b>			
Accounts payable	315	-	315
Accrued salaries payable	<u>1,822</u>	<u>-</u>	<u>1,822</u>
<b>TOTAL LIABILITIES</b>	<u>2,137</u>	<u>-</u>	<u>2,137</u>
<b>NET POSITION</b>			
Unrestricted	<u>\$ 1,125,043</u>	<u>\$ 181,410</u>	<u>\$ 1,306,453</u>

CITY OF ALBERT LEA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>703</b>	<b>704</b>	
	Health	Property	
	<u>Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Miscellaneous	\$ 31,432	\$ 72,370	\$ 103,802
OPERATING EXPENSES			
Other services and charges	<u>300,277</u>	<u>16,734</u>	<u>317,011</u>
OPERATING INCOME (LOSS)	<u>(268,845)</u>	<u>55,636</u>	<u>(213,209)</u>
NONOPERATING REVENUES			
Investment earnings	6,194	585	6,779
Intergovernmental	<u>2,700</u>	<u>-</u>	<u>2,700</u>
TOTAL NONOPERATING REVENUE	<u>8,894</u>	<u>585</u>	<u>9,479</u>
INCOME (LOSS) BEFORE TRANSFERS	(259,951)	56,221	(203,730)
TRANSFERS OUT	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
CHANGE IN NET POSITION	(284,951)	56,221	(228,730)
NET POSITION, JANUARY 1	<u>1,409,994</u>	<u>125,189</u>	<u>1,535,183</u>
NET POSITION, DECEMBER 31	<u><u>\$ 1,125,043</u></u>	<u><u>\$ 181,410</u></u>	<u><u>\$ 1,306,453</u></u>

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CITY OF ALBERT LEA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>703</b>	<b>704</b>	
	Health Insurance	Property Liability Insurance	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Other operating receipts	\$ 31,732	\$ 72,370	\$ 104,102
Payments to suppliers	<u>(308,974)</u>	<u>(16,734)</u>	<u>(325,708)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(277,242)</u>	<u>55,636</u>	<u>(221,606)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental receipts	2,700	-	2,700
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(22,300)</u>	<u>-</u>	<u>(22,300)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received from investments	<u>6,194</u>	<u>585</u>	<u>6,779</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(293,348)	56,221	(237,127)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>1,420,528</u>	<u>125,189</u>	<u>1,545,717</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u><u>\$ 1,127,180</u></u>	<u><u>\$ 181,410</u></u>	<u><u>\$ 1,308,590</u></u>
<b>RECONCILIATION OF OPERATING (INCOME) LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (268,845)	\$ 55,636	\$ (213,209)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Decrease (increase) in assets			
Accounts receivable	300	-	300
Increase (decrease) in liabilities			
Accounts payable	(10,519)	-	(10,519)
Accrued salaries payable	<u>1,822</u>	<u>-</u>	<u>1,822</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (277,242)</u></u>	<u><u>\$ 55,636</u></u>	<u><u>\$ (221,606)</u></u>

CITY OF ALBERT LEA, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>301</b>	<b>303</b>	<b>304</b>	<b>305</b>	<b>306</b>
	Debt	G.O.	PIR	PIR	PIR
	Reserve	Improvement	Bonds	Bonds	Bonds
		Series 2005A	Series 2007A	Series 2009A	Series 2010A
<b>ASSETS</b>					
Cash and temporary investments	\$ 1,462,928	\$ -	\$ -	\$ -	\$ -
Special assessments receivable	711,765	-	225,756	215,020	366,106
<b>TOTAL ASSETS</b>	<b><u>\$ 2,174,693</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 225,756</u></b>	<b><u>\$ 215,020</u></b>	<b><u>\$ 366,106</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - special assessments	708,893	-	223,005	203,086	365,033
<b>FUND BALANCES</b>					
Restricted for debt service	<u>1,465,800</u>	-	<u>2,751</u>	<u>11,934</u>	<u>1,073</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 2,174,693</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 225,756</u></b>	<b><u>\$ 215,020</u></b>	<b><u>\$ 366,106</u></b>

<b>307</b> PIR Bonds Series 2011A	<b>308</b> PIR Bonds Series 2012A	<b>309</b> PIR Bonds Series 2013A	<b>310</b> 2014A G.O. Equipment Certificate	<b>311</b> PIR & Refunding Bonds Series 2014B	<b>312</b> 2015 G.O. Bonds	Total
\$ 51,207	\$ 195,038	\$ 842,965	\$ 201,811	\$ 455,701	\$ 288,567	\$ 3,498,217
225,452	651,914	1,052,662	-	920,166	763,308	5,132,149
<u>\$ 276,659</u>	<u>\$ 846,952</u>	<u>\$ 1,895,627</u>	<u>\$ 201,811</u>	<u>\$ 1,375,867</u>	<u>\$ 1,051,875</u>	<u>\$ 8,630,366</u>
224,145	649,242	1,050,230	-	909,423	763,308	5,096,365
52,514	197,710	845,397	201,811	466,444	288,567	3,534,001
<u>\$ 276,659</u>	<u>\$ 846,952</u>	<u>\$ 1,895,627</u>	<u>\$ 201,811</u>	<u>\$ 1,375,867</u>	<u>\$ 1,051,875</u>	<u>\$ 8,630,366</u>

CITY OF ALBERT LEA, MINNESOTA  
DEBT SERVICE FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>301</b>	<b>303</b>	<b>304</b>	<b>305</b>	<b>306</b>
	Debt Reserve	G.O. Improvement Series 2005A	PIR Bonds Series 2007A	PIR Bonds Series 2009A	PIR Bonds Series 2010A
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 120,466	\$ 185,142	\$ 130,878
Special assessments	323,615	-	110,162	87,686	147,773
Interest on investments	8,219	-	-	-	-
<b>TOTAL REVENUES</b>	<b>331,834</b>	<b>-</b>	<b>230,628</b>	<b>272,828</b>	<b>278,651</b>
<b>EXPENDITURES</b>					
Debt service					
Principal	24,000	-	245,000	310,000	315,000
Interest and other	-	-	35,335	44,644	62,413
<b>TOTAL EXPENDITURES</b>	<b>24,000</b>	<b>-</b>	<b>280,335</b>	<b>354,644</b>	<b>377,413</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>307,834</b>	<b>-</b>	<b>(49,707)</b>	<b>(81,816)</b>	<b>(98,762)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	53,861	91,864	98,682
Transfers out	(381,994)	(1,092)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(381,994)</b>	<b>(1,092)</b>	<b>53,861</b>	<b>91,864</b>	<b>98,682</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(74,160)</b>	<b>(1,092)</b>	<b>4,154</b>	<b>10,048</b>	<b>(80)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,539,960</b>	<b>1,092</b>	<b>(1,403)</b>	<b>1,886</b>	<b>1,153</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,465,800</b>	<b>\$ -</b>	<b>\$ 2,751</b>	<b>\$ 11,934</b>	<b>\$ 1,073</b>

