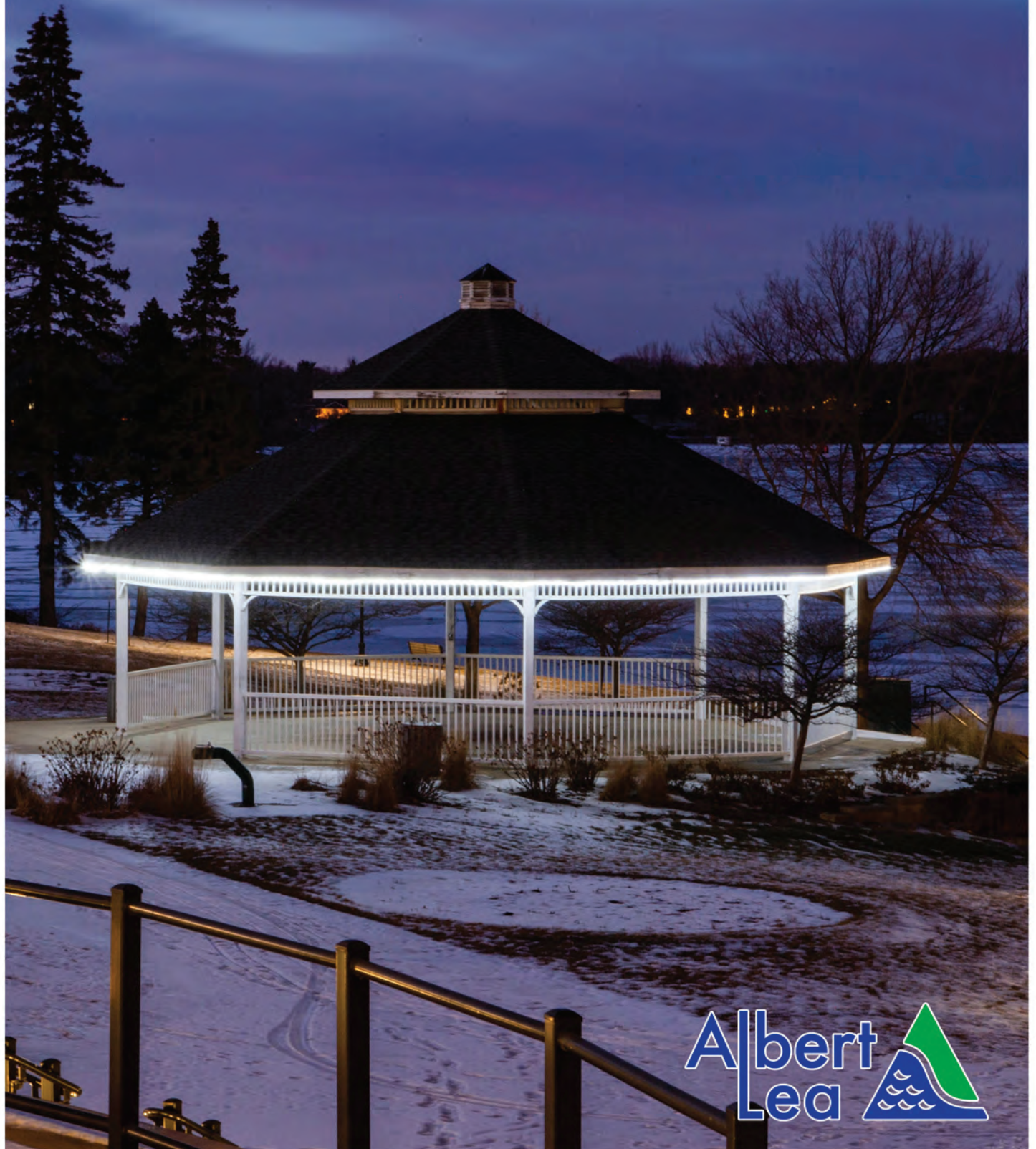


Annual Comprehensive Financial Report

Albert Lea, Minnesota
Year Ended December 31, 2022



CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada
Published June 13, 2023

Albert
Lea



City of Albert Lea, Minnesota
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Albert
Lea



INTRODUCTORY SECTION

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

Albert
Lea





June 16, 2023

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, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. BerganKDV, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Albert Lea's financial statements for the year ended December 31, 2022. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Albert Lea, incorporated in 1878, is located at the crossroads of interstate highways I-90 and I-35. It is a diversified regional industrial, agricultural, retail, medical, and tourism center. The community is historic by Minnesota standards including a downtown designated as a National Commercial Historic District, with approximately 115 buildings in the District. We are approximately 100 miles south of the Twin Cities and only ten miles from the Iowa border. We are referred to as the "land between the lakes" as we are surrounded by several beautiful lakes. Our city currently occupies over 13 square miles and serves a population of 18,492. The City of Albert Lea is empowered to levy a property tax on both real and personal property located within its boundaries. These boundaries continue to increase through annexations as the City continues to develop.

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

Profile of the Government (Continued)

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

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

Local Economy

While agriculture continues to play a major role in Albert Lea's economy, including food processing and renewable fuels, the local economy is much more diversified than a few decades ago. In addition, the City and several partners are revitalizing the historic downtown, which has become an economic hub for the community. Albert Lea is a proud member of the nation's Main Street program, and more downtown events are occurring throughout the year than previous years. These events, combined with improvements to many local amenities, is resulting in more tourism, as evidenced by a rising trend in revenues from a local option sales tax and lodging tax.

Signs of economic growth occurring are varied. Since the addition of the Mercy Medical Center in the Northbridge Mall three national chain stores have opened in 2022, providing new economic activity. Phase I of the Unique apartment complex at the Blazing Star Landing is complete and they are beginning Phase II which is twice the size of Phase I. Construction is expected in 2024. In the summer of 2022, Vortex Cold Storage began operations and has filled this new warehousing space as predicted. A 320,000-square-foot industrial building that has been closed for years has been converted into warehousing and smaller manufacturing spaces with over 60% of the space leased creating many new jobs. Ullands Inc completed their project and redeveloped a site that use to house the local electric cooperative. Many of these projects have TIF incentives and some like Unique and Vortex are likely to fulfill their obligations much sooner than predicted.

Recent business located to Albert Lea and by early 2023 they hired 50 people building controls and assembling electric vehicle charging stations. This business anticipates hiring 50 more by the end of 2023. In the coming years, the City anticipates that the remaining portions of the Blazing Star, a former industrial site that burned down in 2001, will have development in the portions of land suitable for development. Additionally, we receive continued interest in local business expansion and new investors coming to Albert Lea.

Long-term Financial Planning

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

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

Major Initiatives

The City continued to upgrade its infrastructure through neighborhood improvement projects. Main Street was reconstructed in 2022 and added a trail along the road for more transportation options. The City's biggest initiative is to finish developing the Blazing Star site along Main Street and Garfield. One effort by staff is to dispose City owned properties for redevelopment opportunities. The City is proactively trying to capture and save properties to maintain housing stock and improve those same properties instead of demolishing them and leaving empty lots.

Staff are working with state legislators on funding for the reconstruction of the waste water treatment facility and reduce the amount of phosphorus in the Shell Rock River. This project is an estimated \$80 million dollars in construction. City staff are also working with Federal legislators on funding certain portions of the project within the Direct Congressional Appropriations process.

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, 2021. This is the thirty-ninth consecutive year (1983-2021) that the City of Albert Lea has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report (ACFR) that satisfies both generally accepted accounting principles and applicable legal requirements.

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

Awards and Acknowledgements (Continued)

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

Respectfully submitted,

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

Patrick Ian Rigg
City Manager

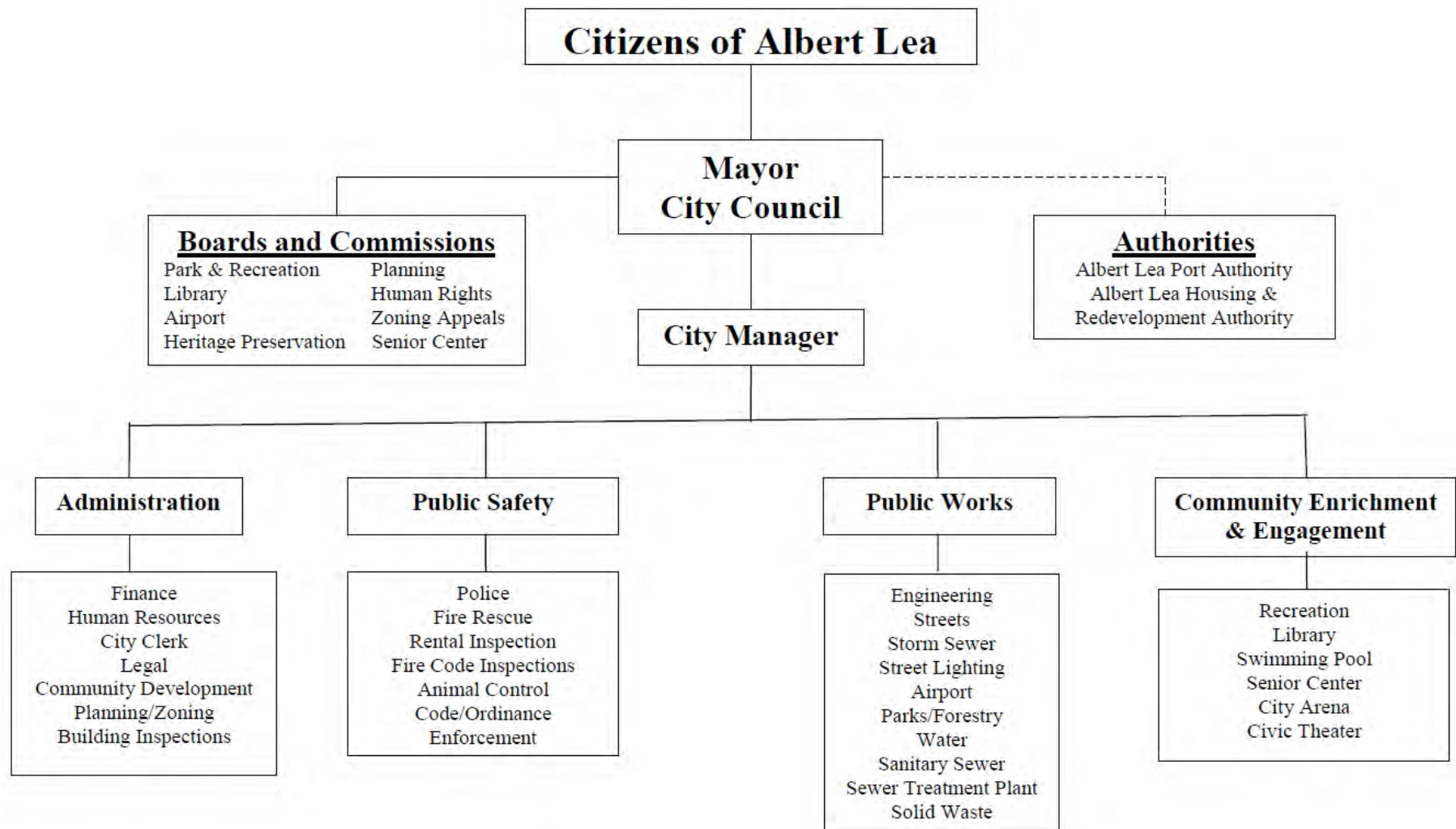
**City of Albert Lea, Minnesota
Elected Officials and Administration
December 31, 2022**

| <u>Elected Officials</u> | <u>Position</u> | <u>Term Expires</u> |
|--------------------------|-------------------------------------------------|---------------------|
| Vern Rasmussen Jr. | Mayor | December 31, 2022 |
| Rich Murray | Council Member - Ward 1 | December 31, 2024 |
| Larry Baker | Council Member - Ward 2 | December 31, 2022 |
| Jason Howland | Council Member - Ward 3 | December 31, 2024 |
| Reid Olson | Council Member - Ward 4 | December 31, 2022 |
| Robert Rasmussen | Council Member - Ward 5 | December 31, 2024 |
| Al Brooks | Council Member - Ward 6 | December 31, 2022 |
| <u>Administration</u> | <u>Position</u> | |
| Ian Rigg | City Manager | |
| Kristi Brutlag | Finance Director | |
| JD Carlson | Director of Public Safety | |
| Steven Jahnke | Public Works Director/City Engineer | |
| Cathy Malakowsky | Director of Community Engagement and Enrichment | |
| Daphney Maras | City Clerk | |
| Mike Zelenak | Human Resources Director | |



Organization Chart

City of Albert Lea, Minnesota



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



Government Finance Officers Association

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

Presented to

**City of Albert Lea
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION
CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of and for the year ended December 31, 2022, and the related Notes to Basic Financial Statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Albert Lea, Minnesota, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Implementation of GASB 87

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

We did not audit the financial statements of the Port Authority of the City of Albert Lea, which is a discretely presented component unit of the City. The financial statements of this entity was audited by other auditors whose report thereon has been furnished to us and our opinion, in so far as it relates to the amounts presented for this entity, is based on the report of the other auditors.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Our responsibility is to express opinions on these financial statements based on our audit. We have also audited the Housing and Redevelopment Authority of the City of Albert Lea, which is a discretely presented component unit of the City, as of and for the year ended March 31, 2022. We did not audit the financial statements of the Port Authority of the City of Albert Lea, which is a discretely presented component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion insofar, as it relates to the amounts presented for the discretely presented component unit mentioned above, is based on the reports of the other auditors.

Required Supplementary Information

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

Supplementary Information

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

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

Other Information

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

Other Information (Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, on our consideration of the City of Albert Lea's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Albert Lea's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Bergan KDV Ltd." followed by a period.

Minneapolis, Minnesota
June 16, 2023

City of Albert Lea Management's Discussion and Analysis

As management of the City of Albert Lea, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 3 of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$154,444,586 (*net position*). Of this amount, \$24,372,301 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The net position of business-type activities increased by \$292,559 and net position of the governmental activities increased by \$1,902,678. This resulted in a total net position increase of \$2,195,237 for the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,835,078, a decrease of \$1,619,654 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,055,823. The City's policy is to maintain a minimum of 45% of the following year's budget in unassigned fund balance. At year end, the unassigned fund balance is 56% of the 2023 budgeted General Fund expenditures and transfers out, \$904,523 more than the required amount.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

City of Albert Lea Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

City of Albert Lea Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

The City maintains several individual governmental funds, 14 of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Reserve, and 2015 GO Bonds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

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

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

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

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City of Albert Lea's share of net pension liabilities for defined benefit plans, schedule of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required Supplementary Information can be found starting on page 98 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 110 of this report.

City of Albert Lea Management's Discussion and Analysis

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 \$154,444,586 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.8%) 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 | | |
|---------------------------------------|-------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------|
| | 2022 | 2021 | Increase (Decrease) | 2022 | 2021 | Increase (Decrease) |
| Assets | | | | | | |
| Current and other assets | \$ 40,378,380 | \$ 43,699,175 | \$ (3,320,795) | \$ 17,071,669 | \$ 20,543,589 | \$ (3,471,920) |
| Capital assets | 90,321,948 | 84,787,324 | 5,534,624 | 55,840,919 | 51,193,543 | 4,647,376 |
| Total assets | <u>130,700,328</u> | <u>128,486,499</u> | <u>2,213,829</u> | <u>72,912,588</u> | <u>71,737,132</u> | <u>1,175,456</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred OPEB resources | 61,370 | 71,135 | (9,765) | 9,783 | 12,817 | (3,034) |
| Deferred pension resources | 10,707,594 | 5,926,221 | 4,781,373 | 399,860 | 529,162 | (129,302) |
| Total deferred outflows of resou | <u>10,768,964</u> | <u>5,997,356</u> | <u>4,771,608</u> | <u>409,643</u> | <u>541,979</u> | <u>(132,336)</u> |
| Liabilities | | | | | | |
| Other liabilities | 3,521,402 | 4,200,061 | (678,659) | 923,046 | 1,503,367 | (580,321) |
| Noncurrent liabilities | 39,816,214 | 26,146,405 | 13,669,809 | 14,952,318 | 12,887,837 | 2,064,481 |
| Total liabilities | <u>43,337,616</u> | <u>30,346,466</u> | <u>12,991,150</u> | <u>15,875,364</u> | <u>14,391,204</u> | <u>1,484,160</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred OPEB resources | 743,810 | 874,216 | (130,406) | 118,569 | 157,510 | (38,941) |
| Deferred pension resources | 248,506 | 8,026,491 | (7,777,985) | 23,072 | 717,730 | (694,658) |
| Total deferred inflows of resou | <u>992,316</u> | <u>8,900,707</u> | <u>(7,908,391)</u> | <u>141,641</u> | <u>875,240</u> | <u>(733,599)</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 69,755,089 | 64,920,908 | 4,834,181 | 44,271,081 | 44,914,570 | (643,489) |
| Restricted | 16,046,115 | 16,911,070 | (864,955) | - | - | - |
| Unrestricted | <u>11,338,156</u> | <u>13,404,704</u> | <u>(2,066,548)</u> | <u>13,034,145</u> | <u>12,098,097</u> | <u>936,048</u> |
| Total net position | <u>\$ 97,139,360</u> | <u>\$ 95,236,682</u> | <u>\$ 1,902,678</u> | <u>\$ 57,305,226</u> | <u>\$ 57,012,667</u> | <u>\$ 292,559</u> |

An additional portion of the City's net position (10.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (15.8%) may be used to meet the City's ongoing obligations to citizens and creditors.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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 \$1,902,678, thereby accounting for percent of the growth in the net position of the City. Key elements of this change are as follows:

City of Albert Lea's Changes in Net Position

| | Governmental Activities | | | Business-Type Activities | | |
|--------------------------------------------------------------------|-------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------|
| | 2022 | 2021 | Increase (Decrease) | 2022 | 2021 | Increase (Decrease) |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 1,517,274 | \$ 1,593,542 | \$ (76,268) | \$ 9,296,839 | \$ 8,395,226 | \$ 901,613 |
| Operating grants and contributions | 1,018,904 | 2,330,966 | (1,312,062) | 22,719 | 7,125 | 15,594 |
| Capital grants and contributions | 7,928,692 | 3,200,609 | 4,728,083 | 32,879 | 22,792 | 10,087 |
| General revenues | | | | | | |
| Property taxes | 7,029,415 | 6,730,688 | 298,727 | - | - | - |
| Tax increments | 353,317 | 398,482 | (45,165) | - | - | - |
| Franchise taxes | 2,023,232 | 1,649,356 | 373,876 | - | - | - |
| State grants and contributions not restricted to specific programs | 5,876,300 | 5,709,861 | 166,439 | - | - | - |
| Unrestricted investment earnings | (808,593) | (82,131) | (726,462) | (283,387) | (42,863) | (240,524) |
| Gain on disposal of capital assets | 124,781 | 132,802 | (8,021) | - | - | - |
| Total revenues | <u>25,063,322</u> | <u>21,664,175</u> | <u>3,399,147</u> | <u>9,069,050</u> | <u>8,382,280</u> | <u>686,770</u> |
| Expenses | | | | | | |
| General government | 2,574,279 | 2,411,478 | 162,801 | - | - | - |
| Public safety | 8,643,912 | 6,951,984 | 1,691,928 | - | - | - |
| Public works | 6,767,143 | 3,589,673 | 3,177,470 | - | - | - |
| Culture and recreation | 4,425,231 | 3,760,769 | 664,462 | - | - | - |
| Airport | 661,675 | 930,211 | (268,536) | - | - | - |
| Community development | 1,838,469 | 1,810,521 | 27,948 | - | - | - |
| Interest on long-term debt | 533,935 | 413,910 | 120,025 | - | - | - |
| Water | - | - | - | 2,085,679 | 1,865,980 | 219,699 |
| Sewer | - | - | - | 4,102,829 | 4,039,871 | 62,958 |
| Solid waste | - | - | - | 145,871 | 158,194 | (12,323) |
| Utility line protection plan | - | - | - | 158,112 | - | 158,112 |
| Total expenses | <u>25,444,644</u> | <u>19,868,546</u> | <u>5,576,098</u> | <u>6,492,491</u> | <u>6,064,045</u> | <u>428,446</u> |
| Increase in Net | | | | | | |
| Assets before transfers | (381,322) | 1,795,629 | (2,176,951) | 2,576,559 | 2,318,235 | 258,324 |
| Transfers | <u>2,284,000</u> | <u>2,222,000</u> | <u>62,000</u> | <u>(2,284,000)</u> | <u>(2,222,000)</u> | <u>(62,000)</u> |
| Changes in Net Position | 1,902,678 | 4,017,629 | (2,114,951) | 292,559 | 96,235 | 196,324 |
| Net position, January 1 | <u>95,236,682</u> | <u>91,219,053</u> | <u>4,017,629</u> | <u>57,012,667</u> | <u>56,916,432</u> | <u>96,235</u> |
| Net position, December 31 | <u>\$ 97,139,360</u> | <u>\$ 95,236,682</u> | <u>\$ 1,902,678</u> | <u>\$ 57,305,226</u> | <u>\$ 57,012,667</u> | <u>\$ 292,559</u> |