<b>307</b> PIR Bonds Series 2011A	<b>308</b> PIR Bonds Series 2012A	<b>309</b> PIR Bonds Series 2013A	<b>310</b> 2014A G.O. Equipment Certificate	<b>311</b> PIR & Refunding Bonds Series 2014B	<b>312</b> 2015 G.O. Bonds	Interfund Eliminations	Total
\$ 33,492	\$ 89,528	\$ 373,299	\$ 142,738	\$ 124,554	\$ -	\$ -	\$ 1,200,097
83,601	115,901	196,795	-	274,263	288,458	-	1,628,254
-	525	2,246	337	953	109	-	12,389
<u>117,093</u>	<u>205,954</u>	<u>572,340</u>	<u>143,075</u>	<u>399,770</u>	<u>288,567</u>	<u>-</u>	<u>2,840,740</u>
130,000	255,000	540,000	45,000	250,000	-	-	2,114,000
13,463	24,356	117,475	16,125	69,025	-	-	382,836
<u>143,463</u>	<u>279,356</u>	<u>657,475</u>	<u>61,125</u>	<u>319,025</u>	<u>-</u>	<u>-</u>	<u>2,496,836</u>
<u>(26,370)</u>	<u>(73,402)</u>	<u>(85,135)</u>	<u>81,950</u>	<u>80,745</u>	<u>288,567</u>	<u>-</u>	<u>343,904</u>
6,034	16,131	188,585	25,719	79,930	-	(383,086)	177,720
-	-	-	-	-	-	383,086	-
<u>6,034</u>	<u>16,131</u>	<u>188,585</u>	<u>25,719</u>	<u>79,930</u>	<u>-</u>	<u>-</u>	<u>177,720</u>
(20,336)	(57,271)	103,450	107,669	160,675	288,567	-	521,624
<u>72,850</u>	<u>254,981</u>	<u>741,947</u>	<u>94,142</u>	<u>305,769</u>	<u>-</u>	<u>-</u>	<u>3,012,377</u>
<u>\$ 52,514</u>	<u>\$ 197,710</u>	<u>\$ 845,397</u>	<u>\$ 201,811</u>	<u>\$ 466,444</u>	<u>\$ 288,567</u>	<u>\$ -</u>	<u>\$ 3,534,001</u>

CITY OF ALBERT LEA, MINNESOTA  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 12/31/14	Additions	Deductions	Balance 12/31/15
Sales Tax Agency Fund				
Assets				
Taxes receivable	\$ 357,421	\$ 1,332,707	\$ (1,463,273)	\$ 226,855
Liabilities				
Due to other governments	\$ 357,421	\$ 1,332,707	\$ (1,463,273)	\$ 226,855

CITY OF ALBERT LEA, MINNESOTA  
SUMMARY FINANCIAL REPORT  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Total		Percent Increase (Decrease)
	2015	2014	
<b>REVENUES</b>			
Taxes	\$ 7,663,371	\$ 7,635,725	0.36 %
Licenses and permits	342,797	312,958	9.53
Intergovernmental	9,739,172	6,861,436	41.94
Charges for services	830,200	917,164	(9.48)
Fines and forfeitures	100,990	98,138	2.91
Special assessments	1,696,849	1,562,614	8.59
Investment earnings	392,003	764,369	(48.72)
Interest on loans	5,408	11,128	(51.40)
Miscellaneous	234,395	225,975	3.73
<b>TOTAL REVENUES</b>	<b>\$ 21,005,185</b>	<b>\$ 18,389,507</b>	<b>14.22 %</b>
Per capita	\$ 1,171	\$ 1,024	14.26 %
<b>EXPENDITURES</b>			
Current			
General government	\$ 1,701,942	\$ 1,868,185	(8.90) %
Public safety	5,849,404	6,119,229	(4.41)
Public works	2,635,489	2,809,929	(6.21)
Culture and recreation	3,356,548	3,205,489	4.71
Airport	136,980	130,705	4.80
Community development	193,453	306,163	(36.81)
Capital outlay	8,786,119	3,729,085	135.61
Debt service			
Principal	2,114,000	1,619,483	30.54
Interest and other	382,836	439,025	(12.80)
<b>TOTAL EXPENDITURES</b>	<b>\$ 25,156,771</b>	<b>\$ 20,227,293</b>	<b>24.37 %</b>
Per capita	\$ 1,402	\$ 1,127	24.41 %
Total Long-term indebtedness	\$ 20,225,000	\$ 17,439,000	15.98 %
Per capita	1,127	971	16.01
General Fund Balance - December 31	\$ 12,181,916	\$ 12,533,947	(2.81) %
Per capita	679	698	(2.78)

The purpose of this report is to provide a summary of financial information concerning the City of Albert Lea to interested citizens. The complete financial statements may be examined at City Hall, 221 East Clark Street, Albert Lea, Minnesota 56007. Questions about this report should be directed to Chad M. Adams, City Manager at (507) 377-4300.

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**STATISTICAL SECTION (UNAUDITED)**

CITY OF ALBERT LEA  
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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## STATISTICAL SECTION (UNAUDITED)

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

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

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

**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.

**Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 15,727,302	\$ 18,567,448	\$ 22,752,771	\$ 24,875,411
Restricted	10,697,604	10,915,124	11,398,475	11,133,724
Unrestricted	23,175,697	23,642,347	20,991,957	22,870,353
Total governmental activities net position	<u>\$ 49,600,603</u>	<u>\$ 53,124,919</u>	<u>\$ 55,143,203</u>	<u>\$ 58,879,488</u>
Business-type activities				
Net investment in capital assets	\$ 38,526,957	\$ 38,467,775	\$ 38,800,369	\$ 39,072,364
Unrestricted	7,413,724	8,596,153	9,642,142	9,606,137
Total business-type activities net position	<u>\$ 45,940,681</u>	<u>\$ 47,063,928</u>	<u>\$ 48,442,511</u>	<u>\$ 48,678,501</u>
Total primary government				
Net investment in capital assets	\$ 54,254,259	\$ 57,035,223	\$ 61,553,140	\$ 63,947,775
Restricted	10,697,604	10,915,124	11,398,475	11,133,724
Unrestricted	30,589,421	32,238,500	30,634,099	32,476,490
Total primary government	<u>\$ 95,541,284</u>	<u>\$ 100,188,847</u>	<u>\$ 103,585,714</u>	<u>\$ 107,557,989</u>

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

Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 28,832,835	\$ 33,024,190	\$ 36,422,895	\$ 38,902,147	\$ 38,238,312	\$ 42,082,378
17,440,064	17,055,998	17,785,097	18,709,908	19,579,069	21,453,540
18,531,196	21,111,353	20,076,182	19,933,951	21,295,560	12,533,192
<u>\$ 64,804,095</u>	<u>\$ 71,191,541</u>	<u>\$ 74,284,174</u>	<u>\$ 77,546,006</u>	<u>\$ 79,112,941</u>	<u>\$ 76,069,110</u>
\$ 40,401,057	\$ 39,757,094	\$ 39,407,822	\$ 38,308,602	\$ 39,407,245	\$ 39,661,982
9,500,425	11,084,277	12,200,119	12,562,117	12,802,989	12,613,332
<u>\$ 49,901,482</u>	<u>\$ 50,841,371</u>	<u>\$ 51,607,941</u>	<u>\$ 50,870,719</u>	<u>\$ 52,210,234</u>	<u>\$ 52,275,314</u>
\$ 69,233,892	\$ 72,781,284	\$ 75,830,717	\$ 77,210,749	\$ 77,645,557	\$ 81,744,360
17,440,064	17,055,998	17,785,097	18,709,908	19,579,069	21,453,540
28,031,621	32,195,630	32,276,301	32,496,068	34,098,549	25,146,524
<u>\$ 114,705,577</u>	<u>\$ 122,032,912</u>	<u>\$ 125,892,115</u>	<u>\$ 128,416,725</u>	<u>\$ 131,323,175</u>	<u>\$ 128,344,424</u>