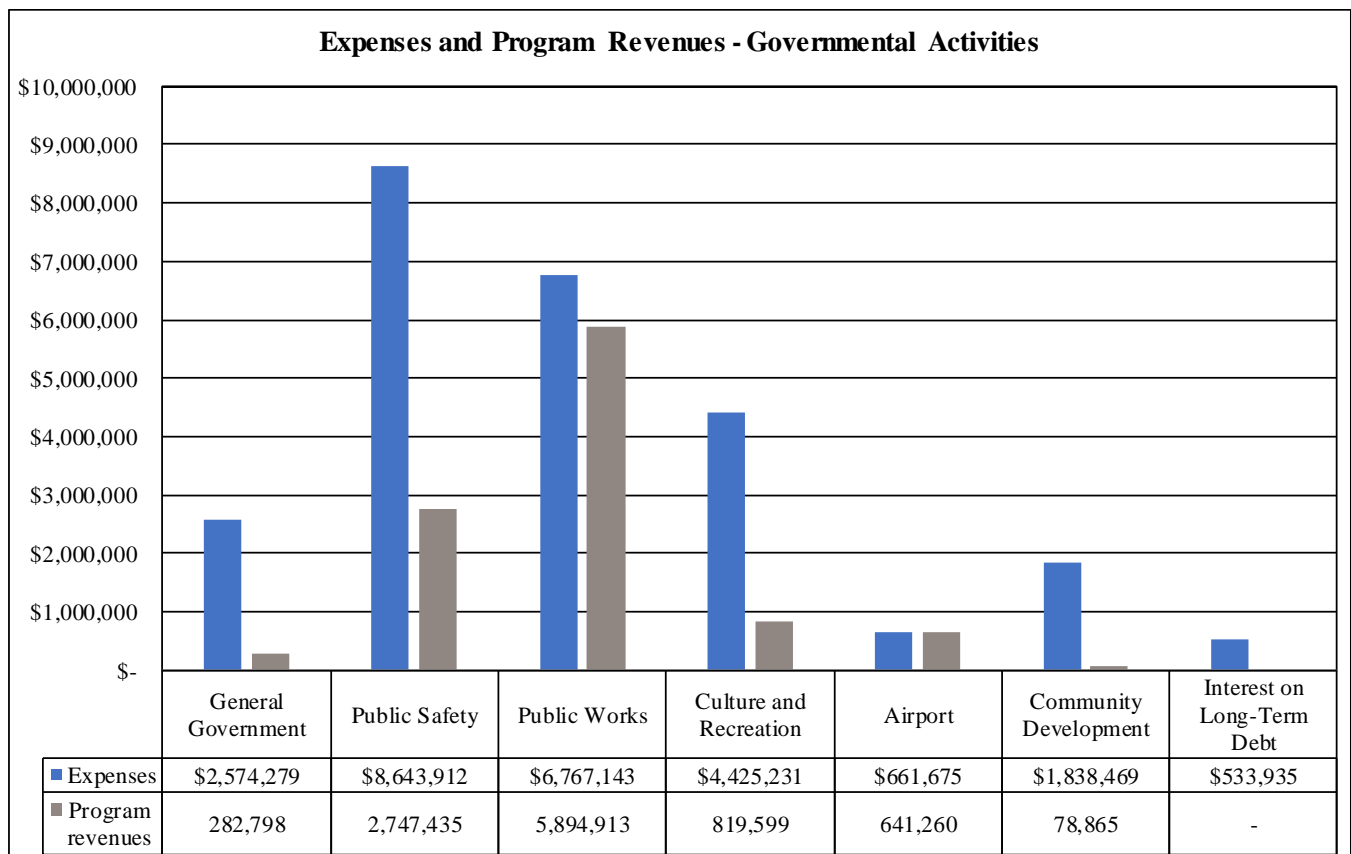
**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

- Property taxes represent approximately 28.0% of total revenues in 2022 in governmental activities.
- The largest revenue variance was a \$4,728,083 increase in capital grants and contributions based on an increase in intergovernmental grants and funding in 2022 compared to 2021.
- The largest expense variance was an increase in the public works function as a result of the increase in capital expenditures for related projects during the year.

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

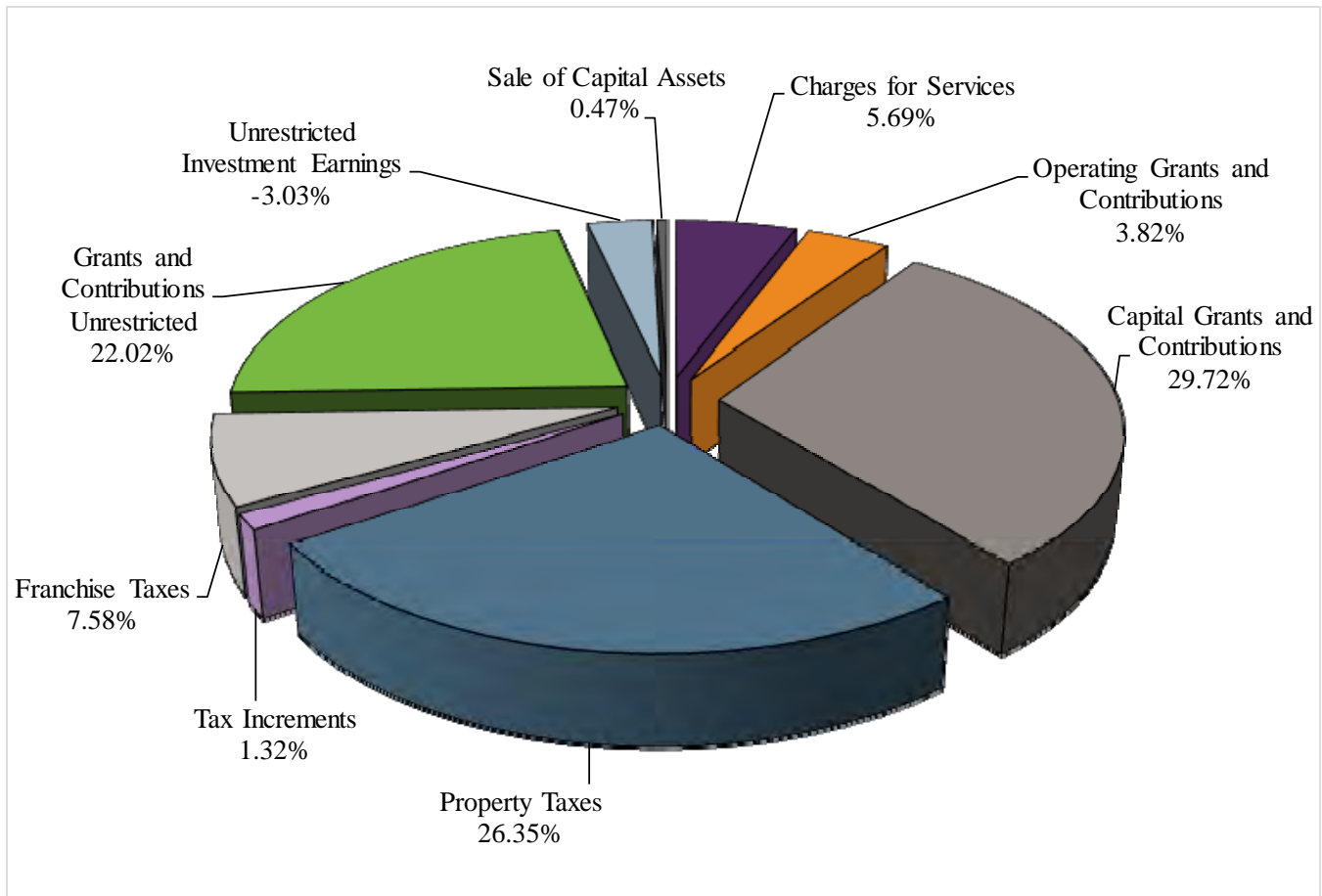


**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. (Continued)

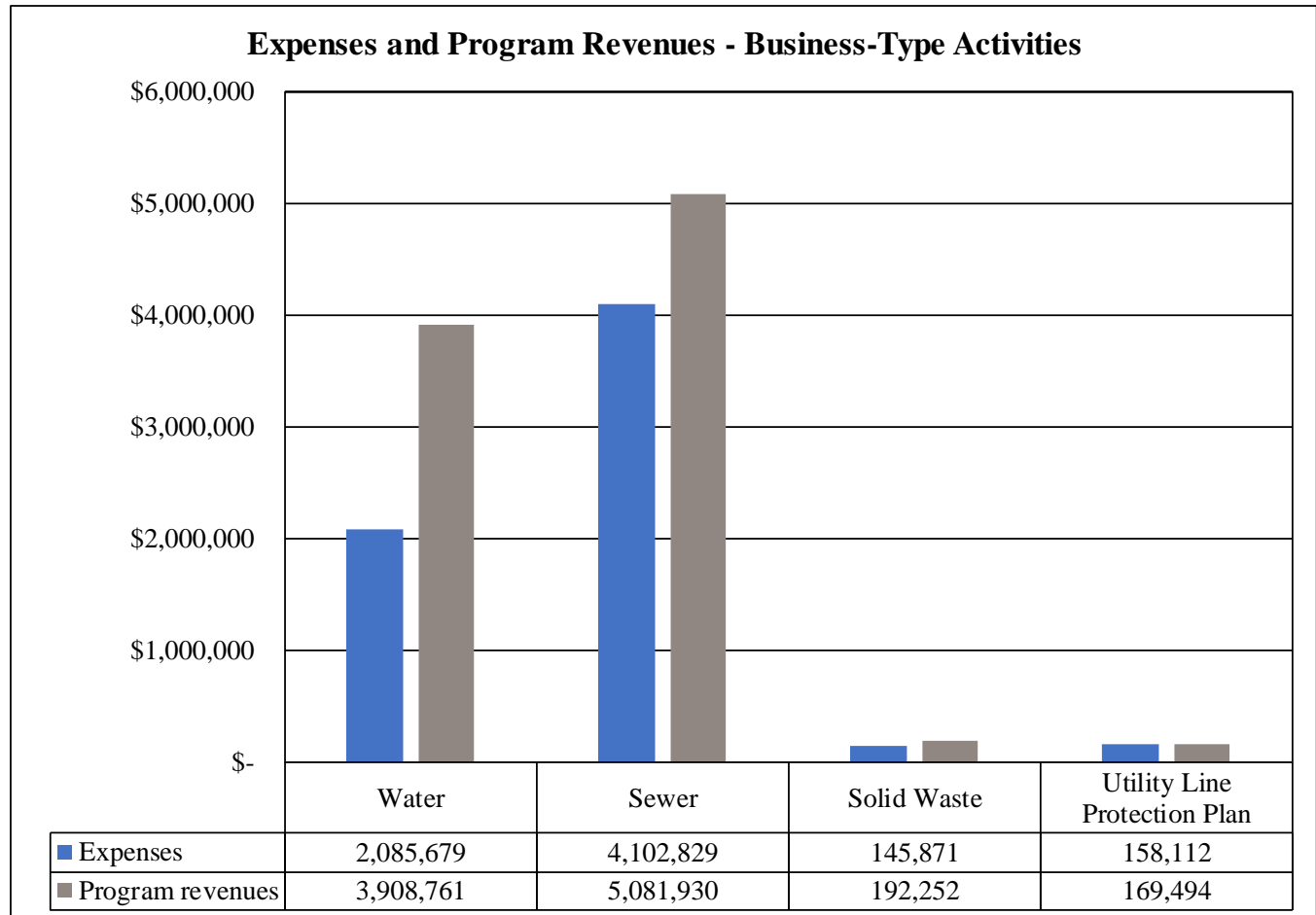
Revenues by Source – Governmental Activities



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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities. Business-type activities increased the City's net position by \$292,559 primarily due to the operating income of the Water Fund. Elements of the increase are as follows:

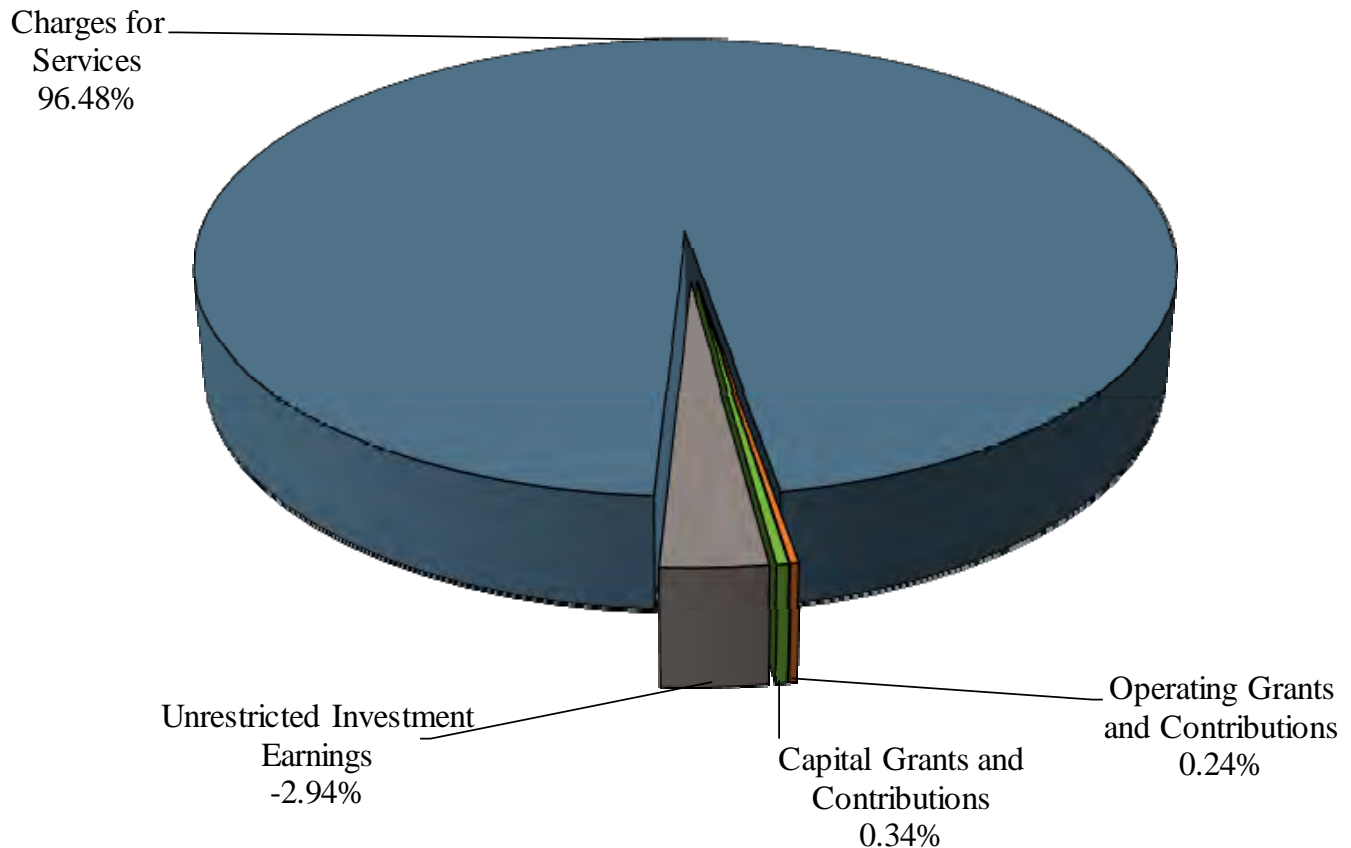


**City of Albert Lea
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Business-type Activities. (Continued)

Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Financial Analysis of the Government's Funds

Governmental Funds. (Continued) As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27,835,078, a decrease of \$1,619,654 in comparison with the prior year. Approximately 23% of this total amount (\$6,354,065) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$21,481,013) is not available for new spending because it is either 1) nonspendable (\$2,443,094), 2) restricted (\$9,482,588), 3) committed (\$4,153,686), or 4) assigned (\$5,401,645) for the purposes described in the fund balance section of each balance sheet.

| Major Funds | Fund Balance December 31, | | Increase (Decrease) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|------------------------|
| | 2022 | 2021 | |
| General | \$ 11,498,917 | \$ 10,799,595 | \$ 699,322 |
| The General Fund is the chief operating fund of the City. The General Fund had an increase in fund balance of \$699,322. The incline was related to increased intergovernmental revenues. | | | |
| Debt Service Reserve | \$ 650,738 | \$ 901,685 | \$ (250,947) |
| The Debt Service Reserve had a total fund balance of \$650,738. Fund balance decreased \$250,947 from 2021 due to transfers out to other debt service funds exceeding special assessment revenue . | | | |
| 2015 G.O. Bonds | \$ 1,081,848 | \$ 1,073,937 | \$ 7,911 |
| The 2015 G.O. Bonds Fund is a major debt service fund with a total fund balance of \$1,081,848, which increased \$7,911 from 2021. The increase in fund balance is mainly due to tax and special assessment revenue exceeding debt service expenditures. | | | |
| 2022 CIP Projects | \$ (148,658) | \$ (440,992) | \$ 292,334 |
| The 2022 CIP Project Fund is a major capital project fund with a total fund deficit of \$148,658. Fund revenues, bond proceeds, and transfers in received in 2022 exceeded Fund expenditures for construction | | | |

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 \$13,659,999. The total increase in net position for the funds was \$278,201.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

General Fund Budgetary Highlights

The City's General Fund budget was not amended during the year. The budget called for no change in fund balance. The General Fund had an actual increase of \$699,322 in 2022. Some of the larger variances are as follows:

- Revenues were over budget by \$1,703,248 with intergovernmental revenue being over budget based on the use of ARPA funding. Tax revenue was \$304,366 over budget mostly related to franchise taxes. Miscellaneous revenue was \$432,108 under budget due to investment income.
- Expenditures were less than budgeted amounts by \$240,898. Culture and recreation came in under budget by \$132,589 due in part to personnel costs and library expenditures.

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, 2022, amounts to \$146,162,867 (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:

- Airport runway project
- Arena roof project
- Central Water Tower construction
- Purchases of plow truck, freightliner vector unit, and other vehicles
- Various street improvement projects

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

| | Governmental Activities | | | Business-Type Activities | | |
|-----------------------------------|-------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------|
| | 2022 | 2021 | Increase (Decrease) | 2022 | 2021 | Increase (Decrease) |
| Land | \$ 6,825,804 | \$ 6,660,088 | \$ (165,716) | \$ 375,063 | \$ 300,463 | \$ (74,600) |
| Construction in progress | 11,140,413 | 5,194,960 | (5,945,453) | 10,382,228 | 5,153,024 | (5,229,204) |
| Buildings | 17,070,818 | 17,850,092 | 779,274 | 15,205,808 | 15,891,588 | 685,780 |
| Improvements other than buildings | 49,244,897 | 49,339,475 | 94,578 | 28,968,217 | 28,907,375 | (60,842) |
| Equipment | 6,040,016 | 5,742,709 | (297,307) | 909,603 | 941,093 | 31,490 |
| Total | <u>\$ 90,321,948</u> | <u>\$ 84,787,324</u> | <u>\$ (5,534,624)</u> | <u>\$ 55,840,919</u> | <u>\$ 51,193,543</u> | <u>\$ (4,647,376)</u> |

City of Albert Lea Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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

Long-Term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$30,760,000. While all of the City's bonds have revenue streams, they are also all backed by the full faith and credit of the City.

City of Albert Lea's Outstanding Debt

| | Governmental Activities | | | Business-Type Activities | | |
|-----------------------|-------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------|
| | 2022 | 2021 | Increase (Decrease) | 2022 | 2021 | Increase (Decrease) |
| PRI Assessment Bonds | \$ 19,190,000 | \$ 18,710,000 | \$ (480,000) | \$ - | \$ - | \$ - |
| Equipment certificate | 250,000 | 405,000 | 155,000 | 40,000 | 80,000 | 40,000 |
| Notes payable | 117,585 | 133,653 | 16,068 | - | - | - |
| Revenue Bonds | - | - | - | 11,570,000 | 10,035,000 | (1,535,000) |
| PFA Loans | - | - | - | 1,179,000 | 1,228,465 | 49,465 |
| Total | <u>\$ 19,557,585</u> | <u>\$ 19,248,653</u> | <u>\$ (308,932)</u> | <u>\$ 12,789,000</u> | <u>\$ 11,343,465</u> | <u>\$ (1,445,535)</u> |

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

Economic Factors and Next Year's Budgets and Rates

- The City approved a balanced budget for 2023.
- The City's General fund property tax levy for 2023 increased \$453,000 to \$5,518,000.
- The City updates annually a long-range financial plan to use as a tool for managing the City's tax levy, tax rate, and debt load.
- The City continues to evaluate the water and sewer rates to ensure sufficient cash for upcoming capital projects as well as reaching a sufficient fund balance.
- The City is in a stable position with an unassigned fund balance in the General Fund of 56% of the 2023 budgeted expenses at the end of 2022.

Requests for Information

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



BASIC FINANCIAL STATEMENTS

**City of Albert Lea
Statement of Net Position
December 31, 2022**

| | Primary Government | | | Component Units | |
|------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------|---------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Port Authority | Housing Redevelopment Authority |
| Assets | | | | | |
| Cash and investments | \$ 26,244,609 | \$ 14,641,371 | \$ 40,885,980 | \$ 2,536,265 | \$ 1,404,638 |
| Restricted cash | - | - | - | - | 65,723 |
| Taxes receivable | 272,975 | - | 272,975 | - | - |
| Accounts receivable | 580,777 | 1,456,692 | 2,037,469 | 587,179 | 147,649 |
| Interest receivable | 112,905 | - | 112,905 | 1,170 | - |
| Loans receivable | 2,524,538 | 35,000 | 2,559,538 | 1,479,067 | - |
| Leases receivable | - | - | - | 3,524,363 | - |
| Special assessments receivable | 7,117,875 | 1,354,111 | 8,471,986 | - | - |
| Due from other governments | 1,677,984 | - | 1,677,984 | 3,000 | - |
| Due from primary government | - | - | - | 1,085,898 | - |
| Internal balances | 611,975 | (611,975) | - | - | - |
| Inventory | 98,618 | 176,156 | 274,774 | - | - |
| Property held for resale | - | - | - | 3,177,190 | - |
| Prepaid items | 1,136,124 | - | 1,136,124 | 4,659 | 15,547 |
| Patronage equity | - | 20,314 | 20,314 | 2,002 | - |
| Capital assets not being depreciated/amortized | | | | | |
| Land | 6,825,804 | 375,063 | 7,200,867 | 262,933 | 177,998 |
| Construction in progress | 11,140,413 | 10,382,228 | 21,522,641 | - | - |
| Capital assets being depreciated/amortized | | | | | |
| Buildings and structures | 31,604,914 | 36,151,652 | 67,756,566 | 9,906,982 | 7,476,717 |
| Improvements other than buildings | 91,537,451 | 48,925,727 | 140,463,178 | - | 2,231,886 |
| Equipment | 18,084,432 | 4,157,371 | 22,241,803 | - | 398,199 |
| Leased buildings | - | - | - | 166,671 | - |
| Less accumulated depreciation | (68,871,066) | (44,151,122) | (113,022,188) | (5,685,059) | (7,423,618) |
| Less accumulated amortization | - | - | - | (22,726) | - |
| Total assets | 130,700,328 | 72,912,588 | 203,612,916 | 17,029,594 | 4,494,739 |
| Deferred Outflows of Resources | | | | | |
| Deferred outflows of resources related to OPEB | 61,370 | 9,783 | 71,153 | - | - |
| Deferred outflows of resources related to pensions | 10,707,594 | 399,860 | 11,107,454 | - | - |
| Total deferred outflows of resources | 10,768,964 | 409,643 | 11,178,607 | - | - |
| Total assets and deferred outflows of resources | \$ 141,469,292 | \$ 73,322,231 | \$ 214,791,523 | \$ 17,029,594 | \$ 4,494,739 |

See notes to basic financial statements.

**City of Albert Lea
Statement of Net Position
December 31, 2022**

| | Primary Government | | | Component Units | |
|--------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------|---------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Port Authority | Housing Redevelopment Authority |
| Liabilities | | | | | |
| Accounts payable | \$ 1,565,428 | \$ 492,531 | \$ 2,057,959 | \$ 40,881 | \$ 22,935 |
| Salaries and benefits payable | 250,953 | 32,085 | 283,038 | 2,858 | 18,665 |
| Deposits payable | 63,535 | 10,450 | 73,985 | - | 37,096 |
| Contracts payable | 309,469 | 250,331 | 559,800 | - | - |
| Due to other governments | - | 6,030 | 6,030 | 4,290 | 41,155 |
| Due to component unit | 1,085,898 | - | 1,085,898 | - | - |
| Unearned revenue | - | - | - | 3,888 | 18,781 |
| Other accrued liabilities | - | - | - | - | 10,209 |
| Interest payable | | | | | |
| Payable within one year | 246,119 | 131,619 | 377,738 | 12,042 | 7 |
| Payable after one year | - | - | - | 20,000 | - |
| Net bonds payable | | | | | |
| Payable within one year | 3,060,000 | 615,000 | 3,675,000 | - | - |
| Payable after one year | 17,079,805 | 11,465,696 | 28,545,501 | - | - |
| Loans/notes payable | | | | | |
| Payable within one year | 15,000 | 51,000 | 66,000 | - | - |
| Payable after one year | 102,585 | 1,128,000 | 1,230,585 | - | - |
| Leases payable | | | | | |
| Payable within one year | - | - | - | 20,650 | - |
| Payable after one year | - | - | - | 126,231 | - |
| Notes and mortgages payable | | | | | |
| Payable within one year | - | - | - | 193,858 | 2,294 |
| Payable after one year | - | - | - | 4,229,195 | 336,790 |
| Compensated absences payable | | | | | |
| Payable within one year | 804,735 | 134,545 | 939,280 | - | 37,753 |
| Payable after one year | 407,248 | 58,654 | 465,902 | 3,200 | 6,089 |
| Net pension liability | | | | | |
| Payable after one year | 17,703,681 | 1,396,899 | 19,100,580 | - | - |
| Total OPEB liability | | | | | |
| Payable after one year | 643,160 | 102,524 | 745,684 | - | - |
| Total liabilities | <u>43,337,616</u> | <u>15,875,364</u> | <u>59,212,980</u> | <u>4,657,093</u> | <u>531,774</u> |
| Deferred Inflows of Resources | | | | | |
| Deferred inflows of resources related to OPEB | 743,810 | 118,569 | 862,379 | - | - |
| Deferred inflows of resources related to pensions | 248,506 | 23,072 | 271,578 | - | - |
| Deferred inflows of resources related to leases receivable | - | - | - | 3,524,363 | - |
| Property taxes levied for subsequent years | - | - | - | - | 81,750 |
| Total deferred inflows of resources | <u>992,316</u> | <u>141,641</u> | <u>1,133,957</u> | <u>3,524,363</u> | <u>81,750</u> |
| Net Position | | | | | |
| Net investment in capital assets | 69,755,089 | 44,271,081 | 114,026,170 | 1,492,810 | 2,522,098 |
| Restricted for | | | | | |
| Fire and police operations | 1,564,755 | - | 1,564,755 | - | - |
| Capital improvements | 119,231 | - | 119,231 | - | - |
| Airport improvements | 260,120 | - | 260,120 | - | - |
| Economic development | 818,312 | - | 818,312 | - | - |
| Debt service | 13,283,697 | - | 13,283,697 | - | - |
| Public housing | - | - | - | - | 29,157 |
| Unrestricted | <u>11,338,156</u> | <u>13,034,145</u> | <u>24,372,301</u> | <u>7,355,328</u> | <u>1,329,960</u> |
| Total net position | <u>97,139,360</u> | <u>57,305,226</u> | <u>154,444,586</u> | <u>8,848,138</u> | <u>3,881,215</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 141,469,292</u> | <u>\$ 73,322,231</u> | <u>\$ 214,791,523</u> | <u>\$ 17,029,594</u> | <u>\$ 4,494,739</u> |

See notes to basic financial statements.

**City of Albert Lea
Statement of Activities
Year Ended December 31, 2022**

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities | | | | |
| General government | \$ 2,574,279 | \$ 80,038 | \$ 154,521 | \$ 48,239 |
| Public safety | 8,643,912 | 618,192 | 395,948 | 1,733,295 |
| Public works | 6,767,143 | 219,625 | 468,435 | 5,206,853 |
| Culture and recreation | 4,425,231 | 526,678 | - | 292,921 |
| Community development | 1,838,469 | 28,865 | - | 50,000 |
| Airport | 661,675 | 43,876 | - | 597,384 |
| Interest on long-term debt | 533,935 | - | - | - |
| Total governmental activities | <u>25,444,644</u> | <u>1,517,274</u> | <u>1,018,904</u> | <u>7,928,692</u> |
| Business-type activities | | | | |
| Water | 2,085,679 | 3,900,428 | - | 8,333 |
| Sewer | 4,102,829 | 5,039,665 | 17,719 | 24,546 |
| Solid waste | 145,871 | 192,252 | - | - |
| Utility line protection plan | 158,112 | 164,494 | 5,000 | - |
| Total business-type activities | <u>6,492,491</u> | <u>9,296,839</u> | <u>22,719</u> | <u>32,879</u> |
| Total primary governmental | <u>\$ 31,937,135</u> | <u>\$ 10,814,113</u> | <u>\$ 1,041,623</u> | <u>\$ 7,961,571</u> |
| Component Units | | | | |
| Port Authority | 1,015,767 | 979,662 | 95,775 | - |
| Housing Redevelopment Authority | <u>2,066,539</u> | <u>676,027</u> | <u>1,363,270</u> | <u>99,027</u> |
| Total component units | <u>\$ 3,082,306</u> | <u>\$ 1,655,689</u> | <u>\$ 1,459,045</u> | <u>\$ 99,027</u> |
| General revenues | | | | |
| Property taxes | | | | |
| Franchise fees | | | | |
| Tax increments | | | | |
| Unrestricted investment income | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Gain on sale of assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning | | | | |
| Net position - ending | | | | |

| Net (Expense) Revenues and Changes in Net Position | | | | |
|----------------------------------------------------|--------------------------|----------------|-----------------|---------------------------------|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-Type Activities | Total | Port Authority | Housing Redevelopment Authority |
| \$ (2,291,481) | \$ - | \$ (2,291,481) | \$ - | \$ - |
| (5,896,477) | - | (5,896,477) | - | - |
| (872,230) | - | (872,230) | - | - |
| (3,605,632) | - | (3,605,632) | - | - |
| (1,759,604) | - | (1,759,604) | - | - |
| (20,415) | - | (20,415) | - | - |
| (533,935) | - | (533,935) | - | - |
| (14,979,774) | - | (14,979,774) | - | - |
| - | 1,823,082 | 1,823,082 | - | - |
| - | 979,101 | 979,101 | - | - |
| - | 46,381 | 46,381 | - | - |
| - | 11,382 | 11,382 | - | - |
| - | 2,859,946 | 2,859,946 | - | - |
| (14,979,774) | 2,859,946 | (12,119,828) | - | - |
| - | - | - | 59,670 | - |
| - | - | - | - | 71,785 |
| - | - | - | 59,670 | 71,785 |
| 7,029,415 | - | 7,029,415 | - | - |
| 2,023,232 | - | 2,023,232 | - | - |
| 353,317 | - | 353,317 | - | - |
| (808,593) | (283,387) | (1,091,980) | 8,254 | 49 |
| 5,876,300 | - | 5,876,300 | - | - |
| 124,781 | - | 124,781 | - | - |
| 2,284,000 | (2,284,000) | - | - | - |
| 16,882,452 | (2,567,387) | 14,315,065 | 8,254 | 49 |
| 1,902,678 | 292,559 | 2,195,237 | 67,924 | 71,834 |
| 95,236,682 | 57,012,667 | 152,249,349 | 8,780,214 | 3,809,381 |
| \$ 97,139,360 | \$ 57,305,226 | \$ 154,444,586 | \$ 8,848,138 | \$ 3,881,215 |

City of Albert Lea
Balance Sheet - Governmental Funds
December 31, 2022

| | | Debt Service | |
|------------------------------------------------------------------------|----------------------|----------------------------|-----------------------|
| | General (101) | Debt Service Reserve (301) | 2015 G.O. Bonds (312) |
| Assets | | | |
| Cash and investments | \$ 8,453,008 | \$ 644,658 | \$ 1,079,930 |
| Taxes receivable | 265,442 | - | - |
| Accounts receivable | 536,228 | - | - |
| Interest receivable | 112,905 | - | - |
| Loans receivable | 129,030 | - | - |
| Special assessments receivable | 268,895 | 1,373,199 | 1,457,536 |
| Due from other funds | - | - | - |
| Due from other governments | 58,050 | - | - |
| Advances to other funds | 2,153,352 | - | - |
| Inventory | 98,618 | - | - |
| Prepaid items | 191,124 | - | - |
| Total assets | <u>\$ 12,266,652</u> | <u>\$ 2,017,857</u> | <u>\$ 2,537,466</u> |
| Liabilities | | | |
| Accounts payable | \$ 271,790 | \$ - | \$ - |
| Salaries and benefits payable | 250,953 | - | - |
| Deposits payable | 47,312 | - | - |
| Contracts payable | - | - | - |
| Due to other funds | - | - | - |
| Advances from other funds | - | - | - |
| Advances from component unit | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | <u>570,055</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - property taxes | 194,673 | - | - |
| Unavailable revenue - special assessments | 3,007 | 1,367,119 | 1,455,618 |
| Total deferred inflows of resources | <u>197,680</u> | <u>1,367,119</u> | <u>1,455,618</u> |
| Fund Balances | | | |
| Nonspendable | 2,443,094 | - | - |
| Restricted | - | 650,738 | 1,081,848 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | 9,055,823 | - | - |
| Total fund balances | <u>11,498,917</u> | <u>650,738</u> | <u>1,081,848</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 12,266,652</u> | <u>\$ 2,017,857</u> | <u>\$ 2,537,466</u> |

| <u>Capital Projects</u> | | |
|------------------------------------|--------------------------------------------|-----------------------------------------|
| <u>2022 CIP Projects (492)</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| \$ - | \$ 15,396,982 | \$ 25,574,578 |
| - | 7,533 | 272,975 |
| - | 44,549 | 580,777 |
| - | - | 112,905 |
| - | 2,395,508 | 2,524,538 |
| - | 4,018,245 | 7,117,875 |
| - | 253,380 | 253,380 |
| 562,142 | 1,057,792 | 1,677,984 |
| - | - | 2,153,352 |
| - | - | 98,618 |
| - | - | 191,124 |
| <u>\$ 562,142</u> | <u>\$ 23,173,989</u> | <u>\$ 40,558,106</u> |
| | | |
| \$ 443,397 | \$ 848,028 | \$ 1,563,215 |
| - | - | 250,953 |
| - | 16,223 | 63,535 |
| 256,834 | 52,635 | 309,469 |
| 10,569 | 242,811 | 253,380 |
| - | 2,167,231 | 2,167,231 |
| - | 1,085,898 | 1,085,898 |
| - | 56,177 | 56,177 |
| <u>710,800</u> | <u>4,469,003</u> | <u>5,749,858</u> |
| | | |
| - | 6,996 | 201,669 |
| - | 3,945,757 | 6,771,501 |
| - | 3,952,753 | 6,973,170 |
| | | |
| - | - | 2,443,094 |
| - | 7,750,002 | 9,482,588 |
| - | 4,153,686 | 4,153,686 |
| - | 5,401,645 | 5,401,645 |
| (148,658) | (2,553,100) | 6,354,065 |
| <u>(148,658)</u> | <u>14,752,233</u> | <u>27,835,078</u> |
| | | |
| <u>\$ 562,142</u> | <u>\$ 23,173,989</u> | <u>\$ 40,558,106</u> |



City of Albert Lea
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2022

| | |
|------------------------------------------|---------------|
| Total fund balances - governmental funds | \$ 27,835,078 |
|------------------------------------------|---------------|

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

| | |
|-------------------------------|--------------|
| Cost of capital assets | 159,193,014 |
| Less accumulated depreciation | (68,871,066) |

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

945,000

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 | (19,440,000) |
| Unamortized bond premiums/discounts | (699,805) |
| Notes payable | (117,585) |
| Compensated absences payable | (1,211,983) |
| Total OPEB liability | (643,160) |
| Net pension liability | (17,703,681) |

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

| | |
|----------------|---------|
| Property taxes | 201,669 |
|----------------|---------|

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.

| | |
|----------------------------------------------------|------------|
| Deferred inflows of resources related to pensions | (248,506) |
| Deferred outflows of resources related to pensions | 10,707,594 |
| Deferred outflows of resources related to OPEB | 61,370 |
| Deferred inflows of resources related to OPEB | (743,810) |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|------------------------------------------------|-----------|
| Deferred special assessments, taxes and grants | 6,827,678 |
|------------------------------------------------|-----------|

Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.

(246,119)

Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities are included in the governmental activities Statement of Net Position.

1,293,672

| | |
|----------------------------------------------|-----------------------------|
| Total net position - governmental activities | <u><u>\$ 97,139,360</u></u> |
|----------------------------------------------|-----------------------------|

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2022

| | | Debt Service | |
|----------------------------------------------|----------------------|----------------------------|-----------------------|
| | General (101) | Debt Service Reserve (301) | 2015 G.O. Bonds (312) |
| Revenues | | | |
| Taxes | \$ 7,213,866 | \$ - | \$ 183,094 |
| Special assessments | - | 157,582 | 220,100 |
| Licenses and permits | 367,084 | - | - |
| Intergovernmental | 8,473,495 | - | - |
| Charges for services | 946,367 | - | - |
| Fines and forfeitures | 87,671 | - | - |
| Miscellaneous | | | |
| Investment income | (259,731) | (30,093) | (29,117) |
| Contributions and donations | 17,102 | - | - |
| Other | - | - | - |
| Total revenues | <u>16,845,854</u> | <u>127,489</u> | <u>374,077</u> |
| Expenditures | | | |
| Current | | | |
| General government | 2,140,045 | - | - |
| Public safety | 7,256,923 | - | - |
| Public works | 2,840,566 | - | - |
| Culture and recreation | 3,441,003 | - | - |
| Community development | 313,289 | - | - |
| Airport | - | - | - |
| Debt service | | | |
| Principal | 16,068 | - | 285,000 |
| Interest and other charges | - | 253 | 81,166 |
| Capital outlay | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | 11,900 | - | - |
| Culture and recreation | 15,914 | - | - |
| Community development | - | - | - |
| Airport | - | - | - |
| Total expenditures | <u>16,035,708</u> | <u>253</u> | <u>366,166</u> |
| Excess of revenues over (under) expenditures | 810,146 | 127,236 | 7,911 |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital asset | 1,000 | - | - |
| Issuance of debt | - | - | - |
| Bond premium | - | - | - |
| Transfers in | 2,064,000 | - | - |
| Transfers out | (2,175,824) | (378,183) | - |
| Total other financing sources (uses) | <u>(110,824)</u> | <u>(378,183)</u> | <u>-</u> |
| Net change in fund balances | 699,322 | (250,947) | 7,911 |
| Fund Balances | | | |
| Beginning of year | <u>10,799,595</u> | <u>901,685</u> | <u>1,073,937</u> |
| End of year | <u>\$ 11,498,917</u> | <u>\$ 650,738</u> | <u>\$ 1,081,848</u> |

See notes to basic financial statements.