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities				
General government	\$ 3,624,378	\$ 1,762,682	\$ 1,941,311	\$ 1,966,733
Public safety	4,803,910	5,406,185	5,490,581	5,408,550
Public works	5,020,385	4,894,662	4,213,487	3,805,920
Culture and recreation	3,331,382	3,549,898	3,810,606	3,500,866
Airport	-	-	-	-
Community development	253,447	354,453	306,528	307,048
Interest on long-term debt	348,345	350,389	369,402	339,329
Total governmental activities expenses	<u>17,381,847</u>	<u>16,318,269</u>	<u>16,131,915</u>	<u>15,328,446</u>
Business-type activities				
Water	1,540,054	1,645,327	1,783,820	1,806,236
Sewer	3,557,601	3,441,089	3,799,506	3,572,505
Solid waste	171,353	163,719	2,372,225	389,145
Parking maintenance district	39,658	53,121	40,502	33,941
Total business-type activities expenses	<u>5,308,666</u>	<u>5,303,256</u>	<u>7,996,053</u>	<u>5,801,827</u>
Total expenses	<u>\$ 22,690,513</u>	<u>\$ 21,621,525</u>	<u>\$ 24,127,968</u>	<u>\$ 21,130,273</u>
<b>Program revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 310,351	\$ 297,878	\$ 330,586	\$ 350,379
Culture and recreation	465,531	461,008	476,569	444,343
Other activities	461,160	541,707	545,466	441,028
Operating grants and contributions	1,514,760	1,675,162	1,414,825	1,260,091
Capital grants and contributions	3,986,013	4,497,029	3,658,451	4,663,347
Total governmental activities program revenue	<u>6,737,815</u>	<u>7,472,784</u>	<u>6,425,897</u>	<u>7,159,188</u>
Business-type activities				
Charges for services				
Water	1,586,131	1,620,269	1,684,774	1,712,050
Sewer	3,691,385	3,828,072	3,746,549	3,613,011
Other activities	98,204	115,532	135,514	119,185
Operating grants and contributions	31,154	41,017	35,642	42,403
Capital grants and contributions	493,154	89,933	2,632,042	858,547
Total business-type activities program revenue	<u>5,900,028</u>	<u>5,694,823</u>	<u>8,234,521</u>	<u>6,345,196</u>
Total program revenues	<u>\$ 12,637,843</u>	<u>\$ 13,167,607</u>	<u>\$ 14,660,418</u>	<u>\$ 13,504,384</u>

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,008,144	\$ 1,926,712	\$ 1,808,099	\$ 1,946,733	\$ 2,066,221	\$ 1,735,013
5,405,858	6,439,772	5,738,188	6,127,434	6,282,002	6,051,784
4,193,100	3,415,753	3,611,704	3,695,469	4,116,428	4,186,823
3,068,019	3,691,049	3,760,834	3,792,532	3,709,010	3,694,414
-	-	-	562,700	608,770	546,100
567,042	335,129	931,118	295,666	405,733	506,248
367,208	355,546	343,828	342,006	433,078	432,617
<u>15,609,371</u>	<u>16,163,961</u>	<u>16,193,771</u>	<u>16,762,540</u>	<u>17,621,242</u>	<u>17,152,999</u>
1,736,795	1,668,695	1,856,750	1,931,472	1,845,736	1,628,018
3,806,597	3,758,711	3,702,369	3,477,519	3,520,744	3,677,161
474,319	186,934	172,647	140,180	109,784	130,506
51,585	36,912	29,649	12,258	24,636	11,368
<u>6,069,296</u>	<u>5,651,252</u>	<u>5,761,415</u>	<u>5,561,429</u>	<u>5,500,900</u>	<u>5,447,053</u>
<u>\$ 21,678,667</u>	<u>\$ 21,815,213</u>	<u>\$ 21,955,186</u>	<u>\$ 22,323,969</u>	<u>\$ 23,122,142</u>	<u>\$ 22,600,052</u>
\$ 513,692	\$ 170,666	\$ 164,696	\$ 126,519	\$ 131,199	\$ 91,998
487,119	403,813	398,473	540,628	659,180	547,688
761,785	516,079	599,438	671,474	948,089	896,380
862,239	2,342,509	783,030	766,247	551,154	604,428
7,808,059	6,520,439	5,378,484	5,685,443	2,353,280	5,239,394
<u>10,432,894</u>	<u>9,953,506</u>	<u>7,324,121</u>	<u>7,790,311</u>	<u>4,642,902</u>	<u>7,379,888</u>
1,792,367	1,894,512	1,991,866	2,150,345	2,363,536	2,538,066
3,673,489	3,674,956	3,721,968	3,753,107	4,465,989	4,534,390
185,665	217,172	198,120	256,524	215,350	178,641
332,176	-	-	-	-	-
-	69,681	7,000	209,670	37,807	192,187
<u>5,983,697</u>	<u>5,856,321</u>	<u>5,918,954</u>	<u>6,369,646</u>	<u>7,082,682</u>	<u>7,443,284</u>
<u>\$ 16,416,591</u>	<u>\$ 15,809,827</u>	<u>\$ 13,243,075</u>	<u>\$ 14,159,957</u>	<u>\$ 11,725,584</u>	<u>\$ 14,823,172</u>

CITY OF ALBERT LEA, MINNESOTA  
STATISTICAL SECTION (UNAUDITED)  
CHANGES IN NET POSITION - CONTINUED  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>Net (expenses) revenues</b>				
Governmental activities	\$ (10,644,032)	\$ (8,845,485)	\$ (9,706,018)	\$ (8,169,258)
Business-type activities	591,362	391,567	238,468	543,369
<b>Total primary government</b>	<u>\$ (10,052,670)</u>	<u>\$ (8,453,918)</u>	<u>\$ (9,467,550)</u>	<u>\$ (7,625,889)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities				
Taxes				
Property taxes - general purposes	\$ 3,332,295	\$ 3,683,235	\$ 4,064,291	\$ 4,358,198
Property taxes - debt service	114,322	96,929	202,256	212,703
Tax increments	-	-	-	-
Franchise and lodging taxes	1,943,765	1,848,090	1,739,855	1,551,764
Unrestricted grants and contributions	6,098,942	6,076,416	5,429,956	5,576,634
Unrestricted investment earnings	747,188	820,622	530,251	174,965
Sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	-
Transfers - capital related	-	-	-	-
Transfers	2,446,937	(155,491)	(242,308)	31,279
<b>Total governmental activities expenses</b>	<u>14,683,449</u>	<u>12,369,801</u>	<u>11,724,301</u>	<u>11,905,543</u>
Business-type activities				
Unrestricted investment earnings	248,753	576,189	897,807	(276,100)
Sale of capital assets	-	-	-	-
Transfers - capital related	-	-	-	-
Transfers	(2,446,937)	155,491	242,308	(31,279)
<b>Total business-type activities expenses</b>	<u>(2,198,184)</u>	<u>731,680</u>	<u>1,140,115</u>	<u>(307,379)</u>
<b>Total primary government</b>	<u>\$ 12,485,265</u>	<u>\$ 13,101,481</u>	<u>\$ 12,864,416</u>	<u>\$ 11,598,164</u>
<b>Change in net position</b>				
Governmental activities	\$ 4,039,417	\$ 3,524,316	\$ 2,018,283	\$ 3,736,285
Business-type activities	(1,606,822)	1,123,247	1,378,583	235,990
<b>Total primary government</b>	<u>\$ 2,432,595</u>	<u>\$ 4,647,563</u>	<u>\$ 3,396,866</u>	<u>\$ 3,972,275</u>