Capital Projects

| <u>2022 CIP Projects (492)</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|------------------------------------|--------------------------------------------|-----------------------------------------|
| \$ - | \$ 2,048,144 | \$ 9,445,104 |
| - | 1,002,942 | 1,380,624 |
| - | - | 367,084 |
| 4,665,629 | 854,333 | 13,993,457 |
| - | 64,358 | 1,010,725 |
| - | 15,007 | 102,678 |
| 10,959 | (476,507) | (784,489) |
| - | 33,022 | 50,124 |
| - | 73,156 | 73,156 |
| <u>4,676,588</u> | <u>3,614,455</u> | <u>25,638,463</u> |
| - | 12,741 | 2,152,786 |
| - | 269,445 | 7,526,368 |
| 490,370 | 21,973 | 3,352,909 |
| - | 163,033 | 3,604,036 |
| - | 1,384,390 | 1,697,679 |
| - | 189,569 | 189,569 |
| - | 2,585,000 | 2,886,068 |
| 58,082 | 448,100 | 587,601 |
| - | 545 | 545 |
| - | 377,179 | 377,179 |
| 7,027,780 | 2,278,042 | 9,317,722 |
| - | 651,177 | 667,091 |
| - | 134,922 | 134,922 |
| - | 520,897 | 520,897 |
| <u>7,576,232</u> | <u>9,037,013</u> | <u>33,015,372</u> |
| (2,899,644) | (5,422,558) | (7,376,909) |
| - | 123,781 | 124,781 |
| 2,658,504 | 536,496 | 3,195,000 |
| 153,474 | - | 153,474 |
| 380,000 | 2,965,810 | 5,409,810 |
| - | (571,803) | (3,125,810) |
| <u>3,191,978</u> | <u>3,054,284</u> | <u>5,757,255</u> |
| 292,334 | (2,368,274) | (1,619,654) |
| <u>(440,992)</u> | <u>17,120,507</u> | <u>29,454,732</u> |
| <u>\$ (148,658)</u> | <u>\$ 14,752,233</u> | <u>\$ 27,835,078</u> |

City of Albert Lea
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the
Statement of Activities - Governmental Funds
Year Ended December 31, 2022

| | |
|----------------------------------------------------|----------------|
| Total change in fund balances - governmental funds | \$ (1,619,654) |
|----------------------------------------------------|----------------|

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

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

| | |
|----------------------|-------------|
| Capital outlays | 9,833,652 |
| Depreciation expense | (4,299,028) |

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

| | |
|-------------------------------|----------|
| Amortization of prepaid items | (27,000) |
|-------------------------------|----------|

Some expenses are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

| | |
|-------------------------------------------------------|----------|
| Compensated absences payable | (66,010) |
| Total other post employment benefits (OPEB) liability | 27,103 |

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

| | |
|-------------------------|-----------|
| Bond principal payments | 2,870,000 |
| Loan payments | 16,068 |

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

(82,043)

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

(17,765)

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

(3,195,000)

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

| | |
|-----------------|-----------|
| Pension expense | (559,929) |
|-----------------|-----------|

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

12,976

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

| | |
|---------------------|-----------|
| Property taxes | (39,140) |
| Special assessments | (301,552) |
| Grants | (650,000) |

| | |
|--------------------------------------------------|----------------------------|
| Change in net position - governmental activities | <u><u>\$ 1,902,678</u></u> |
|--------------------------------------------------|----------------------------|

City of Albert Lea
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) |
|-------------------------------------------------|-------------------|-------------------|----------------------|-------------------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 6,909,500 | \$ 6,909,500 | \$ 7,213,866 | \$ 304,366 |
| Special assessments | 1,000 | 1,000 | - | (1,000) |
| Licenses and permits | 347,100 | 347,100 | 367,084 | 19,984 |
| Intergovernmental revenue | 6,635,527 | 6,635,527 | 8,473,495 | 1,837,968 |
| Charges for services | 965,000 | 965,000 | 946,367 | (18,633) |
| Fines and forfeitures | 95,000 | 95,000 | 87,671 | (7,329) |
| Miscellaneous revenues | 189,479 | 189,479 | (242,629) | (432,108) |
| Total revenues | <u>15,142,606</u> | <u>15,142,606</u> | <u>16,845,854</u> | <u>1,703,248</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 2,157,322 | 2,157,322 | 2,140,045 | (17,277) |
| Public safety | 7,263,836 | 7,263,836 | 7,256,923 | (6,913) |
| Public works | 2,915,627 | 2,915,627 | 2,840,566 | (75,061) |
| Culture and recreation | 3,573,592 | 3,573,592 | 3,441,003 | (132,589) |
| Community development | 334,229 | 334,229 | 313,289 | (20,940) |
| Debt service | | | | |
| Principal | 15,000 | 15,000 | 16,068 | 1,068 |
| Capital outlay | | | | |
| Public works | 12,000 | 12,000 | 11,900 | (100) |
| Culture and recreation | 5,000 | 5,000 | 15,914 | 10,914 |
| Total expenditures | <u>16,276,606</u> | <u>16,276,606</u> | <u>16,035,708</u> | <u>(240,898)</u> |
| Excess of revenues over (under) expenditures | (1,134,000) | (1,134,000) | 810,146 | 1,944,146 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital asset | - | - | 1,000 | 1,000 |
| Transfers in | 2,064,000 | 2,064,000 | 2,064,000 | - |
| Transfers out | (930,000) | (930,000) | (2,175,824) | (1,245,824) |
| Total other financing sources (uses) | <u>1,134,000</u> | <u>1,134,000</u> | <u>(110,824)</u> | <u>(1,244,824)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | 699,322 | <u>\$ 699,322</u> |
| Fund Balances | | | | |
| Beginning of year | | | <u>10,799,595</u> | |
| End of year | | | <u>\$ 11,498,917</u> | |

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2022

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - |
|----------------------------------------------------|---------------------------------------------|----------------------|-------------------|------------------------------------|----------------------|---------------------------|
| | Water (601) | Sewer (602) | Solid Waste (603) | Utility Line Protection Plan (605) | Total | Internal Service Funds |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and investments | \$ 5,611,223 | \$ 8,996,805 | \$ 32,886 | \$ 457 | \$ 14,641,371 | \$ 670,031 |
| Accounts receivable | 629,698 | 745,075 | 9,274 | 72,645 | 1,456,692 | - |
| Special assessments receivable | 475 | 43,964 | - | - | 44,439 | - |
| Inventory | 176,156 | - | - | - | 176,156 | - |
| Total current assets | <u>6,417,552</u> | <u>9,785,844</u> | <u>42,160</u> | <u>73,102</u> | <u>16,318,658</u> | <u>670,031</u> |
| Noncurrent assets | | | | | | |
| Advances to other funds | - | 13,879 | - | - | 13,879 | - |
| Special assessments receivable | 605,194 | 704,478 | - | - | 1,309,672 | - |
| Loans receivable | - | 35,000 | - | - | 35,000 | - |
| Patronage equity | - | 19,045 | 1,269 | - | 20,314 | - |
| Capital assets | | | | | | |
| Land | 110,800 | 184,192 | 80,071 | - | 375,063 | - |
| Buildings and structures | 3,100,794 | 33,017,858 | 33,000 | - | 36,151,652 | - |
| Equipment | 540,810 | 3,604,938 | 11,623 | - | 4,157,371 | - |
| Improvements other than buildings | 17,976,328 | 30,949,399 | - | - | 48,925,727 | - |
| Construction in progress | 7,817,278 | 2,564,950 | - | - | 10,382,228 | - |
| Total capital assets | <u>29,546,010</u> | <u>70,321,337</u> | <u>124,694</u> | <u>-</u> | <u>99,992,041</u> | <u>-</u> |
| Less accumulated depreciation | <u>(8,648,476)</u> | <u>(35,464,568)</u> | <u>(38,078)</u> | <u>-</u> | <u>(44,151,122)</u> | <u>-</u> |
| Net capital assets | <u>20,897,534</u> | <u>34,856,769</u> | <u>86,616</u> | <u>-</u> | <u>55,840,919</u> | <u>-</u> |
| Total noncurrent assets | <u>21,502,728</u> | <u>35,629,171</u> | <u>87,885</u> | <u>-</u> | <u>57,219,784</u> | <u>-</u> |
| Total assets | <u>27,920,280</u> | <u>45,415,015</u> | <u>130,045</u> | <u>73,102</u> | <u>73,538,442</u> | <u>670,031</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred outflows of resources related to OPEB | 2,951 | 6,832 | - | - | 9,783 | - |
| Deferred outflows of resources related to pensions | <u>158,593</u> | <u>233,530</u> | <u>7,737</u> | <u>-</u> | <u>399,860</u> | <u>-</u> |
| Total deferred outflows of resources | <u>161,544</u> | <u>240,362</u> | <u>7,737</u> | <u>-</u> | <u>409,643</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 28,081,824</u> | <u>\$ 45,655,377</u> | <u>\$ 137,782</u> | <u>\$ 73,102</u> | <u>\$ 73,948,085</u> | <u>\$ 670,031</u> |

City of Albert Lea
Statement of Net Position - Proprietary Funds
December 31, 2022

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - |
|---------------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|----------------------|---------------------------------|----------------------|------------------------------|
| | | | | Utility Line Protection Plan | | Internal Service Funds |
| | Water (601) | Sewer (602) | Solid Waste (603) | (605) | Total | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 247,996 | \$ 175,601 | \$ 7,574 | \$ 61,360 | \$ 492,531 | \$ 2,213 |
| Contracts payable | 250,331 | - | - | - | 250,331 | - |
| Salaries and benefits payable | 11,910 | 19,931 | 244 | - | 32,085 | - |
| Deposits payable | 10,450 | - | - | - | 10,450 | - |
| Interest payable | 104,288 | 27,331 | - | - | 131,619 | - |
| Due to other governments | 6,030 | - | - | - | 6,030 | - |
| Notes payable due within one year | 13,000 | 38,000 | - | - | 51,000 | - |
| Bonds payable due within one year | 535,000 | 80,000 | - | - | 615,000 | - |
| Current compensated absences | 42,695 | 91,850 | - | - | 134,545 | - |
| Total current liabilities | <u>1,221,700</u> | <u>432,713</u> | <u>7,818</u> | <u>61,360</u> | <u>1,723,591</u> | <u>2,213</u> |
| Noncurrent liabilities | | | | | | |
| Compensated absences | 15,583 | 43,071 | - | - | 58,654 | - |
| Notes payable | 297,000 | 831,000 | - | - | 1,128,000 | - |
| Bonds payable | 9,782,270 | 1,683,426 | - | - | 11,465,696 | - |
| Total OPEB liability | 30,926 | 71,598 | - | - | 102,524 | - |
| Net pension liability | 554,040 | 815,831 | 27,028 | - | 1,396,899 | - |
| Total noncurrent liabilities | <u>10,679,819</u> | <u>3,444,926</u> | <u>27,028</u> | <u>-</u> | <u>14,151,773</u> | <u>-</u> |
| Total liabilities | <u>11,901,519</u> | <u>3,877,639</u> | <u>34,846</u> | <u>61,360</u> | <u>15,875,364</u> | <u>2,213</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred inflows of resources related to OPEB | 35,766 | 82,803 | - | - | 118,569 | - |
| Deferred inflows of resources related to pensions | 9,151 | 13,475 | 446 | - | 23,072 | - |
| Total deferred inflows of resources | <u>44,917</u> | <u>96,278</u> | <u>446</u> | <u>-</u> | <u>141,641</u> | <u>-</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 11,916,176 | 32,268,289 | 86,616 | - | 44,271,081 | - |
| Unrestricted | 4,219,212 | 9,413,171 | 15,874 | 11,742 | 13,659,999 | 667,818 |
| Total net position | <u>16,135,388</u> | <u>41,681,460</u> | <u>102,490</u> | <u>11,742</u> | <u>57,931,080</u> | <u>667,818</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 28,081,824</u> | <u>\$ 45,655,377</u> | <u>\$ 137,782</u> | <u>\$ 73,102</u> | <u>\$ 73,948,085</u> | <u>\$ 670,031</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | | | (625,854) | |
| Net position of business-type activities | | | | | <u>\$ 57,305,226</u> | |

City of Albert Lea
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
Year Ended December 31, 2022

| | Business-Type Activities - Enterprise Funds | | |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------|----------------------|-------------------|
| | Water (601) | Sewer (602) | Solid Waste (603) |
| Operating Revenues | | | |
| Charges for services | \$ 3,862,862 | \$ 5,015,365 | \$ 188,713 |
| Miscellaneous | - | - | - |
| Total operating revenues | <u>3,862,862</u> | <u>5,015,365</u> | <u>188,713</u> |
| Operating Expenses | | | |
| Personnel services | 819,140 | 1,115,776 | 33,249 |
| Materials and supplies | 361,054 | 354,734 | 2,774 |
| Repairs and maintenance | 15,040 | 204,496 | 434 |
| Other services and charges | 108,556 | 401,266 | 106,631 |
| Utilities | 163,675 | 687,617 | 2,235 |
| Depreciation | 428,091 | 1,314,329 | 775 |
| Total operating expenses | <u>1,895,556</u> | <u>4,078,218</u> | <u>146,098</u> |
| Operating income (loss) | 1,967,306 | 937,147 | 42,615 |
| Nonoperating Revenues (Expenses) | | | |
| Investment income | 15,689 | (298,497) | (939) |
| Intergovernmental | - | 17,719 | - |
| Interest and other charges | (194,289) | (34,576) | - |
| Antenna lease revenue | 37,566 | - | - |
| Other income | - | 24,300 | 3,539 |
| Total nonoperating revenues | <u>(141,034)</u> | <u>(291,054)</u> | <u>2,600</u> |
| Income (loss) before capital contributions and transfers | 1,826,272 | 646,093 | 45,215 |
| Capital Contributions | 8,333 | 24,546 | - |
| Transfers out | <u>(1,007,000)</u> | <u>(1,247,000)</u> | <u>(30,000)</u> |
| Change in net position | 827,605 | (576,361) | 15,215 |
| Net Position | | | |
| Beginning of year | <u>15,307,783</u> | <u>42,257,821</u> | <u>87,275</u> |
| End of year | <u>\$ 16,135,388</u> | <u>\$ 41,681,460</u> | <u>\$ 102,490</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | |
| Change in net position of business-type activities | | | |

| Business-Type Activities - Enterprise Funds | | Governmental Activities - |
|------------------------------------------------|---------------|------------------------------|
| Utility Line Protection Plan (605) | Totals | Internal Service Funds |
| \$ 164,494 | \$ 9,231,434 | \$ - |
| 5,000 | 5,000 | 151,071 |
| 169,494 | 9,236,434 | 151,071 |
| 4,337 | 1,972,502 | - |
| - | 718,562 | - |
| - | 219,970 | - |
| 153,775 | 770,228 | 103,083 |
| - | 853,527 | - |
| - | 1,743,195 | - |
| 158,112 | 6,277,984 | 103,083 |
| 11,382 | 2,958,450 | 47,988 |
| 360 | (283,387) | (24,104) |
| - | 17,719 | 3,450 |
| - | (228,865) | - |
| - | 37,566 | - |
| - | 27,839 | - |
| 360 | (429,128) | (20,654) |
| 11,742 | 2,529,322 | 27,334 |
| - | 32,879 | - |
| - | (2,284,000) | - |
| 11,742 | 278,201 | 27,334 |
| - | 57,652,879 | 640,484 |
| \$ 11,742 | \$ 57,931,080 | \$ 667,818 |
| | 14,358 | |
| | \$ 292,559 | |

See notes to basic financial statements.

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - |
|------------------------------------------------------------------|---------------------------------------------|--------------|----------------------|------------------------------------------|---------------|------------------------------|
| | Water (601) | Sewer (602) | Solid Waste (603) | Utility Line Protection Plan (605) | Total | Internal Service Funds |
| Cash Flows - Operating Activities | | | | | | |
| Receipts from customers and users | \$ 3,830,827 | \$ 5,004,352 | \$ 191,857 | \$ 96,849 | \$ 9,123,885 | \$ - |
| Payments to suppliers | (1,315,815) | (1,924,382) | (133,432) | (92,415) | (3,466,044) | (101,010) |
| Payments to employees | (776,399) | (1,146,342) | (31,588) | (4,337) | (1,958,666) | - |
| Antenna lease revenue | 37,566 | - | - | - | 37,566 | - |
| Miscellaneous revenue | - | 24,300 | 3,539 | - | 27,839 | - |
| Other operating receipts | - | - | - | - | - | 151,071 |
| Net cash flows | | | | | | |
| - operating activities | 1,776,179 | 1,957,928 | 30,376 | 97 | 3,764,580 | 50,061 |
| Cash Flows - Noncapital Financing Activities | | | | | | |
| Intergovernmental | - | 17,719 | - | - | 17,719 | 3,450 |
| Borrowing (payments) on interfund balances | - | 3,683 | - | - | 3,683 | - |
| Transfer to other funds | (1,007,000) | (1,247,000) | (30,000) | - | (2,284,000) | - |
| Net cash flows - noncapital financing activities | (1,007,000) | (1,225,598) | (30,000) | - | (2,262,598) | 3,450 |
| Cash Flows - Capital and Related Financing Activities | | | | | | |
| Special assessments received | 40,466 | 106,439 | - | - | 146,905 | - |
| Connection charges collected | 14,360 | 3,040 | - | - | 17,400 | - |
| Principal paid on debt | (242,196) | (107,383) | - | - | (349,579) | - |
| Interest paid on debt | (152,740) | (10,339) | - | - | (163,079) | - |
| Proceeds from debt issuance | 950,114 | 845,000 | - | - | 1,795,114 | - |
| Intergovernmental | 206 | 533 | - | - | 739 | - |
| Acquisition of capital assets | (4,744,911) | (1,460,196) | - | - | (6,205,107) | - |
| Net cash flows | | | | | | |
| - capital and related financing activities | (4,134,701) | (622,906) | - | - | (4,757,607) | - |
| Cash Flows - Investing Activities | | | | | | |
| Investment income | 15,689 | (287,771) | (894) | 360 | (272,616) | (24,104) |
| Net cash flows | | | | | | |
| - investing activities | 15,689 | (287,771) | (894) | 360 | (272,616) | (24,104) |
| Net change in cash and cash equivalents | (3,349,833) | (178,347) | (518) | 457 | (3,528,241) | 29,407 |
| Cash and Cash Equivalents | | | | | | |
| January 1 | 8,961,056 | 9,175,152 | 33,404 | - | 18,169,612 | 640,624 |
| December 31 | \$ 5,611,223 | \$ 8,996,805 | \$ 32,886 | \$ 457 | \$ 14,641,371 | \$ 670,031 |

City of Albert Lea
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2022

| | Business-Type Activities - Enterprise Funds | | | | | Governmental Activities - |
|-------------------------------------------------------------------------------------------|---------------------------------------------|---------------------|-------------------|------------------------------------|---------------------|---------------------------|
| | Water (601) | Sewer (602) | Solid Waste (603) | Utility Line Protection Plan (605) | Total | Internal Service Funds |
| Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities | | | | | | |
| Operating income (loss) | \$ 1,967,306 | \$ 937,147 | \$ 42,615 | \$ 11,382 | \$ 2,958,450 | \$ 47,988 |
| Adjustments to reconcile operating income (loss) to net cash flows - operating activities | | | | | | |
| Other revenues | 37,566 | 24,300 | 3,539 | - | 65,405 | - |
| Depreciation expense | 428,091 | 1,314,329 | 775 | - | 1,743,195 | - |
| Net pension liability expense | 57,458 | (2,129) | 1,787 | - | 57,116 | - |
| Accounts receivable | (32,035) | (11,013) | 3,144 | (72,645) | (112,549) | - |
| Inventory | (76,033) | - | - | - | (76,033) | - |
| Accounts payable | (590,955) | (276,269) | (21,358) | 61,360 | (827,222) | 2,073 |
| Deposits payable | (150) | - | - | - | (150) | - |
| Due to other governmental units | (352) | - | - | - | (352) | - |
| Salaries payable | 136 | 2,394 | (126) | - | 2,404 | - |
| OPEB expense | (10,357) | (22,053) | - | - | (32,410) | - |
| Compensated absences payable | (4,496) | (8,778) | - | - | (13,274) | - |
| Total adjustments | (191,127) | 1,020,781 | (12,239) | (11,285) | 806,130 | 2,073 |
| Net cash flows - operating activities | <u>\$ 1,776,179</u> | <u>\$ 1,957,928</u> | <u>\$ 30,376</u> | <u>\$ 97</u> | <u>\$ 3,764,580</u> | <u>\$ 50,061</u> |
| Supplemental Schedule of Noncash Capital and Related Financing Activities | | | | | | |
| Amortization of bond discounts | \$ 4,334 | \$ - | \$ - | \$ - | \$ 4,334 | \$ - |

**City of Albert Lea
Statement of Fiduciary Net Position
December 31, 2022**

| | <u>Sales Tax Custodial Fund</u> |
|--------------------------|-------------------------------------|
| Assets | |
| Taxes receivable | <u>\$ 374,845</u> |
| Liabilities | |
| Due to other governments | <u>\$ 374,845</u> |

**Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2022**

| | <u>Sales Tax Custodial Fund</u> |
|-----------------------|-------------------------------------|
| Additions | |
| Sales tax deposits | <u>\$ 2,011,592</u> |
| Deductions | |
| Sales tax withdrawals | <u>2,011,592</u> |
| Net Position | |
| Beginning of year | <u>-</u> |
| End of year | <u>\$ -</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Discretely Presented Component Unit

The Port Authority of the City is governed by seven commissioners who are appointed by the Albert Lea City Council. The City is considered financially accountable for the Port Authority because the City Council approves their annual budget. The Port Authority is governed by seven board members, two of which are City Council members and five are residents. It is this criterion that results in the Port Authority being reported as a discretely presented component unit. Separately issued financial statements for the year ended December 31, 2022, are available upon request from the City Manager of the City at 221 East Clark Street, Albert Lea, MN.

Discretely Presented Component Unit

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Description of Funds:

Major Governmental Funds:

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

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

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

2022 CIP Capital Projects Funds – This fund accounts for the resources accumulated and expenditures made related to this capital project.

Proprietary Funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Description of Funds: (Continued)

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

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

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

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

1. Deposits and Investments

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

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

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

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables

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

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

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

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. The City annually certifies delinquent accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements unless related to unpaid charges and are due within one year.

3. Inventory and Prepaid Items

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

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

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

4. Capital Assets

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Capital Assets (Continued)

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

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

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

5. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Pensions

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

9. Patronage Equity

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

10. Fund Balance

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Fund Balance (Continued)

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

E. Net Position

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

F. Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following funds had fund balance deficits at December 31, 2022:

| Fund | Amount |
|---------------------------------------|--------------|
| Major Funds | |
| 2022 CIP Projects | 148,658 |
| Nonmajor Capital Projects | |
| TIF 5-13 Larson Manufacturing | \$ 1,105,996 |
| TIF 5-15 Broadway Ridge Redevelopment | 1,322,148 |
| TIF 5-25 Zumbro | 13,879 |
| TIF 5-26 Unique Opport | 95,377 |
| TIF 5-27 Marketplace | 30,477 |
| TIF 5-28 Vortex | 34,963 |
| TIF 5-29 Ulland Brothers | 40,075 |
| TIF 5-30 Broadway | 27,320 |
| Future TIF - 300 Block Broadway | 582,865 |

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

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

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2022, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized by federal depository insurance.

Discretely Presented Component Units

As of March 31, 2022, the HRA's bank balance of \$1,478,871 was not exposed to custodial credit risk because it was fully collateralized. The HRA's book balance of all deposits at March 31, 2022, totaled \$1,470,361.

At December 31, 2022, the Port Authority had \$2,536,265 of deposits, which were fully covered by federal depository insurance or collateral pledged by the various banks held in safekeeping of the United Bankers Bank in the Port Authority's name.

B. Investments

| Investment Type | Credit Rating | Fair Value | Investment Maturities | | |
|----------------------------------|---------------|----------------------|-----------------------|----------------------|----------------------|
| | | | Less than One Year | 1-3 Years | Greater than 3 Years |
| Brokered certificates of deposit | N/A | \$ 3,505,759 | \$ 711,803 | \$ 2,577,400 | \$ 216,556 |
| Government securities | Aaa, Aa1, Aa2 | 10,312,817 | 261,392 | 5,104,813 | 4,946,612 |
| U.S. treasury obligations | N/A | 9,829,578 | 6,415,341 | 934,378 | 2,479,859 |
| Money market accounts | N/A | 17,235,286 | 15,488,811 | 1,746,475 | - |
| Total | | <u>\$ 40,883,440</u> | <u>\$ 22,877,347</u> | <u>\$ 10,363,066</u> | <u>\$ 7,643,027</u> |

Concentration Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy states the City will diversify its investments by limiting investments to avoid over concentration in securities from a specific issuer, industry, or business sector, excluding U.S. Treasury obligations. As of December 31, 2022, the City had not invested 5% or more of its total investment portfolio in one single issuer.

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

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

The City has the following recurring fair value measurements as of December 31, 2022:

- U.S. treasury obligations and government securities of \$20,142,395 are valued using quoted market prices (Level 1 inputs)
- Brokered certificates of deposit of \$3,505,759 are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2022, were as follows:

| | Primary Government | Component Unit HRA | Component Unit Port Authority | Total |
|--------------------------------|-----------------------|-----------------------|-------------------------------------|----------------------|
| Deposits | \$ - | \$ 1,470,361 | \$ 2,536,265 | \$ 4,006,626 |
| Investments | 40,883,440 | - | - | 40,883,440 |
| Petty cash | 2,540 | - | - | 2,540 |
| Total deposits and investments | <u>\$ 40,885,980</u> | <u>\$ 1,470,361</u> | <u>\$ 2,536,265</u> | <u>\$ 44,892,606</u> |

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

| | Primary Government | Component Unit HRA | Component Unit Port Authority | Total |
|--------------------------------|-----------------------|-----------------------|-------------------------------------|----------------------|
| Statement of Net Position | | | | |
| Cash and investments | \$40,885,980 | \$ 1,404,638 | \$ 2,536,265 | \$44,826,883 |
| Restricted cash | - | 65,723 | - | 65,723 |
| Total deposits and investments | <u>\$ 40,885,980</u> | <u>\$ 1,470,361</u> | <u>\$ 2,536,265</u> | <u>\$ 44,892,606</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 4 – LOANS RECEIVABLE

The City operates an economic revolving loan fund. The purpose of this fund is to issue loans that serve as gap financing to projects whose purpose it is to create economic development within the City. The funds that are available for these loans originated as grants from the state or federal government. The total balance of these loans at December 31, 2022, was \$2,559,538. The total balance has maturities of one to twenty years with interest ranging from 0 to 3%.

The City provided \$500,000 in financing to Pickerel Park Association in February 2000. The term of the loan is for 30 years. The interest rate is 1% per annum deferred for 30 years to be paid in a lump sum along with the principal at the end of the loan term. The balance on this loan at December 31, 2022, is \$500,000.

The Port Authority provided \$1,078,893 in financing to a borrower in April 2018. The term of loan is for 25 years. There is no interest rate related to this loan. The balance of this loan at December 31, 2022, is \$959,067.

The Port Authority provided \$500,000 in financing to a borrower in February 2000, to construct a 24-unit affordable housing development. The term of the loan is for 30 years. The interest rate is 1% per annum deferred for 30 years to be paid in a lump sum along with the principal at the end of the loan term. The balance of this loan at December 31, 2022, is \$500,000. Accrued interest at December 31, 2022, is \$20,000.

NOTE 5 – INTERFUND ASSETS/LIABILITIES

At December 31, 2022, interfund balances for the City were as follows:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|---------------------|
| Due from/to other funds | | |
| Nonmajor Governmental Funds | 2022 CIP Projects | \$ 10,569 |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 242,811 |
| | | <u>\$ 253,380</u> |
| Advance from/to other funds | | |
| General Fund | Nonmajor Governmental Funds | \$ 2,153,352 |
| Sewer Fund | Nonmajor Governmental Funds | 13,879 |
| | | <u>\$ 2,167,231</u> |

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

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 6 – INTERFUND TRANSFERS

Transfers during the year ended December 31, 2022, were as follows:

| Transfers Out | Transfers In | | | |
|-----------------------------|---------------------|----------------------|-----------------------------------|--------------------|
| | General | 2022 CIP Projects | Nonmajor Governmental Funds | Total |
| General | \$ - | \$ - | \$ 2,175,824 | \$ 2,175,824 |
| Debt Service Reserve | - | - | 378,183 | 378,183 |
| Nonmajor governmental funds | - | 380,000 | 191,803 | 571,803 |
| Water | 897,000 | - | 110,000 | 1,007,000 |
| Sewer | 1,137,000 | - | 110,000 | 1,247,000 |
| Solid Waste | 30,000 | - | - | 30,000 |
| Total | <u>\$ 2,064,000</u> | <u>\$ 380,000</u> | <u>\$ 2,965,810</u> | <u>\$5,409,810</u> |

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2022, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|------------------------------------------------|----------------------|---------------------|---------------------|----------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 6,660,088 | \$ 165,716 | \$ - | \$ 6,825,804 |
| Construction in progress | 5,194,960 | 7,979,026 | 2,033,573 | 11,140,413 |
| Total capital assets not being depreciated | <u>11,855,048</u> | <u>8,144,742</u> | <u>2,033,573</u> | <u>17,966,217</u> |
| Capital assets being depreciated | | | | |
| Buildings and structures | 31,567,014 | 37,900 | - | 31,604,914 |
| Improvements other than buildings | 89,341,443 | 2,196,008 | - | 91,537,451 |
| Equipment | 17,366,876 | 1,488,575 | 771,019 | 18,084,432 |
| Total capital assets being depreciated | <u>138,275,333</u> | <u>3,722,483</u> | <u>771,019</u> | <u>141,226,797</u> |
| Less accumulated depreciation for | | | | |
| Buildings and structures | 13,716,922 | 817,174 | - | 14,534,096 |
| Improvements other than buildings | 40,001,968 | 2,290,586 | - | 42,292,554 |
| Equipment | 11,624,167 | 1,191,268 | 771,019 | 12,044,416 |
| Total accumulated depreciation | <u>65,343,057</u> | <u>4,299,028</u> | <u>771,019</u> | <u>68,871,066</u> |
| Total capital assets being depreciated, net | <u>72,932,276</u> | <u>(576,545)</u> | <u>-</u> | <u>72,355,731</u> |
| Governmental activities capital assets, net | <u>\$ 84,787,324</u> | <u>\$ 7,568,197</u> | <u>\$ 2,033,573</u> | <u>\$ 90,321,948</u> |

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

| | |
|------------------------------------------------------|---------------------|
| Governmental activities | |
| General government | \$ 249,722 |
| Public safety | 550,307 |
| Public works | 2,302,364 |
| Culture and recreation | 657,458 |
| Airport | <u>539,177</u> |
| Total depreciation expense - governmental activities | <u>\$ 4,299,028</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
| Business-type activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 300,463 | \$ 74,600 | \$ - | \$ 375,063 |
| Construction in progress | 5,153,024 | 6,065,187 | 835,983 | 10,382,228 |
| Total capital assets not being depreciated | <u>5,453,487</u> | <u>6,139,787</u> | <u>835,983</u> | <u>10,757,291</u> |
| Capital assets being depreciated | | | | |
| Buildings and structures | 36,117,982 | 33,670 | - | 36,151,652 |
| Improvements other than buildings | 48,089,584 | 836,143 | - | 48,925,727 |
| Machinery and equipment | 4,186,508 | 216,954 | 246,091 | 4,157,371 |
| Total capital assets being depreciated | <u>88,394,074</u> | <u>1,086,767</u> | <u>246,091</u> | <u>89,234,750</u> |
| Less accumulated depreciation for | | | | |
| Buildings and structures | 20,226,394 | 719,450 | - | 20,945,844 |
| Improvements other than buildings | 19,182,209 | 775,301 | - | 19,957,510 |
| Machinery and equipment | 3,245,415 | 248,444 | 246,091 | 3,247,768 |
| Total accumulated depreciation | <u>42,654,018</u> | <u>1,743,195</u> | <u>246,091</u> | <u>44,151,122</u> |
| Total capital assets being depreciated, net | <u>45,740,056</u> | <u>(656,428)</u> | <u>-</u> | <u>45,083,628</u> |
| Business-type activities capital assets, net | <u><u>\$ 51,193,543</u></u> | <u><u>\$ 5,483,359</u></u> | <u><u>\$ 835,983</u></u> | <u><u>\$ 55,840,919</u></u> |

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

| | |
|-------------------------------------------------------|----------------------------|
| Business-type activities | |
| Water | \$ 428,091 |
| Sewer | 1,314,329 |
| Solid Waste | <u>775</u> |
| Total depreciation expense - business-type activities | <u><u>\$ 1,743,195</u></u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units

Capital asset activity for the Port Authority for the year ended December 31, 2022, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------------------------------|----------------------|--------------------|-------------|---------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 262,933 | \$ - | \$ - | \$ 262,933 |
| Capital assets being depreciated | | | | |
| Buildings and structures | 9,867,189 | 39,793 | - | 9,906,982 |
| Less accumulated depreciation for | | | | |
| Buildings and structures | 5,459,248 | 225,811 | - | 5,685,059 |
| Total capital assets being depreciated, net | 4,407,941 | (186,018) | - | 4,221,923 |
| Capital assets being amortized | | | | |
| Leased buildings | - | 166,671 | - | 166,671 |
| Less accumulated amortization for | | | | |
| Leased buildings | - | 22,726 | - | 22,726 |
| Total capital assets being amortized, net | - | 143,945 | - | 143,945 |
| Business-type activities capital assets, net | <u>\$ 4,670,874</u> | <u>\$ (42,073)</u> | <u>\$ -</u> | <u>\$ 4,628,801</u> |

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

| | |
|--------------------------|-------------------|
| Business-type activities | |
| Port Authority | <u>\$ 248,537</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Units (Continued)

Capital asset activity for the HRA for the year ended March 31, 2022, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|-------------------------------------------------|----------------------|---------------------|-------------|---------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 177,998 | \$ - | \$ - | \$ 177,998 |
| Capital assets being depreciated | | | | |
| Buildings and structures | 7,476,717 | - | - | 7,476,717 |
| Improvements other than buildings | 2,231,886 | - | - | 2,231,886 |
| Machinery and equipment | 398,199 | - | - | 398,199 |
| Total capital assets being depreciated | 10,106,802 | - | - | 10,106,802 |
| Less accumulated depreciation for | | | | |
| Buildings and structures | 5,054,215 | 165,353 | - | 5,219,568 |
| Improvements other than buildings | 1,760,471 | 47,469 | - | 1,807,940 |
| Machinery and equipment | 394,438 | 1,672 | - | 396,110 |
| Total accumulated depreciation | 7,209,124 | 214,494 | - | 7,423,618 |
| Total capital assets being depreciated, net | 2,897,678 | (214,494) | - | 2,683,184 |
| Business-type activities capital assets, net | <u>\$ 3,075,676</u> | <u>\$ (214,494)</u> | <u>\$ -</u> | <u>\$ 2,861,182</u> |

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

| | |
|---------------------------|-------------------|
| Business-type activities | |
| Housing and Redevelopment | <u>\$ 214,494</u> |

NOTE 8 – LONG-TERM DEBT

A. General Obligation Bonds

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

Components of Long-Term Liabilities

Primary Government

| | Issue Date | Interest Rates | Original Issue | Final Maturity | Balance End of Year |
|----------------------------------------------------------|---------------|-------------------|-------------------|-------------------|-----------------------------|
| Governmental activities | | | | | |
| Special Assessment Bonds | | | | | |
| G.O. Improvement Bonds, Series 2010A | 07/15/10 | 3.125%-4.00% | \$ 3,260,000 | 02/01/26 | \$ 405,000 |
| G.O. Improvement Bonds, Series 2012A | 07/01/12 | 1.10%-2.15% | 2,215,000 | 02/01/23 | 195,000 |
| G.O. Improvement Bonds, Series 2013A | 09/18/13 | 2.00%-2.85% | 5,335,000 | 02/01/24 | 1,130,000 |
| G.O. Bonds, Series 2014B | 09/09/14 | 2.00%-2.50% | 3,720,000 | 02/01/25 | 615,000 |
| G.O. Bonds, Series 2015A | 07/16/15 | 3.00%-4.00% | 4,345,000 | 02/01/21 | 2,275,000 |
| G.O. Bonds, Series 2015A - TIF Portion | 07/16/15 | 3.00%-4.00% | 555,000 | 02/01/36 | 90,000 |
| G.O. Bonds, Series 2016A | 08/02/16 | 2.00% | 3,510,000 | 02/01/27 | 1,860,000 |
| G.O. Bonds, Series 2017A | 08/17/17 | 3.00% | 2,275,000 | 02/01/28 | 1,470,000 |
| G.O. Bonds, Series 2018A | 06/28/18 | 2.78% | 2,430,000 | 02/01/28 | 1,775,000 |
| G.O. Bonds, Series 2019A | 08/15/19 | 3.00%-4.00% | 2,380,000 | 02/01/30 | 2,010,000 |
| G.O. Bonds, Series 2020A - Streets Portion | 08/04/20 | 2.00%-3.00% | 1,660,000 | 02/01/31 | 1,535,000 |
| G.O. Bonds, Series 2020A - Bridge Ave Portion | 08/04/20 | 2.00%-3.00% | 915,000 | 02/01/31 | 845,000 |
| G.O. Bonds, Series 2021A | 06/01/21 | 2.00% | 1,790,000 | 02/01/32 | 1,790,000 |
| G.O. Bonds, Series 2022A | 07/13/22 | 4.00% | 3,195,000 | 02/01/33 | 3,195,000.00 |
| Equipment Certificates | | | | | |
| G.O. Equipment Certificate, Series 2014A | 01/16/14 | 1.15%-2.625% | 970,000 | 02/01/23 | 130,000 |
| G.O. Equipment Certificate, Series 2019A | 08/15/19 | 4.00% | 185,000 | 02/01/25 | 120,000 |
| Subtotal bonds payable | | | | | <u>19,440,000</u> |
| Loan payable | | | | | |
| Albert Lea Township Fire Department | 2017 | 0.00% | 209,800 | 2030 | 117,585 |
| Unamortized bond premium/discount payable | | | | | 699,805 |
| Compensated absences payable | | | | | <u>1,211,983</u> |
| Total governmental activities | | | | | <u>21,469,373</u> |
| Business-type activities | | | | | |
| Revenue Bonds | | | | | |
| G.O. Water Revenue Bonds Series 2007B | 07/01/07 | 4.25%-4.40% | 1,040,000 | 02/01/23 | 90,000 |
| G.O. Water Revenue Bonds Series 2020A | 08/04/20 | 2.00%-3.00% | 1,380,000 | 02/01/31 | 1,275,000 |
| G.O. Sewer Revenue Bonds Series 2020A | 08/04/20 | 2.00%-3.00% | 890,000 | 02/01/31 | 820,000 |
| G.O. Water Revenue Bonds Series 2021A | 06/01/21 | 2.00% | 435,000 | 02/01/32 | 435,000 |
| G.O. Water Revenue Bonds Series 2021B | 10/01/21 | 3.00% | 7,155,000 | 02/01/42 | 7,155,000 |
| G.O. Water Revenue Bonds Series 2022A | 07/13/22 | 4.00% | 950,000 | 02/01/33 | 950,000 |
| G.O. Sewer Revenue Bonds Series 2022A | 07/13/22 | 4.00% | 845,000 | 02/01/33 | 845,000 |
| Equipment Certificates | | | | | |
| G.O. Equipment Certificate, Series 2014A | 01/16/14 | 1.15%-2.625% | 315,000 | 02/01/23 | 40,000 |
| Subtotal bonds payable | | | | | <u>11,610,000</u> |
| Revenue Notes | | | | | |
| G.O. PFA Improvement and Sewer Revenue Note Series 2019A | 02/26/19 | 1.00% | 1,141,297 | 08/20/43 | 869,000 |
| G.O. PFA Improvement and Water Revenue Note Series 2019B | 02/26/19 | 1.00% | 466,767 | 08/20/43 | 310,000 |
| Subtotal notes payable | | | | | <u>1,179,000</u> |
| Unamortized bond premium/discount payable | | | | | 470,696 |
| Compensated absences payable | | | | | <u>193,199</u> |
| Total business-type activities | | | | | <u>13,452,895</u> |
| Total all long-term liabilities | | | | | <u><u>\$ 34,922,268</u></u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Components of Long-Term Liabilities (Continued)

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

Discretely Presented Component Units

The HRA had the following notes and mortgages outstanding for the year ended March 31, 2022, that were issued to finance the purchase of rental property and will be repaid with revenue from the property.

| | Issue Date | Interest Rates | Original Issue | Final Maturity | Balance End of Year |
|-----------------------------------|---------------|-------------------|-------------------|-------------------|------------------------|
| Notes and mortgages | | | | | |
| MHFA PARIF Note | 02/20/09 | 0.00% | \$ 120,000 | 02/20/39 | \$ 120,000 |
| USDA Rural Development Loan | 02/20/09 | 4.00% | 43,806 | 02/26/30 | 19,084 |
| MHFA POHP Note | 03/23/11 | 0.00% | 200,000 | 03/23/31 | 200,000 |
| | | | | | <u>339,084</u> |
| Total notes and mortgages payable | | | | | <u>339,084</u> |
| Compensated absences | | | | | <u>43,842</u> |
| Total long-term liabilities | | | | | <u>\$ 382,926</u> |

The Port Authority received financing from a direct borrowing from a local lender for the construction of a spec building during 2017 and 2018 in the amount of \$3,524,465, at 4.6% interest, payable in equal installments of \$20,215 through June 2043. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2022, the Port Authority obtained a waiver for noncompliance with financial covenants and 120-day financial reporting covenants.