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (5,176,477)	\$ (6,210,455)	\$ (8,869,650)	\$ (8,972,229)	\$ (12,978,340)	\$ (9,773,111)
(85,599)	205,069	157,539	808,217	1,581,782	1,996,231
<u>\$ (5,262,076)</u>	<u>\$ (6,005,386)</u>	<u>\$ (8,712,111)</u>	<u>\$ (8,164,012)</u>	<u>\$ (11,396,558)</u>	<u>\$ (7,776,880)</u>
\$ 4,490,654	\$ 4,738,668	\$ 5,226,320	\$ 4,814,108	\$ 4,764,012	\$ 4,859,193
213,077	157,348	139,638	705,172	1,073,458	1,200,097
-	-	-	157,535	265,279	133,114
1,603,173	1,708,025	1,499,375	1,485,581	1,512,332	1,465,245
5,076,420	4,876,678	4,754,646	4,730,810	5,169,457	5,252,535
535,222	395,112	141,885	(643,608)	765,231	400,659
-	-	-	77,571	8,159	51,070
-	536,230	549,710	12,185	-	-
-	-	-	-	(883,473)	-
(817,462)	185,840	(349,291)	1,083,819	1,870,820	1,503,063
<u>11,101,084</u>	<u>12,597,901</u>	<u>11,962,283</u>	<u>12,423,173</u>	<u>14,545,275</u>	<u>14,864,976</u>
491,118	920,660	260,040	(444,170)	744,898	96,193
-	-	-	4,600	-	-
-	-	-	-	883,473	-
817,462	(185,840)	349,291	(1,083,819)	(1,870,820)	(1,503,063)
<u>1,308,580</u>	<u>734,820</u>	<u>609,331</u>	<u>(1,523,389)</u>	<u>(242,449)</u>	<u>(1,406,870)</u>
<u>\$ 12,409,664</u>	<u>\$ 13,332,721</u>	<u>\$ 12,571,614</u>	<u>\$ 10,899,784</u>	<u>\$ 14,302,826</u>	<u>\$ 13,458,106</u>
\$ 5,924,607	\$ 6,387,446	\$ 3,092,633	\$ 3,450,944	\$ 1,566,935	\$ 5,091,865
1,222,981	939,889	766,870	(715,172)	1,339,333	589,361
<u>\$ 7,147,588</u>	<u>\$ 7,327,335</u>	<u>\$ 3,859,503</u>	<u>\$ 2,735,772</u>	<u>\$ 2,906,268</u>	<u>\$ 5,681,226</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			
	2006	2007	2008	2009
<b>General fund</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	15,128,844	15,087,682	16,098,410	15,682,913
Unreserved	<u>7,327,826</u>	<u>8,009,771</u>	<u>5,538,118</u>	<u>6,525,453</u>
<b>Total General fund</b>	<u><u>\$ 22,456,670</u></u>	<u><u>\$ 23,097,453</u></u>	<u><u>\$ 21,636,528</u></u>	<u><u>\$ 22,208,366</u></u>
<b>All other governmental funds</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	2,997,150	3,106,495	3,049,170	2,686,594
Unreserved, reported in				
Special revenue funds	(2,667,655)	(3,029,583)	(2,651,688)	(2,543,276)
Debt service funds	-	21,154	22,382	-
Capital projects funds	<u>3,030,022</u>	<u>2,599,887</u>	<u>684,773</u>	<u>1,558,434</u>
<b>Total all other governmental funds</b>	<u><u>\$ 3,359,517</u></u>	<u><u>\$ 2,697,953</u></u>	<u><u>\$ 1,104,637</u></u>	<u><u>\$ 1,701,752</u></u>

Note: Fiscal Year 2011 was the first year of implementing GASB Statement No. 54.

Table 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ 5,148,018	\$ 4,401,159	\$ 4,428,587	\$ 1,919,712	\$ 1,899,194
-	10,981,017	11,010,489	10,368,737	-	-
-	234,210	222,378	-	-	1,875,000
-	3,812,781	3,849,973	31,592	-	-
-	3,037,183	4,238,006	7,826,600	10,614,235	8,407,722
15,510,521	-	-	-	-	-
7,160,920	-	-	-	-	-
<u>\$ 22,671,441</u>	<u>\$ 23,213,209</u>	<u>\$ 23,722,005</u>	<u>\$ 22,655,516</u>	<u>\$ 12,533,947</u>	<u>\$ 12,181,916</u>
\$ -	\$ -	\$ -	\$ 6,149	\$ 7,938	\$ 19,968
-	1,758,765	2,158,048	2,720,232	14,344,702	16,579,219
-	2,077,444	1,889,501	1,886,386	2,133,007	2,102,482
-	3,800,395	1,915,613	2,326,744	6,400,714	6,827,722
-	(4,672,328)	(3,957,235)	(3,860,652)	(3,545,810)	(3,529,262)
2,940,964	-	-	-	-	-
(2,145,430)	-	-	-	-	-
-	-	-	-	-	-
1,551,621	-	-	-	-	-
<u>\$ 2,347,155</u>	<u>\$ 2,964,276</u>	<u>\$ 2,005,927</u>	<u>\$ 3,078,859</u>	<u>\$ 19,340,551</u>	<u>\$ 22,000,129</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			
	2006	2007	2008	2009
<b>Revenues</b>				
Taxes	\$ 5,343,687	\$ 5,588,825	\$ 5,927,296	\$ 6,053,527
Licenses and permits	259,984	256,143	257,953	255,225
Intergovernmental	8,435,212	10,172,600	8,382,674	9,804,032
Charges for services	626,892	687,610	735,214	628,731
Fines and forfeits	109,028	103,143	86,720	102,272
Special assessments	1,180,459	1,040,029	963,370	1,010,440
Investment earnings	1,103,823	1,271,218	870,809	339,929
Interest on loans	30,434	36,044	34,861	29,186
Miscellaneous	1,018,743	872,053	956,847	1,296,218
<b>Total revenues</b>	<u>18,108,262</u>	<u>20,027,665</u>	<u>18,215,744</u>	<u>19,519,560</u>
<b>Expenditures</b>				
General government	1,548,653	1,552,535	1,588,114	1,465,044
Public safety	4,915,320	5,227,634	5,648,127	5,595,645
Public works	2,601,447	3,752,012	2,586,581	2,271,977
Culture and recreation	3,241,369	3,379,331	3,548,561	3,650,784
Airport	-	-	-	-
Community development	168,159	265,338	216,184	216,107
Miscellaneous	562,837	474,894	562,923	689,425
Capital outlay	7,087,209	7,339,038	5,820,446	5,199,101
Debt service				
Principal	972,113	1,056,382	874,675	1,823,342
Interest and fiscal charges	337,099	321,282	384,374	335,405
<b>Total expenditures</b>	<u>21,434,206</u>	<u>23,368,446</u>	<u>21,229,985</u>	<u>21,246,830</u>
<b>Deficiency of revenues under expenditures</b>	<u>(3,325,944)</u>	<u>(3,340,781)</u>	<u>(3,014,241)</u>	<u>(1,727,270)</u>
<b>Other financing sources (uses)</b>				
Bond issued	-	2,400,000	-	2,882,416
Refunding bond issued	-	-	-	-
Principal paid on refunded bonds	-	-	-	-
Premium on bonds issued	-	-	-	28,807
Sale of capital assets	-	-	-	-
Capital contributions	-	-	-	-
Contribution for senior center	-	-	-	-
Payment to refunding agent	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfer out	(2,204,359)	(1,290,748)	(1,955,000)	(702,628)
Transfer in	2,017,559	1,210,748	1,915,000	687,628
<b>Total other financing sources (uses)</b>	<u>(186,800)</u>	<u>2,320,000</u>	<u>(40,000)</u>	<u>2,896,223</u>
<b>Net change in fund balances</b>	<u>\$ (3,512,744)</u>	<u>\$ (1,020,781)</u>	<u>\$ (3,054,241)</u>	<u>\$ 1,168,953</u>
Debt service as a percentage of noncapital expenditures	<u>9.13%</u>	<u>8.59%</u>	<u>8.17%</u>	<u>13.45%</u>