The Port Authority received financing through a direct borrowing from a local lender for the construction of a Spec building in the ALEDA Industrial Park in the amount of \$1,643,014, at 5.5% interest, payable in equal monthly installments of \$11,363 through August 2019. In November 2015, this loan agreement was modified to adjust the interest rate to a floor of 4.25%. Loan payments will continue as monthly installments of \$11,363, with the adjusted loan maturing in April 2029. This loan also requires the Port Authority to meet certain covenants. As of December 31, 2022, the Port Authority obtained a waiver for the noncompliance with financial covenants and 120-day financial reporting covenants.

The Port Authority entered into a lease for office space. Due to the implementation of GASB 87 if the fiscal year ended December 31, 2022, a liability was included in the beginning balances on the following pages as a lease payable.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

Primary Government

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Bonds payable | | | | | |
| G.O. bonds | \$ 18,710,000 | \$ 3,195,000 | \$ (2,715,000) | \$ 19,190,000 | \$ 2,890,000 |
| Bond premiums | 617,762 | 153,474 | (71,431) | 699,805 | - |
| G.O. equipment certificates | 405,000 | - | (155,000) | 250,000 | 170,000 |
| Total bonds payable | <u>19,732,762</u> | <u>3,348,474</u> | <u>(2,941,431)</u> | <u>20,139,805</u> | <u>3,060,000</u> |
| Loans payable | 133,653 | - | (16,068) | 117,585 | 15,000 |
| Compensated absences payable | <u>1,145,973</u> | <u>951,675</u> | <u>(885,665)</u> | <u>1,211,983</u> | <u>804,735</u> |
| Governmental activities long-term liabilities | <u>\$ 21,012,388</u> | <u>\$ 4,300,149</u> | <u>\$ (3,843,164)</u> | <u>\$ 21,469,373</u> | <u>\$ 3,879,735</u> |
| Business-type activities | | | | | |
| Bonds payable | | | | | |
| G.O. revenue bonds | \$ 10,035,000 | \$ 1,795,000 | \$ (260,000) | \$ 11,570,000 | \$ 575,000 |
| Bond premiums | 586,762 | 86,330 | (52,615) | 620,477 | - |
| Bond discounts | (122,317) | (38,259) | 10,796 | (149,780) | - |
| G.O. equipment certificates | 80,000 | - | (40,000) | 40,000 | 40,000 |
| Total bonds payable | <u>10,579,445</u> | <u>1,843,071</u> | <u>(341,819)</u> | <u>12,080,697</u> | <u>615,000</u> |
| Notes payable | | | | | |
| G.O. PFA notes | 1,228,465 | 114 | (49,579) | 1,179,000 | 51,000 |
| Compensated absences payable | <u>206,473</u> | <u>137,397</u> | <u>(150,671)</u> | <u>193,199</u> | <u>134,545</u> |
| Business-type activities long-term liabilities | <u>\$ 12,014,383</u> | <u>\$ 1,980,582</u> | <u>\$ (542,069)</u> | <u>\$ 13,452,896</u> | <u>\$ 800,545</u> |

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

In February of 2019, the City issued a \$1,141,297 G.O. Sewer Revenue Note and a \$466,767 G.O. Water Revenue Note through the Minnesota Public Facilities Authority. At December 31, 2022, the City had drawn the full amount on these Notes. The amortization schedule on the next page represents the entire Note liability.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

C. Changes in Long-Term Liabilities (Continued)

Discretely Presented Component Units

Long-term liability activity for the HRA for the year ended March 31, 2022, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------------------------|----------------------|------------------|--------------------|-------------------|------------------------|
| Business-type activities | | | | | |
| Notes and mortgages payable | \$ 341,272 | \$ - | \$ (2,187) | \$ 339,085 | \$ 2,294 |
| Compensated absences payable | 33,190 | 40,899 | (30,247) | 43,842 | 37,753 |
| Business-type activities long-term liabilities | <u>\$ 374,462</u> | <u>\$ 40,899</u> | <u>\$ (32,434)</u> | <u>\$ 382,927</u> | <u>\$ 40,047</u> |

Long-term liability activity for the Port Authority for the year ended December 31, 2022, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------------------------------------------------------|----------------------|-------------|---------------------|---------------------|------------------------|
| Business-type activities | | | | | |
| Notes payable | \$ 4,107,387 | \$ - | \$ (184,334) | \$ 3,923,053 | \$ 193,857 |
| Leases payable | 166,673 | - | (19,792) | 146,881 | 20,650 |
| Obligation to return Pickerel Park loan principal to the City of Albert Lea | 500,000 | - | - | 500,000 | - |
| Compensated absences payable | 6,965 | - | (3,765) | 3,200 | - |
| Business-type activities long-term liabilities | <u>\$ 4,781,025</u> | <u>\$ -</u> | <u>\$ (207,891)</u> | <u>\$ 4,573,134</u> | <u>\$ 214,507</u> |

D. Minimum Debt Payments

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

Primary Government

| Year Ending December 31, | Governmental Activities | | | |
|-----------------------------|-------------------------|---------------------|-----------------------------|-----------------|
| | G.O. Bonds | | G.O. Equipment Certificates | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 2,890,000 | \$ 501,541 | \$ 170,000 | \$ 5,706 |
| 2024 | 2,923,918 | 418,701 | 40,000 | 2,400 |
| 2025 | 2,420,321 | 347,401 | 40,000 | 800 |
| 2026 | 2,269,925 | 284,821 | - | - |
| 2027 | 1,995,932 | 228,392 | - | - |
| 2028-2032 | 5,865,341 | 488,185 | - | - |
| 2033-2037 | 824,563 | 40,681 | - | - |
| Total | <u>\$ 19,190,000</u> | <u>\$ 2,309,722</u> | <u>\$ 250,000</u> | <u>\$ 8,906</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

C. Minimum Debt Payments (Continued)

Primary Government (Continued)

| Year Ending December 31, | Governmental Activities | | Business-Type Activities | |
|-----------------------------|-------------------------|-------------|--------------------------|---------------------|
| | Loan Payable | | G.O. Revenue Bonds | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 15,000 | \$ - | \$ 575,000 | \$ 291,948 |
| 2024 | 15,000 | - | 696,082 | 268,673 |
| 2025 | 15,000 | - | 714,679 | 246,382 |
| 2026 | 15,000 | - | 735,075 | 223,487 |
| 2027 | 15,000 | - | 759,068 | 199,879 |
| 2028-2032 | 42,585 | - | 3,894,659 | 644,787 |
| 2033-2037 | - | - | 2,110,437 | 303,573 |
| 2038-2043 | - | - | 2,085,000 | 105,950 |
| Total | <u>\$ 117,585</u> | <u>\$ -</u> | <u>\$ 11,570,000</u> | <u>\$ 2,284,679</u> |

| Year Ending December 31, | Business-Type Activities | | | |
|-----------------------------|-----------------------------|---------------|---------------------|-------------------|
| | G.O. Equipment Certificates | | Revenue Notes | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 40,000 | \$ 525 | \$ 51,000 | \$ 11,790 |
| 2024 | - | - | 52,000 | 11,280 |
| 2025 | - | - | 52,000 | 10,760 |
| 2026 | - | - | 53,000 | 10,240 |
| 2027 | - | - | 53,000 | 9,710 |
| 2028-2032 | - | - | 270,000 | 40,540 |
| 2033-2037 | - | - | 286,000 | 26,730 |
| 2038-2042 | - | - | 300,000 | 12,170 |
| 2043-2045 | - | - | 62,000 | 620 |
| Total | <u>\$ 40,000</u> | <u>\$ 525</u> | <u>\$ 1,179,000</u> | <u>\$ 133,840</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

D. Minimum Debt Payments (Continued)

Discretely Presented Component Units

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

| Year Ending March 31, | Business-Type Activities | |
|--------------------------|-----------------------------|-----------------|
| | Notes and Mortgages Payable | |
| | Principal | Interest |
| 2023 | \$ 2,294 | \$ 793 |
| 2024 | 2,387 | 699 |
| 2025 | 2,485 | 602 |
| 2026 | 2,586 | 501 |
| 2027 | 2,691 | 395 |
| 2028-2032 | 206,642 | 510 |
| 2033-2037 | - | - |
| 2038-2039 | 120,000 | - |
| Total | <u>\$ 339,085</u> | <u>\$ 3,500</u> |

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

| Year Ending December 31, | Business-Type Activities | | Business-Type Activities | |
|-----------------------------|--------------------------|---------------------|--------------------------|-------------------|
| | Notes Payable | | Leases Payable | |
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 193,857 | \$ 185,080 | \$ 20,650 | \$ 5,750 |
| 2024 | 203,530 | 175,407 | 21,545 | 4,855 |
| 2025 | 214,727 | 164,211 | 22,479 | 3,921 |
| 2026 | 226,008 | 152,928 | 23,453 | 2,947 |
| 2027 | 237,890 | 141,048 | 24,469 | 1,931 |
| 2028-2031 | 1,337,186 | 617,830 | 34,285 | 915 |
| 2032-2036 | 836,098 | 376,802 | - | 247,742 |
| 2037-2041 | 1,055,303 | 157,597 | - | 251,598 |
| 2042-2043 | 118,454 | 1,806 | - | 34,937 |
| Total | <u>\$ 4,423,053</u> | <u>\$ 1,972,709</u> | <u>\$ 146,881</u> | <u>\$ 554,596</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 8 – LONG-TERM DEBT (CONTINUED)

E. Lessor Lease Summary

Discretely Component Unit (Port Authority) - Leases

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

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

The Port Authority leases space in an industrial building built by the Port Authority. The Port Authority receives \$24,000 per month, or \$288,000 annually, for the building under the terms of a lease agreement that expires March 31, 2033.

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

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

| Year Ending March 31, | Total |
|--------------------------|---------------------|
| 2023 | \$ 520,375 |
| 2024 | 462,375 |
| 2025 | 526,594 |
| 2026 | 413,000 |
| 2027 | 413,000 |
| Thereafter | 1,918,250 |
| Total payments | 4,253,594 |
| Less: Interest | (729,231) |
| Total lease principal | <u>\$ 3,524,363</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 9 – FUND BALANCE

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

| | Major Funds | | |
|-----------------------------|----------------------|-------------------------|---------------------|
| | General Fund | Debt Service | |
| | | Debt Service Reserve | 2015 G.O. Bonds |
| Nonspendable | | | |
| Inventory | \$ 98,618 | \$ - | \$ - |
| Prepaid items | 191,124 | - | - |
| Advances to other funds | 2,153,352 | - | - |
| Total nonspendable | <u>2,443,094</u> | <u>-</u> | <u>-</u> |
| Restricted | | | |
| Fire and police operations | - | - | - |
| Capital improvements | - | - | - |
| Airport improvements | - | - | - |
| Economic development | - | - | - |
| Debt service | - | 650,738 | 1,081,848 |
| Total restricted | <u>-</u> | <u>650,738</u> | <u>1,081,848</u> |
| Committed | | | |
| Community development | - | - | - |
| Blight/Hazardous Mitigation | - | - | - |
| Senior Center | - | - | - |
| Economic development | - | - | - |
| Total committed | <u>-</u> | <u>-</u> | <u>-</u> |
| Assigned | | | |
| Capital improvements | - | - | - |
| Building maintenance | - | - | - |
| Total assigned | <u>-</u> | <u>-</u> | <u>-</u> |
| Unassigned | 9,055,823 | - | - |
| Total fund balances | <u>\$ 11,498,917</u> | <u>\$ 650,738</u> | <u>\$ 1,081,848</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 9 – FUND BALANCE (CONTINUED)

| | <u>Major Funds</u> <u>Capital Project</u> | Nonmajor Governmental | |
|-----------------------------|----------------------------------------------|--------------------------|----------------------|
| | 2022 CIP Projects | Funds | Total |
| Nonspendable | | | |
| Inventory | \$ - | \$ - | \$ 98,618 |
| Prepaid items | - | - | 191,124 |
| Advances to other funds | - | - | 2,153,352 |
| Total nonspendable | <u>-</u> | <u>-</u> | <u>2,443,094</u> |
| Restricted | | | |
| Fire and police operations | - | 1,564,755 | 1,564,755 |
| Capital improvements | - | 78,079 | 78,079 |
| Airport improvements | - | 260,120 | 260,120 |
| Economic development | - | 818,312 | 818,312 |
| Debt service | - | 5,028,736 | 6,761,322 |
| Total restricted | <u>-</u> | <u>7,750,002</u> | <u>9,482,588</u> |
| Committed | | | |
| Community development | - | 1,680,885 | 1,680,885 |
| Blight/Hazardous Mitigation | - | 600,004 | 600,004 |
| Senior Center | - | 107,376 | 107,376 |
| Economic Development | - | 1,765,421 | 1,765,421 |
| Total committed | <u>-</u> | <u>4,153,686</u> | <u>4,153,686</u> |
| Assigned | | | |
| Capital improvements | - | 4,674,907 | 4,674,907 |
| Building maintenance | - | 726,738 | 726,738 |
| Total assigned | <u>-</u> | <u>5,401,645</u> | <u>5,401,645</u> |
| Unassigned | <u>(148,658)</u> | <u>(2,553,100)</u> | <u>6,354,065</u> |
| Total fund balances | <u>\$ (148,658)</u> | <u>\$ 14,752,233</u> | <u>\$ 27,835,078</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 10 – RISK MANAGEMENT

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

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

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

NOTE 11 – PENSION PLANS

The City participates in various pension plans. Total pension expense for the year ended December 31, 2022, was 1,864,056. The components of pension expense are noted in the following plan summaries.

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

Public Employees' Retirement Association

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

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

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

Public Employees Police and Fire Plan (Continued)

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

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

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

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

Police and Fire Plan Benefits (Continued)

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$406,253. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$672,482. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$5,662,824 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$166,026.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0715% at the end of the measurement period and 0.0725% for the beginning of the period.

| | |
|------------------------------------------------------------------------------------------------|----------------------------|
| City's proportionate share of the net pension liability | \$ 5,662,824 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>166,026</u> |
| Total | <u><u>\$ 5,828,850</u></u> |

For the year ended December 31, 2022, the City recognized pension expense of \$716,498 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$24,808 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 47,300 | \$ 61,354 |
| Changes in actuarial assumptions | 1,298,983 | 23,418 |
| Net collective difference between projected and actual investment earnings | 71,564 | - |
| Changes in proportion | - | 8,760 |
| Contributions paid to PERA subsequent to the measurement date | 203,127 | - |
| | <u>203,127</u> | <u>-</u> |
| Total | <u>\$ 1,620,974</u> | <u>\$ 93,532</u> |

The \$203,127 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Pension Expense Amount |
|-----------------------------|------------------------------|
| 2023 | \$ 478,104 |
| 2024 | 503,290 |
| 2025 | (169,197) |
| 2026 | 512,118 |
| | <u>512,118</u> |
| Total | <u>\$ 1,324,315</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$13,437,756 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3088% at the end of the measurement period and 0.2966% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer pension allocation schedules for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$1,145,758 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$113,873 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$27,792 for the year ended December 31, 2022, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs (Continued)

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 804,722 | \$ - |
| Changes in actuarial assumptions | 7,799,463 | 75,097 |
| Net collective difference between projected and actual investment earnings | 294,480 | - |
| Changes in proportion | 251,574 | 102,949 |
| Contributions paid to PERA subsequent to the measurement date | 336,241 | - |
| | <u>336,241</u> | <u>-</u> |
| Total | <u>\$ 9,486,480</u> | <u>\$ 178,046</u> |

The \$336,241 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending December 31, | Pension Expense Amount |
|-----------------------------|------------------------------|
| 2023 | \$ 1,732,629 |
| 2024 | 1,744,252 |
| 2025 | 1,571,013 |
| 2026 | 2,790,559 |
| 2027 | 1,133,740 |
| | <u>1,133,740</u> |
| Total | <u>\$ 8,972,193</u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Long-Term Expected Return on Investment

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

| Asset Class | Target Allocation | Long-Term |
|----------------------|-------------------|-----------|
| Domestic stocks | 33.5 % | 5.10 % |
| International equity | 16.5 | 5.30 |
| Fixed income | 25.0 | 0.75 |
| Private markets | 25.0 | 5.90 |
| Total | 100.0 % | |

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

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

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

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

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

H. Pension Liability Sensitivity

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

| | 1% Decrease in Discount Rate (5.5%) | Current Discount Rate (6.5%) | 1% Increase in Discount Rate (7.5%) |
|--------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|-------------------------------------------|
| City's proportionate share of the General Employees Fund net pension liability | \$ 8,944,727 | \$ 5,662,824 | \$ 2,971,157 |
| | 1% Decrease in Discount Rate (4.4%) | Current Discount Rate (5.4%) | 1% Increase in Discount Rate (6.4%) |
| City's proportionate share of the Police and Fire Fund net pension liability (asset) | \$ 20,336,320 | \$ 13,437,756 | \$ 7,860,680 |

I. Pension Plan Fiduciary Net Position

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

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

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 11 – PENSION PLANS (CONTINUED)

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

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

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2022 were:

| <u>Contribution Amount</u> | | <u>Percentage of Covered Payroll</u> | | <u>Required Rate</u> |
|----------------------------|-----------------|--------------------------------------|-----------------|----------------------|
| <u>Employee</u> | <u>Employer</u> | <u>Employee</u> | <u>Employer</u> | |
| \$ 1,800 | \$ 1,800 | 5% | 5% | 5% |

NOTE 12 – BUDGETARY INFORMATION

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

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

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

City of Albert Lea
Notes to Basic Financial Statements

NOTE 12 – BUDGETARY INFORMATION (CONTINUED)

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 2022.

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

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

B. Benefits Provided

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

C. Contributions

The City of Albert Lea does not contribute to the cost of premiums for eligible retired plan members and their spouses. Because the actual cost for retirees is higher than the average per-person premium for the entire group, the difference gives rise to an implicit rate subsidy. The City pays the difference between the actual and apparent cost. The General Fund typically has been used to liquidate the other postemployment benefit obligation in prior years. For the year 2022, the City contributed \$2,812 to the plan.

D. Members

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

| | |
|------------------------------------|-------------------|
| Active employees electing coverage | 123 |
| Actives waiving coverage | 3 |
| Retirees electing coverage | <u>1</u> |
| Total | <u><u>127</u></u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

| | |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate | 1.84% |
| Salary increases | N/A |
| Inflation | 2.25% |
| Healthcare cost trend increases | 6.7% for FY2021, gradually decreasing over several decades to an ultimate rate of 3.7% in FY2074 and later years. |
| Mortality assumption | Based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments, for General Employees and for Police and Fire. |

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2021.

The discount rate used to measure the total OPEB liability was 1.84% based on 20-year municipal bond rates.

F. Total OPEB Liability

The City's total OPEB liability of \$745,684 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability are as follows:

| | |
|----------------------------------------------------|--------------------------|
| Balances at December 31, 2021 | <u>\$ 648,649</u> |
| Changes for the year | |
| Service cost | 77,498 |
| Interest | 14,495 |
| Differences between expected and actual experience | (2,550) |
| Changes of assumptions | 10,404 |
| Benefit payments | <u>(2,812)</u> |
| Net changes | <u>97,035</u> |
| Balances at December 31, 2022 | <u><u>\$ 745,684</u></u> |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.00% in 2021 to 1.84% in 2022.