Table 4

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	6,280,236	\$	6,613,493	\$	6,949,680	\$	7,138,718	\$	7,635,725	\$	7,663,371
	367,608		258,844		310,939		275,418		312,958		342,797
	11,933,162		12,122,957		9,251,480		8,527,227		6,861,436		9,739,172
	630,028		566,901		630,883		901,680		917,164		830,200
	94,861		112,642		92,059		91,531		98,138		100,990
	940,455		1,026,651		1,248,749		1,404,829		1,562,614		1,696,849
	699,839		369,006		133,976		(643,670)		764,369		392,003
	30,023		18,838		20,200		15,417		11,128		5,408
	1,086,508		760,327		743,269		421,429		225,975		234,395
	<u>22,062,720</u>		<u>21,849,659</u>		<u>19,381,235</u>		<u>18,132,579</u>		<u>18,389,507</u>		<u>21,005,185</u>
	1,567,430		1,521,118		1,649,431		1,684,862		1,868,185		1,701,942
	5,248,017		5,451,398		5,564,899		5,592,068		6,119,229		5,849,404
	2,433,395		2,344,413		2,251,711		2,206,692		2,809,929		2,635,489
	2,922,874		2,972,404		2,903,431		3,129,911		3,205,489		3,356,548
	-		-		-		-		130,705		136,980
	641,584		328,963		514,945		257,726		306,163		193,453
	250,230		255,190		324,413		-		-		-
	9,018,438		7,440,625		7,427,969		8,501,482		3,729,085		8,786,119
	691,974		1,184,483		1,234,483		1,429,483		1,619,483		2,114,000
	393,969		387,683		386,540		333,284		439,025		382,836
	<u>23,167,911</u>		<u>21,886,277</u>		<u>22,257,822</u>		<u>23,135,508</u>		<u>20,227,293</u>		<u>25,156,771</u>
	<u>(1,105,191)</u>		<u>(36,618)</u>		<u>(2,876,587)</u>		<u>(5,002,929)</u>		<u>(1,837,786)</u>		<u>(4,151,586)</u>
	749,004		970,000		2,215,000		5,335,000		3,005,000		4,900,000
	-		-		-		-		1,835,000		-
	-		-		-		-		(1,835,000)		-
	(764,004)		-		-		-		-		-
	3,684		39,667		11,745		-		8,159		51,070
	22,082		-		-		-		-		-
	-		-		-		-		202,396		-
	(1,140,000)		-		-		-		-		-
	3,260,000		-		-		-		-		-
	82,903		(653,075)		(1,527,443)		(1,732,979)		(11,211,407)		(4,121,500)
	-		838,915		1,727,732		1,521,078		13,082,227		5,649,563
	<u>2,213,669</u>		<u>1,195,507</u>		<u>2,427,034</u>		<u>5,123,099</u>		<u>5,086,375</u>		<u>6,479,133</u>
\$	<u>1,108,478</u>	\$	<u>1,158,889</u>	\$	<u>(449,553)</u>	\$	<u>120,170</u>	\$	<u>3,248,589</u>	\$	<u>2,327,547</u>
	<u>7.67%</u>		<u>10.88%</u>		<u>10.93%</u>		<u>11.85%</u>		<u>12.44%</u>		<u>15.19%</u>

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PROGRAM REVENUES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>Program revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 310,351	\$ 297,878	\$ 330,586	\$ 350,379
Culture and recreation	465,531	461,008	476,569	444,343
Other activities	461,160	541,707	545,466	441,028
Operating grants and contributions	1,514,760	1,675,162	1,414,825	1,260,091
Capital grants and contributions	3,986,013	4,497,029	3,658,451	4,663,347
Total governmental activities program revenue	<u>6,737,815</u>	<u>7,472,784</u>	<u>6,425,897</u>	<u>7,159,188</u>
<b>Program revenues - Continued</b>				
Business-type activities				
Charges for services				
Water	1,586,131	1,620,269	1,684,774	1,712,050
Sewer	3,691,385	3,828,072	3,746,549	3,613,011
Other Activities	98,204	115,532	135,514	119,185
Operating grants and contributions	31,154	41,017	35,642	42,403
Capital grants and contributions	493,154	89,933	2,632,042	858,547
Total business-type activities program revenue	<u>5,900,028</u>	<u>5,694,823</u>	<u>8,234,521</u>	<u>6,345,196</u>
Total program revenues	<u>\$ 12,637,843</u>	<u>\$ 13,167,607</u>	<u>\$ 14,660,418</u>	<u>\$ 13,504,384</u>
<b>Expenses</b>				
Governmental activities				
General government	\$ 3,624,378	\$ 1,762,682	\$ 1,941,311	\$ 1,966,733
Public safety	4,803,910	5,406,185	5,490,581	5,408,550
Public works	5,020,385	4,894,662	4,213,487	3,805,920
Culture and recreation	3,331,382	3,549,898	3,810,606	3,500,866
Airport	-	-	-	-
Community development	253,447	354,453	306,528	307,048
Interest on long-term debt	348,345	350,389	369,402	339,329
Total governmental activities expenses	<u>17,381,847</u>	<u>16,318,269</u>	<u>16,131,915</u>	<u>15,328,446</u>
Business-type activities				
Water	1,540,054	1,645,327	1,783,820	1,806,236
Sewer	3,557,601	3,441,089	3,799,506	3,572,505
Solid waste	171,353	163,719	2,372,225	389,145
Parking maintenance district	39,658	53,121	40,502	33,941
Total business-type activities expenses	<u>5,308,666</u>	<u>5,303,256</u>	<u>7,996,053</u>	<u>5,801,827</u>
Total expenses	<u>\$ 22,690,513</u>	<u>\$ 21,621,525</u>	<u>\$ 24,127,968</u>	<u>\$ 21,130,273</u>

Table 5

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 513,692	\$ 173,666	\$ 164,696	\$ 126,519	\$ 131,199	\$ 91,998
487,119	403,813	398,473	540,628	659,180	547,688
761,785	516,079	599,438	671,474	948,089	896,380
862,239	2,342,509	783,030	766,247	551,154	604,428
7,808,059	6,520,439	5,378,484	5,685,443	2,353,280	5,239,394
10,432,894	9,956,506	7,324,121	7,790,311	4,642,902	7,379,888
1,792,367	1,894,512	1,991,866	2,150,345	2,363,536	2,538,066
3,673,489	3,674,656	3,721,968	3,753,107	4,465,989	4,534,390
185,665	217,172	198,120	256,524	215,350	178,641
332,176	-	-	-	-	-
-	69,681	7,000	209,670	37,807	192,187
5,983,697	5,856,021	5,918,954	6,369,646	7,082,682	7,443,284
<u>\$ 16,416,591</u>	<u>\$ 15,812,527</u>	<u>\$ 13,243,075</u>	<u>\$ 14,159,957</u>	<u>\$ 11,725,584</u>	<u>\$ 14,823,172</u>
\$ 2,008,144	\$ 1,926,712	\$ 1,808,099	\$ 1,946,733	\$ 2,066,221	\$ 1,735,013
5,405,858	6,439,772	5,738,188	6,127,434	6,282,002	6,051,784
4,193,100	3,415,753	3,611,704	3,695,469	4,116,428	4,186,823
3,068,019	3,691,049	3,760,834	3,792,532	3,709,010	3,694,414
-	-	-	562,700	608,770	546,100
567,042	335,129	931,118	295,666	405,733	506,248
367,208	355,546	343,828	342,006	433,078	432,617
15,609,371	16,163,961	16,193,771	16,762,540	17,621,242	17,152,999
1,736,795	1,668,695	1,856,750	1,931,472	1,845,736	1,628,018
3,806,597	3,758,711	3,702,369	3,477,519	3,520,744	3,677,161
474,319	186,934	172,947	140,180	109,784	130,506
51,585	36,912	29,649	12,258	24,363	11,368
6,069,296	5,651,252	5,761,715	5,561,429	5,500,627	5,447,053
<u>\$ 21,678,667</u>	<u>\$ 21,815,213</u>	<u>\$ 21,955,486</u>	<u>\$ 22,323,969</u>	<u>\$ 23,121,869</u>	<u>\$ 22,600,052</u>

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
 LAST TEN FISCAL YEARS

Table 6

Fiscal Year	Property Taxes	Franchise Taxes	Lodging Taxes	Other Taxes	Total
2006	\$ 3,399,694	\$ 1,772,855	\$ 170,910	\$ 228	\$ 5,343,687
2007	3,710,496	1,677,771	170,319	239	5,558,825
2008	4,187,441	1,579,898	159,957	-	5,927,296
2009	4,501,763	1,390,549	161,215	-	6,053,527
2010	4,490,654	1,412,236	190,937	213,077	6,306,904
2011	4,729,216	1,540,143	167,882	157,348	6,594,589
2012	5,141,973	1,341,867	157,508	139,638	6,780,986
2013	5,538,047	1,472,616	12,965	157,535	7,181,163
2014	5,816,826	1,501,681	10,651	265,279	7,594,437
2015	6,053,568	1,454,231	11,014	133,114	7,651,927

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

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS

Table 7

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collections of Current Year's Taxes During Fiscal Period	Percentage of Levy Collected During Fiscal Period	Collections of Prior Year's Taxes During Fiscal Period	Total Collections To Date	Percentage of Levy Collected To Date
2006	\$ 3,220,788	\$ 3,083,056	95.72 %	\$ 137,732	\$ 3,220,788	100.00 %
2007	3,550,206	3,392,667	95.56	157,539	3,550,206	100.00
2008	4,005,905	3,823,481	95.45	182,424	4,005,905	100.00
2009	4,294,703	4,079,163	94.98	215,540	4,294,703	100.00
2010	4,693,625	4,541,318	96.76	152,307	4,693,625	100.00
2011	4,900,880	4,747,104	96.86	134,421	4,881,525	99.61
2012	5,381,024	5,247,720	97.52	89,840	5,337,560	99.19
2013	5,463,342	5,338,030	97.71	83,659	5,413,231	99.08
2014	5,831,420	5,704,581	97.82	72,407	5,811,047	99.65
2015	5,958,550	5,879,780	98.68	-	5,879,780	98.68

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
2006	\$ 697,115	\$ 619,221	88.83 %	\$ 141,945	\$ 176,015
2007	615,652	568,899	92.41	123,014	180,084
2008	769,379	648,081	84.23	196,700	108,774
2009	856,276	698,219	81.54	228,858	130,777
2010	1,198,099	1,166,952	97.40	292,091	287,276
2011	1,000,004	999,097	99.91	134,668	74,108
2012	1,108,933	1,028,504	92.75	182,434	160,668
2013	1,000,204	937,653	93.75	172,678	355,235
2014	1,309,516	1,242,078	94.85	229,103	426,843
2015	1,425,096	1,366,041	95.86	133,004	308,792

Source of Data: Debt service fund, and Parking Fund  
 Note: Certified assessments only, not all assessments due

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 TAX CAPACITY AND ESTIMATED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Table 9

Fiscal Year	Real Property		Personal Property		Total		Percent of Tax Capacity to Estimated Market Value	Total Direct Rate
Year Ended December 31,	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value		
2006	\$ 8,621,101	\$ 755,156,000	\$ 269,708	\$ 13,570,300	\$ 8,890,809	\$ 768,726,300	1.16 %	41.509
2007	9,609,215	831,589,300	283,292	14,249,500	9,892,507	845,838,800	1.17	41.088
2008	10,247,248	885,908,700	278,326	14,001,200	10,525,574	899,909,900	1.17	43.144
2009	10,714,121	923,725,900	293,772	14,773,500	11,007,893	938,499,400	1.17	44.179
2010	10,843,061	903,502,400	331,583	16,666,200	11,174,644	920,168,600	1.21	46.059
2011	10,622,304	881,269,900	367,579	18,466,000	10,989,883	899,735,900	1.22	49.163
2012	9,100,487	740,672,600	384,349	19,304,500	9,484,836	759,977,100	1.25	57.125
2013	8,955,136	860,451,700	403,057	20,239,900	9,358,193	880,691,600	1.06	60.632
2014	9,298,274	863,696,800	479,886	24,044,800	9,778,160	887,741,600	1.10	62.050
2015	9,341,540	864,984,200	533,759	26,775,000	9,875,299	891,759,200	1.11	63.216

Source: Freeborn County Auditor/Treasurer

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

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
 LAST TEN FISCAL YEARS

Table 10

Fiscal Year Ended December 31	Direct Government					Overlapping Governments			Direct & Overlapping Total
	Operating Rate	Armory Bonds Rate	Cap Imp Bonds Rate	PIR Bonds Rate	Total Rate	School District	County	Special District	
2006	40.259	0.215	1.035	0.000	41.509	26.512	59.203	1.734	128.958
2007	39.984	0.194	0.910	0.000	41.088	23.915	57.330	1.590	123.923
2008	41.000	0.000	0.760	1.384	43.144	25.478	57.366	1.483	127.471
2009	42.048	0.000	0.803	1.328	44.179	25.633	58.857	1.436	130.105
2010	42.139	0.000	0.760	3.160	46.059	24.491	56.812	1.383	128.745
2011	44.037	0.000	0.749	4.377	49.163	25.848	57.512	1.368	133.891
2012	50.489	0.000	0.901	5.734	57.125	28.931	62.642	1.481	150.179
2013	52.809	0.000	0.927	6.896	60.632	28.730	59.514	1.996	150.872
2014	50.633	0.000	0.901	10.516	62.050	24.930	48.653	2.439	138.072
2015	48.919	0.000	1.724	12.573	63.216	24.948	48.598	2.401	138.072

Source: Freeborn County Auditor/Treasurer

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

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO

Table 11

Taxpayer	Business Type	2015			2006		
		Taxable Market Value	Rank	Percentage of Total Market Valuation	Market Value	Rank	Percentage of Total Market Valuation
Interstate Power Company	Utility	\$ 21,650,800	1	2.50 %	\$ 14,877,800	1	1.94 %
Wal-Mart	Retail	7,454,400	2	0.86	5,087,900	2	0.66
C Dale Larson Trust	Retail	6,402,000	3	0.74	-	-	-
Continental Albert Lea LLP	Warehouse	5,411,200	4	0.63	-	-	-
MCB Properties, LTD	Corrugated Box	5,346,600	5	0.62	4,897,300	3	0.64
Albert Lea Port Authority	Economic Development	4,502,000	6	0.52	3,032,000	6	0.39
Freeborn-Mower Coop Services	Utility	4,458,400	7	0.52	-	-	-
Home Depot USA	Retail	4,362,700	8	0.50	3,396,500	5	0.44
ITC Midwest, LLC	Retail	4,048,400	9	0.47	-	-	-
Carrington Family Trust	Retail	3,794,200	10	0.44	4,556,000	4	0.59
Interstate Enterprises	Lodging	-	-	-	1,774,500	10	0.23
Trails Truck & Travel Plaza	Travel Center	-	-	-	2,985,400	7	0.39
Streaters, Inc.	Store Fixtures	-	-	-	2,483,400	8	0.32
Ventura/Holsum Foods	Manufacturing	-	-	-	1,968,700	9	0.26
Wal-Mart (vacant Wal-Mart)	Retail	-	-	-	-	-	-
<b>Total</b>		<u>\$ 67,430,700</u>		<u>7.80 %</u>	<u>\$ 45,059,500</u>		<u>5.86 %</u>