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

G. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 1.84% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

| Total OPEB Liability | | |
|----------------------|------------------|----------------------|
| 1% decrease 0.84% | Current 1.84% | 1% increase 2.84% |
| \$ 813,330 | \$ 745,684 | \$ 682,595 |

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

| Total OPEB Liability | | |
|---------------------------------------------|-----------------------------------------|---------------------------------------------|
| 1% decrease (5.7% decreasing to 3.0%) | Current (6.7% decreasing to 4.0%) | 1% increase (7.7% decreasing to 5.0%) |
| \$ 640,267 | \$ 745,684 | \$ 871,792 |

City of Albert Lea
Notes to Basic Financial Statements

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

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

For the year ended December 31, 2021, the City recognized OPEB expense of (\$56,702). At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual liability | \$ - | \$ 471,373 |
| Changes of assumptions | 71,153 | 391,006 |
| | <u>71,153</u> | <u>391,006</u> |
| Total | <u>\$ 71,153</u> | <u>\$ 862,379</u> |

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

| Year Ending December 31, | Total |
|-----------------------------|---------------------|
| 2023 | \$ (148,695) |
| 2024 | (148,695) |
| 2025 | (160,549) |
| 2026 | (163,153) |
| 2027 | (88,770) |
| Thereafter | <u>(81,364)</u> |
| Total | <u>\$ (791,226)</u> |

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The City has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2022, outstanding commitments for these multi-year projects total approximately \$2,041,432.

The Port Authority receives financial assistance from federal and state governmental agencies in the form of grants and loans. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. In 2018, management of the Port Authority recorded a liability to remit to the City of Albert Lea the principal amount of a loan receivable from a housing entity.

City of Albert Lea
Notes to Basic Financial Statements

NOTE 15 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

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

| | December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 |
|-------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 72,138 | \$ 83,830 | \$ 80,605 | \$ 85,981 | \$ 77,498 |
| Interest | 57,640 | 57,253 | 43,858 | 33,952 | 14,495 |
| Differences between expected and actual experience | - | (721,604) | (2,838) | (136,158) | (2,550) |
| Changes of assumptions | 103,810 | 60,353 | (54,999) | (473,253) | 10,404 |
| Benefit payments | (26,610) | (30,260) | (18,082) | (21,000) | (2,812) |
| Net change in total OPEB liability | 206,978 | (550,428) | 48,544 | (510,478) | 97,035 |
| Beginning of year | 1,454,032 | 1,661,010 | 1,110,583 | 1,159,127 | 648,649 |
| End of year | <u>\$ 1,661,010</u> | <u>\$ 1,110,582</u> | <u>\$ 1,159,127</u> | <u>\$ 648,649</u> | <u>\$ 745,684</u> |
| Covered payroll | \$ 7,792,837 | \$ 7,933,089 | \$ 8,378,237 | \$ 8,454,482 | \$ 8,890,267 |
| Net OPEB liability as a percentage of | 21.31% | 14.00% | 13.83% | 7.67% | 8.39% |

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

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

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

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

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

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

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

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

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

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

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

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

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

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

City of Albert Lea
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Albert Lea
Notes to Required Supplementary Information

Post Employment Health Care Plan

2022 Changes

Changes in Actuarial Assumptions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

2019 Changes

Changes in Actuarial Assumptions

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

City of Albert Lea
Notes to Required Supplementary Information

Post Employment Health Care Plan (Continued)

2019 Changes (Continued)

Changes in Plan Provisions

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

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



City of Albert Lea Governmental Funds

Nonmajor Special Revenue Funds

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

Nonmajor Capital Projects Funds

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

Debt Service Funds

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

Proprietary Funds

Internal Service Funds

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

**City of Albert Lea
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022**

| | Special Revenue | Capital Projects | Debt Service | Total Nonmajor Governmental Funds |
|------------------------------------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------------|
| Assets | | | | |
| Cash and investments | \$ 3,756,954 | \$ 6,627,603 | \$ 5,012,425 | \$ 15,396,982 |
| Taxes receivable | - | 7,533 | - | 7,533 |
| Accounts receivable | 30 | 44,519 | - | 44,549 |
| Loans receivable | 2,395,508 | - | - | 2,395,508 |
| Special assessment receivable | 56,177 | - | 3,962,068 | 4,018,245 |
| Due from other funds | - | 253,380 | - | 253,380 |
| Due from other governments | 1,028,398 | 29,394 | - | 1,057,792 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 7,237,067</u> | <u>\$ 6,962,429</u> | <u>\$ 8,974,493</u> | <u>\$ 23,173,989</u> |
| Liabilities | | | | |
| Accounts payable | \$ 111,916 | \$ 736,112 | \$ - | \$ 848,028 |
| Deposits payable | 7,473 | 8,750 | - | 16,223 |
| Contracts payable | 21,817 | 30,818 | - | 52,635 |
| Due to other funds | 242,811 | - | - | 242,811 |
| Advances from other funds | - | 2,167,231 | - | 2,167,231 |
| Advances from component unit | - | 1,085,898 | - | 1,085,898 |
| Unearned revenue | 56,177 | - | - | 56,177 |
| Total liabilities | <u>440,194</u> | <u>4,028,809</u> | <u>-</u> | <u>4,469,003</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | - | 6,996 | - | 6,996 |
| Unavailable revenue - special assessments | - | - | 3,945,757 | 3,945,757 |
| Total deferred inflows of resources | <u>-</u> | <u>6,996</u> | <u>3,945,757</u> | <u>3,952,753</u> |
| Fund Balances | | | | |
| Restricted | 2,643,187 | 78,079 | 5,028,736 | 7,750,002 |
| Committed | 4,153,686 | - | - | 4,153,686 |
| Assigned | - | 5,401,645 | - | 5,401,645 |
| Unassigned | - | (2,553,100) | - | (2,553,100) |
| Total fund balances | <u>6,796,873</u> | <u>2,926,624</u> | <u>5,028,736</u> | <u>14,752,233</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,237,067</u> | <u>\$ 6,962,429</u> | <u>\$ 8,974,493</u> | <u>\$ 23,173,989</u> |

City of Albert Lea
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

| | Special Revenue | Capital Projects | Debt Service | Total Nonmajor Governmental Funds |
|-------------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------------|
| Revenues | | | | |
| Taxes | \$ - | \$ 354,324 | \$ 1,693,820 | \$ 2,048,144 |
| Special assessments | - | - | 1,002,942 | 1,002,942 |
| Intergovernmental | 692,616 | 161,717 | - | 854,333 |
| Charges for services | 64,358 | - | - | 64,358 |
| Fines and forfeitures | 15,007 | - | - | 15,007 |
| Miscellaneous | | | | |
| Investment income | (112,423) | (252,419) | (111,665) | (476,507) |
| Contributions and donations | 10,000 | 23,022 | - | 33,022 |
| Other | 41,599 | 31,557 | - | 73,156 |
| Total revenues | <u>711,157</u> | <u>318,201</u> | <u>2,585,097</u> | <u>3,614,455</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 12,741 | - | 12,741 |
| Public safety | 262,797 | 6,648 | - | 269,445 |
| Public works | - | 21,973 | - | 21,973 |
| Culture and recreation | 147,945 | 15,088 | - | 163,033 |
| Community development | 431,526 | 952,864 | - | 1,384,390 |
| Airport | 189,569 | - | - | 189,569 |
| Debt service | | | | |
| Principal | - | 85,000 | 2,500,000 | 2,585,000 |
| Interest and other charges | - | 14,893 | 433,207 | 448,100 |
| Capital outlay | | | | |
| General government | - | 545 | - | 545 |
| Public safety | 164,095 | 213,084 | - | 377,179 |
| Public works | - | 2,278,042 | - | 2,278,042 |
| Culture and recreation | 8,388 | 642,789 | - | 651,177 |
| Community development | - | 134,922 | - | 134,922 |
| Airport | 520,897 | - | - | 520,897 |
| Total expenditures | <u>1,725,217</u> | <u>4,378,589</u> | <u>2,933,207</u> | <u>9,037,013</u> |
| Excess of revenues over (under) expenditures | (1,014,060) | (4,060,388) | (348,110) | (5,422,558) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital asset | 63,511 | 60,270 | - | 123,781 |
| Issuance of debt | - | 470,000 | 66,496 | 536,496 |
| Transfers in | 635,000 | 1,820,824 | 509,986 | 2,965,810 |
| Transfers out | - | (571,803) | - | (571,803) |
| Total other financing sources (uses) | <u>698,511</u> | <u>1,779,291</u> | <u>576,482</u> | <u>3,054,284</u> |
| Net change in fund balances | (315,549) | (2,281,097) | 228,372 | (2,368,274) |
| Fund Balances | | | | |
| Beginning of year | <u>7,112,422</u> | <u>5,207,721</u> | <u>4,800,364</u> | <u>17,120,507</u> |
| End of year | <u>\$ 6,796,873</u> | <u>\$ 2,926,624</u> | <u>\$ 5,028,736</u> | <u>\$ 14,752,233</u> |



City of Albert Lea Nonmajor Special Revenue Funds

Special revenue funds are established to account for specific revenue or other sources that are designated for financing particular functions or activities as required by deferral regulations, *Minnesota Statute*, City charter provisions, local ordinances, or specific grant agreements. During the year, the City had the following Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

COVID – This Fund accounts for the revenues and expenditures associated with the applicable COVID funding provided to the City.

City of Albert Lea
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2022

| | Special Revenue | | | |
|------------------------------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------|-------------------------------------|
| | Police Forfeitures (201) | Economic Development Revolving (203, 204) | Small Cities - 2016 Grant (206) | 1999 Small Cities Grant (207) |
| Assets | | | | |
| Cash and investments | \$ 59,256 | \$ 268,905 | \$ 42,740 | \$ 93,972 |
| Accounts receivable | - | - | - | - |
| Loans receivable | - | 1,496,516 | 181,600 | - |
| Due from other governments | - | - | - | 500,000 |
| Special assessment receivable | - | - | - | - |
| Total assets | <u>\$ 59,256</u> | <u>\$ 1,765,421</u> | <u>\$ 224,340</u> | <u>\$ 593,972</u> |
| Liabilities | | | | |
| Accounts payable | \$ 4,087 | \$ - | \$ - | \$ - |
| Deposits payable | - | - | - | - |
| Contracts payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenue | - | - | - | - |
| Total liabilities | <u>4,087</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted | 55,169 | - | 224,340 | 593,972 |
| Committed | - | 1,765,421 | - | - |
| Total fund balances | <u>55,169</u> | <u>1,765,421</u> | <u>224,340</u> | <u>593,972</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 59,256</u> | <u>\$ 1,765,421</u> | <u>\$ 224,340</u> | <u>\$ 593,972</u> |

Special Revenue

| Senior Center (210) | Airport (225) | Economic Development (230) | Housing Development (232) | Blight/Hazardo us Mitigation (234) | Fire Pension (250) | Police Pension (251) |
|------------------------|-------------------|----------------------------------|---------------------------------|------------------------------------------|-----------------------|-------------------------|
| \$ 109,919 | \$ - | \$ 397,983 | \$ 580,571 | \$ 602,554 | \$ 221,639 | \$ 1,379,415 |
| - | - | - | - | 30 | - | - |
| - | - | 717,392 | - | - | - | - |
| - | 528,398 | - | - | - | - | - |
| - | - | - | - | 56,177 | - | - |
| <u>\$ 109,919</u> | <u>\$ 528,398</u> | <u>\$ 1,115,375</u> | <u>\$ 580,571</u> | <u>\$ 658,761</u> | <u>\$ 221,639</u> | <u>\$ 1,379,415</u> |
| \$ 2,543 | \$ 3,650 | \$ 10,061 | \$ - | \$ 2,580 | \$ 84,300 | \$ 4,695 |
| - | - | 5,000 | - | - | 2,473 | - |
| - | 21,817 | - | - | - | - | - |
| - | 242,811 | - | - | - | - | - |
| - | - | - | - | 56,177 | - | - |
| <u>2,543</u> | <u>268,278</u> | <u>15,061</u> | <u>-</u> | <u>58,757</u> | <u>86,773</u> | <u>4,695</u> |
| - | 260,120 | - | - | - | 134,866 | 1,374,720 |
| 107,376 | - | 1,100,314 | 580,571 | 600,004 | - | - |
| <u>107,376</u> | <u>260,120</u> | <u>1,100,314</u> | <u>580,571</u> | <u>600,004</u> | <u>134,866</u> | <u>1,374,720</u> |
| <u>\$ 109,919</u> | <u>\$ 528,398</u> | <u>\$ 1,115,375</u> | <u>\$ 580,571</u> | <u>\$ 658,761</u> | <u>\$ 221,639</u> | <u>\$ 1,379,415</u> |



**City of Albert Lea
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2022**

| | <u>Total Nonmajor Special Revenue Funds</u> |
|------------------------------------------------------------------------|-----------------------------------------------------|
| Assets | |
| Cash and investments | \$ 3,756,954 |
| Accounts receivable | 30 |
| Loans receivable | 2,395,508 |
| Due from other governments | 1,028,398 |
| Special assessment receivable | <u>56,177</u> |
| Total assets | <u><u>\$ 7,237,067</u></u> |
| Liabilities | |
| Accounts payable | \$ 111,916 |
| Deposits payable | 7,473 |
| Contracts payable | 21,817 |
| Due to other funds | 242,811 |
| Unearned revenue | <u>56,177</u> |
| Total liabilities | <u><u>440,194</u></u> |
| Fund Balances | |
| Restricted | 2,643,187 |
| Committed | <u>4,153,686</u> |
| Total fund balances | <u><u>6,796,873</u></u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 7,237,067</u></u> |

City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

| | Special Revenue | | |
|-------------------------------------------------|--------------------------------|----------------------------------------------------|---------------------------------------|
| | Police Forfeitures (201) | Economic Development Revolving (203, 204) | Small Cities - 2016 Grant (206) |
| Revenues | | | |
| Intergovernmental | \$ - | \$ - | \$ - |
| Charges for services | - | - | - |
| Fines and forfeitures | 15,007 | - | - |
| Miscellaneous | | | |
| Investment income | - | - | - |
| Contributions and donations | 10,000 | - | - |
| Other | - | 6,502 | - |
| Total revenues | <u>25,007</u> | <u>6,502</u> | <u>-</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 53,681 | - | - |
| Culture and recreation | - | - | - |
| Community development | - | 84,343 | 6,127 |
| Airport | - | - | - |
| Capital outlay | | | |
| Public safety | - | - | - |
| Culture and recreation | - | - | - |
| Airport | - | - | - |
| Total expenditures | <u>53,681</u> | <u>84,343</u> | <u>6,127</u> |
| Excess of revenues over (under) expenditures | (28,674) | (77,841) | (6,127) |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital asset | - | - | - |
| Transfers in | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (28,674) | (77,841) | (6,127) |
| Fund Balances | | | |
| Beginning of year | <u>83,843</u> | <u>1,843,262</u> | <u>230,467</u> |
| End of year | <u>\$ 55,169</u> | <u>\$ 1,765,421</u> | <u>\$ 224,340</u> |

| Special Revenue | | | | | | |
|-------------------------------------|------------------------|---------------|----------------------------------|---------------------------------|---------------------------------------------|-----------------------|
| 1999 Small Cities Grant (207) | Senior Center (210) | Airport (225) | Economic Development (230) | Housing Development (232) | Blight/ Hazardous Mitigation (234) | Fire Pension (250) |
| \$ - | \$ - | \$ 597,384 | \$ 50,000 | \$ - | \$ - | \$ - |
| - | 19,643 | 43,815 | - | - | 900 | - |
| - | - | - | - | - | - | - |
| - | (4,885) | (9,272) | (18,199) | (6,514) | (20,365) | 416 |
| - | - | - | - | - | - | - |
| - | - | 61 | 3,613 | - | - | 31,423 |
| - | 14,758 | 631,988 | 35,414 | (6,514) | (19,465) | 31,839 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 86,777 |
| - | 102,713 | - | - | - | - | - |
| - | - | - | 204,332 | 56,193 | 80,531 | - |
| - | - | 189,569 | - | - | - | - |
| - | - | - | - | - | - | 157,900 |
| - | 8,388 | - | - | - | - | - |
| - | - | 520,897 | - | - | - | - |
| - | 111,101 | 710,466 | 204,332 | 56,193 | 80,531 | 244,677 |
| - | - | - | - | - | - | - |
| - | (96,343) | (78,478) | (168,918) | (62,707) | (99,996) | (212,838) |
| - | - | - | 33,841 | 29,670 | - | - |
| - | 60,000 | 75,000 | - | 400,000 | 100,000 | - |
| - | 60,000 | 75,000 | 33,841 | 429,670 | 100,000 | - |
| - | (36,343) | (3,478) | (135,077) | 366,963 | 4 | (212,838) |
| 593,972 | 143,719 | 263,598 | 1,235,391 | 213,608 | 600,000 | 347,704 |
| \$ 593,972 | \$ 107,376 | \$ 260,120 | \$ 1,100,314 | \$ 580,571 | \$ 600,004 | \$ 134,866 |



City of Albert Lea
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

| | Special Revenue | | |
|-------------------------------------------------|-------------------------|---------------|--------------------------------------------|
| | Police Pension (251) | COVID (260) | Total Nonmajor Special Revenue Funds |
| Revenues | | | |
| Intergovernmental | \$ - | \$ 45,232 | \$ 692,616 |
| Charges for services | - | - | 64,358 |
| Fines and forfeitures | - | - | 15,007 |
| Miscellaneous | | | |
| Investment income | (53,604) | - | (112,423) |
| Contributions and donations | - | - | 10,000 |
| Other | - | - | 41,599 |
| Total revenues | <u>(53,604)</u> | <u>45,232</u> | <u>711,157</u> |
| Expenditures | | | |
| Current | | | |
| Public safety | 122,339 | - | 262,797 |
| Culture and recreation | - | 45,232 | 147,945 |
| Community development | - | - | 431,526 |
| Airport | - | - | 189,569 |
| Capital outlay | | | |
| Public safety | 6,195 | - | 164,095 |
| Culture and recreation | - | - | 8,388 |
| Airport | - | - | 520,897 |
| Total expenditures | <u>128,534</u> | <u>45,232</u> | <u>1,725,217</u> |
| Excess of revenues over (under) expenditures | (182,138) | - | (1,014,060) |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital asset | - | - | 63,511 |
| Transfers in | - | - | 635,000 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>698,511</u> |
| Net change in fund balances | (182,138) | - | (315,549) |
| Fund Balances | | | |
| Beginning of year | <u>1,556,858</u> | <u>-</u> | <u>7,112,422</u> |
| End of year | <u>\$ 1,374,720</u> | <u>\$ -</u> | <u>\$ 6,796,873</u> |

City of Albert Lea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Senior Center Special Revenue Fund
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

| | 2022 | | | 2021 |
|-------------------------------------------------|--------------------|--------------------|--------------------------------|-------------------|
| | Budgeted Amounts | | Variance with | Actual |
| | Original | Final | Final Budget - Over (Under) | Amounts |
| Revenues | | | | |
| Charges for services | \$ 29,500 | \$ 29,500 | \$ 19,643 | \$ 5,863 |
| Investment income | 500 | 500 | (4,885) | (522) |
| Contributions and donations | 500 | 500 | - | 1,645 |
| Total revenues | <u>30,500</u> | <u>30,500</u> | <u>(15,742)</u> | <u>6,986</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | 110,390 | 110,390 | 102,713 | 82,387 |
| Capital outlay | | | | |
| Culture and recreation | - | - | 8,388 | - |
| Total expenditures | <u>110,390</u> | <u>110,390</u> | <u>711</u> | <u>82,387</u> |
| Excess of revenues over (under) expenditures | (79,890) | (79,890) | (96,343) | (75,401) |
| Other Financing Sources | | | | |
| Transfers in | <u>60,000</u> | <u>60,000</u> | <u>-</u> | <u>60,000</u> |
| Net change in fund balances | <u>\$ (19,890)</u> | <u>\$ (19,890)</u> | <u>\$ (16,453)</u> | <u>(15,401)</u> |
| Fund Balances | | | | |
| Beginning of year | | | 143,719 | 159,120 |
| End of year | | | <u>\$ 107,376</u> | <u>\$ 143,719</u> |

City of Albert Lea
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Airport Special Revenue Fund
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

| | 2022 | | | 2021 | |
|-------------------------------------------------|------------------|------------------|-------------------|-------------------------------------------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Intergovernmental | \$ 75,809 | \$ 75,809 | \$ 597,384 | \$ 521,575 | \$ - |
| Charges for services | 40,000 | 40,000 | 43,815 | 3,815 | 40,761 |
| Investment income | - | - | (9,272) | (9,272) | (313) |
| Other | - | - | 61 | 61 | - |
| Total revenues | <u>115,809</u> | <u>115,809</u> | <u>631,988</u> | <u>516,179</u> | <u>40,448</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Airport | 142,510 | 142,510 | 189,569 | 47,059 | 248,802 |
| Capital outlay | | | | | |
| Airport | 2,000 | 2,000 | 520,897 | 518,897 | 38,317 |
| Total expenditures | <u>144,510</u> | <u>144,510</u> | <u>710,466</u> | <u>565,956</u> | <u>287,119</u> |
| Excess of revenues over (under) expenditures | (28,701) | (28,701) | (78,478) | (49,777) | (246,671) |
| Other Financing Sources | | | | | |
| Transfers in | <u>75,000</u> | <u>75,000</u> | <u>75,000</u> | <u>-</u> | <u>75,000</u> |
| Net change in fund balances | <u>\$ 46,299</u> | <u>\$ 46,299</u> | <u>(3,478)</u> | <u>\$ (49,777)</u> | <u>(171,671)</u> |
| Fund Balances | | | | | |
| Beginning of year | | | <u>263,598</u> | | <u>435,269</u> |
| End of year | | | <u>\$ 260,120</u> | | <u>\$ 263,598</u> |



City of Albert Lea Nonmajor Capital Project Funds

Capital project funds are established to account for the resources used for the acquisition of capital facilities and infrastructure for the City with the exception of those financed by the enterprise funds. During the year, the City had the following Nonmajor Capital Project Funds:

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

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

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

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

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

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

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

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

TIF 5-22 Mrs. Gerry's – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

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

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



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

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

TIF 5-27 Marketplace – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

TIF 5-28 Vortex – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

TIF 5-29 Ulland Brothers – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

TIF 5-30 201/211 Broadway – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

Future TIF – 300 Block Broadway – This Fund was established to account for tax increment financing activities relative to property acquisition, public improvement, and site improvements to assist with development within the district.