Source: Freeborn County Auditor/Treasurer  
 Ranking based on tax capacity

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Table 12

Fiscal Year	Governmental Activities				Business Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Armory Bonds	Notes Payable	Equipment Certificates	Special Assessment Bonds (2)	G.O. Water Revenue Bonds (2)	Equipment Certificates	G.O. Sewer Revenue Refunding Bonds			
2006	\$ 16,800	\$ 312,000	\$ -	\$ 7,880,000	\$ 1,320,000	\$ -	\$ 665,000	\$ 10,193,800	1.89 %	560.59
2007	-	276,000	-	9,390,000	2,300,000	-	510,000	12,476,000	2.19	688.33
2008	-	240,000	-	8,640,000	2,235,000	-	350,000	11,465,000	1.79	633.60
2009	-	204,000	-	9,700,000	2,115,000	-	180,000	12,199,000	1.94	675.43
2010	-	201,933	-	11,299,413	1,989,164	-	-	13,490,510	2.29	746.94
2011	-	157,450	-	11,113,916	1,851,444	-	-	13,122,810	1.95	728.40
2012	-	112,967	-	12,129,170	1,703,748	-	-	13,945,885	1.98	775.03
2013	-	68,483	-	16,069,063	1,556,132	-	-	17,693,678	2.37	985.34
2014	-	24,000	1,120,000	16,370,013	1,411,124	315,000	-	19,240,137	2.71	1,071.46
2015	-	-	1,075,000	19,217,067	1,252,353	290,000	-	21,834,420	3.01	1,216.74

(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 the Financial Statements

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	Net Bonded Debt	Ratio on Net Bonded Debt to Tax Capacity (3)	Net Bonded Debt per Capita (3)
2006	\$ 9,895,469	\$ (4,952,352)	\$ 4,943,117	55.60%	271.84
2007	12,203,744	(5,416,075)	6,787,669	68.61%	374.49
2008	11,228,808	(6,231,742)	4,997,066	47.48%	276.16
2009	12,026,043	(5,759,744)	6,266,299	56.93%	346.95
2010	13,288,577	(6,415,201)	6,873,376	61.51%	380.56
2011	12,965,360	(6,213,701)	6,751,659	61.44%	374.76
2012	13,832,918	(6,683,448)	7,149,470	75.38%	397.33
2013	17,625,195	(8,020,978)	9,604,217	102.63%	534.85
2014	19,216,137	(8,246,744)	10,969,393	112.18%	610.87
2015	21,834,420	(8,408,322)	13,426,098	135.96%	748.18

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2006	2007	2008	2009
Debt Limit	\$ 15,374,000	\$ 16,917,000	\$ 17,998,000	\$ 18,770,000
Total Net Debt Applicable to Limit	-	-	-	-
Legal Debt Margin	\$ 15,374,000	\$ 16,917,000	\$ 17,998,000	\$ 18,770,000
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	-	-	-	-

**Legal Debt Margin Calculation for Fiscal Year**

Estimated Taxable Market Value

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

Note A: Under State of Minnesota law, the City of Albert Lea outstanding general obligation debt should not exceed 3 percent 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					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 27,605,058	\$ 26,992,077	\$ 22,799,313	\$ 26,420,748	\$ 26,632,248	\$ 26,752,776
-	-	-	-	1,190,858	1,163,189
<u>\$ 27,605,058</u>	<u>\$ 26,992,077</u>	<u>\$ 22,799,313</u>	<u>\$ 26,420,748</u>	<u>\$ 25,441,390</u>	<u>\$ 25,589,587</u>
-	-	-	-	4.47%	4.35%
					<u>\$ 891,759,200</u>
					<u>\$ 26,752,776</u>

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 DECEMBER 31, 2015

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>
<b>Jurisdiction</b>			
<b>Direct</b>			
City of Albert Lea	\$ 21,834,420	100.00%	<u>\$ 21,834,420</u>
<b>Overlapping</b>			
School District #241	30,471,660	55.80%	17,003,186
County of Freeborn	21,325,000	30.90%	<u>6,589,425</u>
Total overlapping debt			<u>23,592,611</u>
Total direct and overlapping debt			<u>\$ 45,427,031</u>

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

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

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

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 SCHEDULE OF WATER FUND BOND COVERAGE  
 LAST TEN FISCAL YEARS

Table 16

Fiscal Year	Gross Revenue	Operating Expense	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2006	\$ 1,599,890	\$ 1,302,071	\$ 297,819	\$ 60,000	\$ 63,808	\$ 123,808	2.41
2007	1,652,134	1,368,197	283,937	60,000	81,446	141,446	2.01
2008	1,703,480	1,475,267	228,213	65,000	104,299	169,299	1.35
2009	1,714,617	1,483,421	231,196	120,000	99,005	219,005	1.06
2010	1,794,078	1,385,948	408,130	120,000	100,649	220,649	1.85
2011	1,895,015	1,351,890	543,125	140,000	60,796	200,796	2.70
2012	1,992,778	1,490,998	501,780	150,000	58,993	208,993	2.40
2013	2,121,488	1,513,354	608,134	150,000	56,698	206,698	2.94
2014	2,334,575	1,524,685	809,890	155,000	54,972	209,972	3.86
2015	2,510,268	1,301,217	1,209,051	185,000	54,059	239,059	5.06

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 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		
2006	\$ 3,912,375	\$ 2,654,604	\$ 1,257,771	\$ 150,000	\$ 32,803	\$ 182,803	6.88
2007	4,365,334	2,564,222	1,801,112	155,000	25,533	180,533	9.98
2008	4,621,651	2,976,757	1,644,894	155,000	25,533	180,533	9.11
2009	3,334,015	2,762,791	571,224	170,000	9,705	179,705	3.18
2010	4,161,002	2,857,000	1,304,002	180,000	4,410	184,410	7.07
2011	4,594,893	2,812,776	1,782,117	-	-	-	100.00
2012	3,981,004	2,668,165	1,312,839	-	-	-	100.00
2013	3,308,937	2,473,664	835,273	-	-	-	100.00
2014	4,465,898	2,495,649	1,970,249	-	-	-	100.00
2015	4,534,385	2,564,397	1,969,988	-	-	-	100.00

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)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5)
2006	18,184	\$ 538,519,160	\$ 29,615	3,475	5.2 %
2007	18,125	570,955,625	31,501	3,290	5.8
2008	18,095	641,123,945	35,431	3,290	6.7
2009	18,061	629,227,179	34,839	3,239	8.7
2010	18,061	589,800,016	32,656	3,293	6.9
2011	18,016	674,104,672	37,417	3,311	5.9
2012	17,994	702,701,688	39,052	3,277	6.0
2013	17,957	745,484,855	41,515	3,294	5.7
2014	17,957	710,666,232	39,576	3,217	4.5
2015	17,945	724,511,430	40,374	3,323	4.7

Source: (1) State demographer estimate  
 (2) Estimation; Calculated (population multiplied by per capita personal income)  
 (3) Bureau of Economic Analysis  
 (4) Minnesota Department of Education  
 (5) MN Workforce Center (Freeborn County)

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 TOP 10 WATER SYSTEM CUSTOMERS  
 (BY UNITS OF CONSUMPTION AS OF DECEMBER 31, 2015)

Table 19

		<u>Consumption in Cubic Feet for 12 months ended 12/31/15</u>	<u>Percent of Total Consumption</u>
Cargill Meat Solution Corporation	Industrial	14,108,112	12.5 %
Mrs. Gerry's Kitchen	Industrial	5,614,042	5.0
Merrick's of Minnesota LLC	Industrial	3,078,247	2.7
Ventura Foods LLC	Industrial	2,821,317	2.5
Hormel Albert Lea Select Foods	Industrial	2,776,095	2.5
Mayo Clinic Health Systems Albert Lea	Clinic/Hospital	1,435,260	1.3
Trails Travel Plaza Inc	Industrial	913,440	0.8
St John's Lutheran Home	Nursing Home	823,900	0.7
Albert Lea Electro Plating Inc	Industrial	738,500	0.7
Stoney Creek Est LLC	Industrial	723,000	0.6

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 (1)

Table 20

Employer	Business Type	2015			2007		
		Number of Employees	Rank	Percent of Total City Employee	Number of Employees	Rank	Percent of Total City Employee
Albert Lea Medical Center	Medical	1,200	1	7.63 %	1,310	1	12.22 %
Albert Lea Area Schools	Education (Pre K-12)	514	2	3.27	463	2	4.32
Albert Lea Select Foods	Pork Processing	387	3	2.46	390	3	3.64
Good Samaritan Center	Nursing Home, Assisted Living	350	4	2.23	285	7	2.66
Cargill Incorporated	Agribusiness	320	5	2.03	-	-	-
St. John's Lutheran Home	Nursing Home, Assisted Living	300	6	1.91	292	6	2.72
Wal-Mart	Discount retail	285	7	1.81	-	-	-
Freeborn County	County Government	282	8	1.79	270	10	2.52
Lou-Rich, Inc	Manufacturing	250	9	1.59	276	9	2.57
Innovance Inc	Holding Company (non-bank)	240	10	1.53	-	-	-
Hy-Vee Food Store	Grocery	-	-	-	285	8	2.66
Riverland Community College	Post Secondary Education	-	-	-	296	5	2.76
Schweigert Foods	Food Processing	-	-	-	353	4	3.29
Total		<u>\$ 4,113</u>		<u>26.25 %</u>	<u>4,198</u>		<u>39.36 %</u>

(1) 2007 was the most recent data available. Table will be updated going-forward.  
 Source: 2015 bond documents

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2006	2007	2008	2009
General Government				
Administration	3.00	3.00	3.00	3.00
Human resources	1.00	1.00	1.00	1.00
Finance	5.65	5.65	5.65	5.65
Legal	2.00	2.00	2.00	2.00
Public information	1.00	1.00	1.00	1.00
City center	1.63	1.63	1.50	1.50
Police				
Sworn Officers	29.00	29.00	29.00	29.00
Other	10.25	12.75	12.75	12.75
Fire & inspection				
Fire	17.00	17.00	17.00	17.00
Inspection	3.00	3.00	3.00	3.00
Public Works				
Engineering	5.50	5.50	5.50	5.50
Street & Garage	15.00	15.00	15.00	15.00
Water	9.00	10.00	10.00	10.00
Sewer	13.50	13.50	13.50	13.50
Solid Waste Mgmt.	1.00	1.00	1.00	1.00
Parks & recreation				
Recreation	3.85	2.85	2.85	2.85
Swimming	0.15	0.15	0.15	0.15
Senior citizen center	1.50	1.40	1.40	1.40
Arena	2.00	3.63	3.63	3.63
Theater	0.98	0.88	0.88	0.88
Parks	8.00	8.00	8.67	8.67
Library	10.00	11.00	11.00	11.00
Community Development	2.00	2.00	2.00	2.00
<b>Total Employees</b>	<b>146.01</b>	<b>150.94</b>	<b>151.48</b>	<b>151.48</b>

Source: Adopted 2015 budget

Table 21

Fiscal Year						
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
2.00	2.00	1.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00	1.50
5.45	5.45	6.45	5.00	5.00	5.00	4.50
2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00	1.00
0.25	-	-	-	-	-	-
27.00	28.00	27.00	26.00	26.00	26.00	26.50
12.10	12.10	14.60	14.60	14.60	14.60	2.50
16.00	16.00	15.50	16.50	16.50	16.50	16.50
3.00	3.00	3.00	3.00	3.00	3.00	3.00
5.50	5.40	5.40	5.40	5.40	5.40	5.40
13.00	13.00	12.00	12.00	12.00	12.00	12.00
10.00	10.00	10.00	10.00	10.00	10.00	9.00
13.50	13.50	13.50	13.50	13.50	13.50	13.50
1.00	1.00	1.00	1.00	1.00	1.00	1.00
2.85	2.85	2.85	2.85	2.85	2.85	2.85
0.15	0.15	0.15	0.15	0.15	0.15	0.15
1.40	1.20	1.20	1.20	1.20	1.20	1.50
4.00	4.00	3.00	3.00	3.00	3.00	3.00
-	-	-	-	-	-	-
7.67	7.67	8.00	8.00	8.00	8.00	8.00
9.80	9.90	10.30	10.30	10.30	10.30	11.50
2.00	2.00	2.00	-	-	-	-
<u>140.67</u>	<u>141.22</u>	<u>140.95</u>	<u>140.50</u>	<u>140.50</u>	<u>140.50</u>	<u>129.40</u>

CITY OF ALBERT LEA, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS

Function	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	16	16	18	18
Fire Station	1	1	1	1
Streets				
Streets (miles)	128.57	129.75	130.11	131.62
Streetlights	1,685	1,711	1,825	1,829
Parks and recreation				
Arena	1	1	1	1
Civic theater	1	1	1	1
Senior citizen center	1	1	1	1
Softball fields	5	5	5	5
Swimming pools	1	1	1	1
Tennis courts	6	6	3	3
Parks acreage	353.3	256.3	432	432
Parks	42	43	44	44
Water				
Storage capacity (millions of gallons)	2.4	2.4	2.4	2.4
Watermains (miles)	107.28	108.17	108.3	112.14
Pumping plants	4	4	4	4
Fire hydrants	963	1,004	1,100	1,143
Sewer				
Sanitary sewers (miles)	104.33	105.35	105.35	107.55
Storm sewers (miles)	52.3	53.09	53.52	55.79
Maximum daily treatment capacity (millions of gallon)	12.5	12.5	12.5	12.5

Source: Data collected from the 2015 City Manager's Annual Report.

Table 22

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
18	18	18	18	18	18	18
1	1	1	1	1	1	1
131.81	137.63	138.22	138.22	138.22	138.22	138.22
1,847	1,847	1,847	1,847	1,862	1,862	1,862
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
5	5	5	5	5	5	5
1	1	1	1	1	1	1
3	3	3	3	3	3	3
432	432	432	432	432	432	432
44	44	44	44	44	44	44
2.4	2.4	2.4	2.4	2.4	2.4	2.4
112.35	114.34	115.06	115.78	115.78	115.78	115.78
4	4	4	4	4	4	4
1,143	1,156	1,156	1,156	1,156	1,156	1,156
108.46	109.7	109.73	109.73	109.73	109.73	109.73
56.18	57.48	58.28	58.59	58.59	58.59	58.59
12.5	12.5	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			
	2006	2007	2008	2009
Police				
Class I crimes	453	185	365	365
Class II crimes	733	890	760	760
Fire				
Number of calls answered	405	432	672	709
Inspections	731	577	169	254
Highways and streets				
Street resurfacing (miles)	1.77	2.3	5.25	4.4
Culture and recreation				
Boat dock permits	248	253	257	263
Park facility rentals	348	453	318	383
Water				
New connections	52	38	18	18
Watermain breaks	32	39	38	25
Average daily consumptions (thousand of gallons)	2,679	2,791	2,621	2,696
Wastewater				
Average daily sewage treatment (thousand of gallons)	4,358	4,473	4,080	3,678

Source: Data collected from the 2015 City Manager's Annual Report

Table 23

Fiscal Year						
2010	2011	2012	2013	2014	2015	
320	468	517	500	426	406	
649	799	735	648	644	599	
637	677	711	700	803	2,084	
162	189	207	195	195	388	
4.7	3.97	2.89	3.11	5.52	1.43	
256	250	212	249	242	257	
334	304	336	331	531	341	
51	9	11	17	11	17	
30	23	32	38	46	28	
3,110	2,915	3,068	3,075	3,208	3,073	
4,370	4,918	2,781	3,683	3,718	3,615	