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

2021 CIP Projects– This Fund was established to account for the capital project activity related to the 2021 projects.

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

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

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2022

| | Capital Projects | | | |
|--------------------------------------|---------------------------------------------|---------------------------------|-----------------------------------------------|----------------------------------|
| | Broadway Ridge Renewal Grant (227) | Capital Improvement (401) | Capital Project Donations (404, 405) | Building Maintenance (406) |
| Assets | | | | |
| Cash and investments | \$ 248,921 | \$ 1,347,533 | \$ 39,763 | \$ 789,044 |
| Taxes receivable | - | - | - | - |
| Accounts receivable | - | - | 24,299 | - |
| Due from other funds | - | 253,380 | - | - |
| Due from other governments | - | 29,394 | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 248,921</u> | <u>\$ 1,630,307</u> | <u>\$ 64,062</u> | <u>\$ 789,044</u> |
| Liabilities | | | | |
| Accounts payable | \$ 84 | \$ 357,443 | \$ - | \$ 45,056 |
| Deposits payable | - | 8,750 | - | - |
| Contracts payable | - | 13,568 | - | 17,250 |
| Advances from other funds | - | - | - | - |
| Advances from component unit | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>84</u> | <u>379,761</u> | <u>-</u> | <u>62,306</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted | - | - | 64,062 | - |
| Assigned | 248,837 | 1,250,546 | - | 726,738 |
| Unassigned | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>248,837</u> | <u>1,250,546</u> | <u>64,062</u> | <u>726,738</u> |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 248,921</u> | <u>\$ 1,630,307</u> | <u>\$ 64,062</u> | <u>\$ 789,044</u> |

Continued

| Capital Projects | | | | | | |
|-------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------------|--------------------------|
| Storm Water Projects (409) | Snyder Field / Inclusive Park (411) | TIF 5-13 Larson Manufacturing (422) | TIF 5-15 Broadway Ridge Redevelopment (423) | TIF 5-22 Mrs. Gerry's (427) | TIF 5-24 St. Johns Housing (431) | TIF 5-25 Zumbro (434) |
| \$ 277,009 | \$ 700,000 | \$ 508 | \$ - | \$ 508 | \$ 14,525 | \$ 508 |
| - | - | - | 7,533 | - | - | - |
| 20,220 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 297,229</u> | <u>\$ 700,000</u> | <u>\$ 508</u> | <u>\$ 7,533</u> | <u>\$ 508</u> | <u>\$ 14,525</u> | <u>\$ 508</u> |
| \$ - | \$ - | \$ 508 | \$ 508 | \$ 508 | \$ 508 | \$ 508 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 20,098 | 1,322,177 | - | - | 13,879 |
| - | - | 1,085,898 | - | - | - | - |
| - | - | 1,106,504 | 1,322,685 | 508 | 508 | 14,387 |
| - | - | - | 6,996 | - | - | - |
| - | - | - | 6,996 | - | - | - |
| - | - | - | - | - | 14,017 | - |
| 297,229 | - | - | - | - | - | - |
| - | 700,000 | (1,105,996) | (1,322,148) | - | - | (13,879) |
| <u>297,229</u> | <u>700,000</u> | <u>(1,105,996)</u> | <u>(1,322,148)</u> | <u>-</u> | <u>14,017</u> | <u>(13,879)</u> |
| <u>\$ 297,229</u> | <u>\$ 700,000</u> | <u>\$ 508</u> | <u>\$ 7,533</u> | <u>\$ 508</u> | <u>\$ 14,525</u> | <u>\$ 508</u> |

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Balance Sheet -
December 31, 2022

| | Capital Projects | | | |
|--------------------------------------|------------------------------------|----------------------------------|--------------------------|--------------------------------------|
| | TIF 5-26 Unique Opport (435) | TIF 5-27 Marketplace (436) | TIF 5-28 Vortex (437) | TIF 5-29 Ulland Brothers (438) |
| Assets | | | | |
| Cash and investments | \$ 508 | \$ 508 | \$ 508 | \$ 508 |
| Taxes receivable - delinquent | - | - | - | - |
| Accounts receivable | - | - | - | - |
| Due from other funds | - | - | - | - |
| Due from other governments | - | - | - | - |
| Total assets | <u>\$ 508</u> | <u>\$ 508</u> | <u>\$ 508</u> | <u>\$ 508</u> |
| Liabilities | | | | |
| Accounts payable | \$ 508 | \$ 508 | \$ 508 | \$ 508 |
| Deposits payable | - | - | - | - |
| Contracts payable | - | - | - | - |
| Advances from other funds | 95,377 | 30,477 | 34,963 | 40,075 |
| Salaries and benefits payable | - | - | - | - |
| Total liabilities | <u>95,885</u> | <u>30,985</u> | <u>35,471</u> | <u>40,583</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - property taxes | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | <u>(95,377)</u> | <u>(30,477)</u> | <u>(34,963)</u> | <u>(40,075)</u> |
| Total fund balances | <u>(95,377)</u> | <u>(30,477)</u> | <u>(34,963)</u> | <u>(40,075)</u> |
| Total liabilities and fund balances | <u>\$ 508</u> | <u>\$ 508</u> | <u>\$ 508</u> | <u>\$ 508</u> |

Continued

| Capital Projects | | | | | |
|------------------------------------------|------------------------------------------------|----------------------------|------------------------------------|--------------------------------|---------------------------------------------|
| TIF 5-30 201/211 Broadway (439) | Future TIF - 300 Block Broadway (440) | 2020 CIP Projects (490) | Vehicles and Equipment (701) | Computer Equipment (702) | Total Nonmajor Capital Projects Funds |
| \$ 1,499 | \$ 2,029 | \$ 620,791 | \$ 2,412,766 | \$ 170,167 | \$ 6,627,603 |
| - | - | - | - | - | 7,533 |
| - | - | - | - | - | 44,519 |
| - | - | - | - | - | 253,380 |
| - | - | - | - | - | 29,394 |
| <u>\$ 1,499</u> | <u>\$ 2,029</u> | <u>\$ 620,791</u> | <u>\$ 2,412,766</u> | <u>\$ 170,167</u> | <u>\$ 6,962,429</u> |
| \$ 1,499 | \$ 2,029 | \$ 325,429 | \$ - | \$ - | \$ 736,112 |
| - | - | - | - | - | 8,750 |
| - | - | - | - | - | 30,818 |
| 27,320 | 582,865 | - | - | - | 2,167,231 |
| - | - | - | - | - | 1,085,898 |
| <u>28,819</u> | <u>584,894</u> | <u>325,429</u> | <u>-</u> | <u>-</u> | <u>4,028,809</u> |
| - | - | - | - | - | 6,996 |
| - | - | - | - | - | 6,996 |
| - | - | - | - | - | 78,079 |
| - | - | 295,362 | 2,412,766 | 170,167 | 5,401,645 |
| (27,320) | (582,865) | - | - | - | (2,553,100) |
| <u>(27,320)</u> | <u>(582,865)</u> | <u>295,362</u> | <u>2,412,766</u> | <u>170,167</u> | <u>2,926,624</u> |
| <u>\$ 1,499</u> | <u>\$ 2,029</u> | <u>\$ 620,791</u> | <u>\$ 2,412,766</u> | <u>\$ 170,167</u> | <u>\$ 6,962,429</u> |

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2022

| | Capital Projects | | | |
|-------------------------------------------------|------------------------------------------|---------------------------------|--------------------------------------------|----------------------------------|
| | Broadway Ridge Renewal Grant (227) | Capital Improvement (401) | Capital Project Donations (404, 405) | Building Maintenance (406) |
| Revenues | | | | |
| Tax increment | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 148,899 | - | - |
| Miscellaneous | | | | |
| Investment income | (14,768) | (76,847) | (1,319) | (25,241) |
| Contributions and donations | - | - | - | 23,022 |
| Other | 10,000 | - | - | - |
| Total revenues | <u>(4,768)</u> | <u>72,052</u> | <u>(1,319)</u> | <u>(2,219)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 5,255 | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | 6,600 | - | 112 |
| Community development | 173,007 | 144,891 | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | 10,018 |
| Capital outlay | | | | |
| General government | - | 545 | - | - |
| Public safety | - | - | - | - |
| Public works | - | 653,428 | - | - |
| Culture and recreation | - | 124,536 | 3,064 | 515,189 |
| Community development | - | - | - | - |
| Total expenditures | <u>173,007</u> | <u>935,255</u> | <u>3,064</u> | <u>525,319</u> |
| Excess of revenues over (under) expenditures | (177,775) | (863,203) | (4,383) | (527,538) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital asset | - | - | - | - |
| Issuance of debt | - | - | - | 470,000 |
| Transfers in | 25,000 | - | - | - |
| Transfers out | - | (440,000) | - | - |
| Total other financing sources (uses) | <u>25,000</u> | <u>(440,000)</u> | <u>-</u> | <u>470,000</u> |
| Net change in fund balances | (152,775) | (1,303,203) | (4,383) | (57,538) |
| Fund balances | | | | |
| Beginning of year | <u>401,612</u> | <u>2,553,749</u> | <u>68,445</u> | <u>784,276</u> |
| End of year | <u>\$ 248,837</u> | <u>\$ 1,250,546</u> | <u>\$ 64,062</u> | <u>\$ 726,738</u> |

Continued

| Capital Projects | | | | | | |
|-------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------------------------------|--------------------------------|----------------------------------------|--------------------------|
| Storm Water Projects (409) | Snyder Field / Inclusive Park (411) | TIF 5-13 Larson Manufacturing (422) | TIF 5-15 Broadway Ridge Redevelopment (423) | TIF 5-22 Mrs. Gerry's (427) | TIF 5-24 St. Johns Housing (431) | TIF 5-25 Zumbro (434) |
| \$ - | \$ - | \$ 120,823 | \$ 49,548 | \$ 39,954 | \$ 82,282 | \$ 61,717 |
| 12,818 | - | - | - | - | - | - |
| (10,335) | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 20,220 | - | - | - | - | - | - |
| 22,703 | - | 120,823 | 49,548 | 39,954 | 82,282 | 61,717 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 1,437 | 1,369 | - | - | 703 |
| - | - | - | - | 85,000 | - | - |
| - | - | - | - | 4,875 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 29,261 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 1,380 | 76,211 | 57,331 |
| 29,261 | - | 1,437 | 1,369 | 91,255 | 76,211 | 58,034 |
| (6,558) | - | 119,386 | 48,179 | (51,301) | 6,071 | 3,683 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 700,000 | - | - | 45,824 | - | - |
| - | - | - | - | - | - | - |
| - | 700,000 | - | - | 45,824 | - | - |
| (6,558) | 700,000 | 119,386 | 48,179 | (5,477) | 6,071 | 3,683 |
| 303,787 | - | (1,225,382) | (1,370,327) | 5,477 | 7,946 | (17,562) |
| \$ 297,229 | \$ 700,000 | \$ (1,105,996) | \$ (1,322,148) | \$ - | \$ 14,017 | \$ (13,879) |

City of Albert Lea
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2022

| | Capital Projects | | | |
|-------------------------------------------------|------------------------------------|----------------------------------|---------------------------|--------------------------------------|
| | TIF 5-26 Unique Opport (435) | TIF 5-27 Marketplace (436) | TIF 5-28 Vortex (437) | TIF 5-29 Ulland Brothers (438) |
| Revenues | | | | |
| Tax increment | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - |
| Miscellaneous | | | | |
| Investment income | - | - | - | - |
| Contributions and donations | - | - | - | - |
| Other | - | - | - | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Community development | 10,946 | 2,535 | 4,495 | 3,296 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest and other charges | - | - | - | - |
| Capital outlay | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Community development | - | - | - | - |
| Total expenditures | <u>10,946</u> | <u>2,535</u> | <u>4,495</u> | <u>3,296</u> |
| Excess of revenues over (under) expenditures | (10,946) | (2,535) | (4,495) | (3,296) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital asset | - | - | - | - |
| Issuance of debt | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (10,946) | (2,535) | (4,495) | (3,296) |
| Fund balances | | | | |
| Beginning of year | <u>(84,431)</u> | <u>(27,942)</u> | <u>(30,468)</u> | <u>(36,779)</u> |
| End of year | <u><u>\$ (95,377)</u></u> | <u><u>\$ (30,477)</u></u> | <u><u>\$ (34,963)</u></u> | <u><u>\$ (40,075)</u></u> |

Continued

| Capital Projects | | | | | | |
|------------------------------------------|------------------------------------------------|----------------------------|----------------------------|------------------------------------|--------------------------------|------------------------------------------------|
| TIF 5-30 201/211 Broadway (439) | Future TIF - 300 Block Broadway (440) | 2020 CIP Projects (490) | 2021 CIP Projects (491) | Vehicles and Equipment (701) | Computer Equipment (702) | Total Nonmajor Capital Projects Funds |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 354,324 |
| - | - | - | - | - | - | 161,717 |
| - | - | (16,010) | (13,217) | (88,889) | (5,793) | (252,419) |
| - | - | - | - | - | - | 23,022 |
| - | - | - | - | 1,337 | - | 31,557 |
| - | - | (16,010) | (13,217) | (87,552) | (5,793) | 318,201 |
| - | - | - | - | - | 7,486 | 12,741 |
| - | - | - | - | - | 6,648 | 6,648 |
| - | - | - | 16,955 | - | 5,018 | 21,973 |
| - | - | - | - | - | 8,376 | 15,088 |
| 27,320 | 582,865 | - | - | - | - | 952,864 |
| - | - | - | - | - | - | 85,000 |
| - | - | - | - | - | - | 14,893 |
| - | - | - | - | - | - | 545 |
| - | - | - | - | 213,084 | - | 213,084 |
| - | - | 325,429 | 123,715 | 1,146,209 | - | 2,278,042 |
| - | - | - | - | - | - | 642,789 |
| - | - | - | - | - | - | 134,922 |
| 27,320 | 582,865 | 325,429 | 140,670 | 1,359,293 | 27,528 | 4,378,589 |
| (27,320) | (582,865) | (341,439) | (153,887) | (1,446,845) | (33,321) | (4,060,388) |
| - | - | - | - | 60,270 | - | 60,270 |
| - | - | - | - | - | - | 470,000 |
| - | - | 60,000 | - | 950,000 | 40,000 | 1,820,824 |
| - | - | - | (131,803) | - | - | (571,803) |
| - | - | 60,000 | (131,803) | 1,010,270 | 40,000 | 1,779,291 |
| (27,320) | (582,865) | (281,439) | (285,690) | (436,575) | 6,679 | (2,281,097) |
| - | - | 576,801 | 285,690 | 2,849,341 | 163,488 | 5,207,721 |
| \$ (27,320) | \$ (582,865) | \$ 295,362 | \$ - | \$ 2,412,766 | \$ 170,167 | \$ 2,926,624 |



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

Debt Service Funds

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

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

PIR Bonds Series 2011A – This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

PIR Bonds Series 2012A – This Fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

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

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

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

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

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

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

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

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

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

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

**City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2022**

| | Debt Service | | | |
|----------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|-------------------------------------------------|
| | PIR Bonds Series 2010A (306) | PIR Bonds Series 2012A (308) | PIR Bonds Series 2013A (309) | 2014A G.O. Equipment Certificate (310) |
| Assets | | | | |
| Cash and investments | \$ 147,467 | \$ - | \$ 140,797 | \$ 182,325 |
| Special assessment receivable | 389,619 | 176,435 | 275,986 | - |
| Total assets | <u>\$ 537,086</u> | <u>\$ 176,435</u> | <u>\$ 416,783</u> | <u>\$ 182,325</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | <u>\$ 389,619</u> | <u>\$ 176,367</u> | <u>\$ 273,075</u> | <u>\$ -</u> |
| Fund Balances | | | | |
| Restricted | <u>147,467</u> | <u>68</u> | <u>143,708</u> | <u>182,325</u> |
| Total deferred inflows of resources and fund balances | <u>\$ 537,086</u> | <u>\$ 176,435</u> | <u>\$ 416,783</u> | <u>\$ 182,325</u> |

| Debt Service | | | | |
|-----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| PIR and Refunding Bonds Series 2014B (311) | 2016 G.O. Bonds (313) | 2017 G.O. Bonds (314) | 2018 G.O. Bonds (315) | 2019 G.O. Bonds (316) |
| \$ - | \$ 749,484 | \$ 661,864 | \$ 821,152 | \$ 784,694 |
| 116,255 | 313,193 | 239,170 | 328,583 | 423,072 |
| <u>\$ 116,255</u> | <u>\$ 1,062,677</u> | <u>\$ 901,034</u> | <u>\$ 1,149,735</u> | <u>\$ 1,207,766</u> |
| | | | | |
| <u>\$ 116,255</u> | <u>\$ 311,324</u> | <u>\$ 237,417</u> | <u>\$ 326,508</u> | <u>\$ 416,630</u> |
| | | | | |
| <u>-</u> | <u>751,353</u> | <u>663,617</u> | <u>823,227</u> | <u>791,136</u> |
| | | | | |
| <u>\$ 116,255</u> | <u>\$ 1,062,677</u> | <u>\$ 901,034</u> | <u>\$ 1,149,735</u> | <u>\$ 1,207,766</u> |



**City of Albert Lea
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2022**

| | Debt Service | | | Total Nonmajor Debt Service Funds |
|----------------------------------------------------------|--------------------------|--------------------------|--------------------------|-----------------------------------------|
| | 2020 G.O. Bonds (320) | 2021 G.O. Bonds (321) | 2022 G.O. Bonds (322) | |
| Assets | | | | |
| Cash and investments | \$ 701,061 | \$ 564,266 | \$ 259,315 | \$ 5,012,425 |
| Special assessment receivable | 478,590 | 613,958 | 607,207 | 3,962,068 |
| | | | | |
| Total assets | <u>\$ 1,179,651</u> | <u>\$ 1,178,224</u> | <u>\$ 866,522</u> | <u>\$ 8,974,493</u> |
| | | | | |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue - special assessments | <u>\$ 478,359</u> | <u>\$ 612,996</u> | <u>\$ 607,207</u> | <u>\$ 3,945,757</u> |
| | | | | |
| Fund Balances | | | | |
| Restricted | <u>701,292</u> | <u>565,228</u> | <u>259,315</u> | <u>5,028,736</u> |
| | | | | |
| Total deferred inflows of resources and fund balances | <u>\$ 1,179,651</u> | <u>\$ 1,178,224</u> | <u>\$ 866,522</u> | <u>\$ 8,974,493</u> |

City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

| | Debt Service | | | |
|-------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | PIR Bonds Series 2010A (306) | PIR Bonds Series 2011A (307) | PIR Bonds Series 2012A (308) | PIR Bonds Series 2013A (309) |
| Revenues | | | | |
| Taxes | \$ 114,634 | \$ - | \$ 107,392 | \$ 356,287 |
| Special assessments | 11,564 | - | 55,363 | 100,752 |
| Miscellaneous | | | | |
| Investment income | (2,850) | - | - | 560 |
| Total revenues | <u>123,348</u> | <u>-</u> | <u>162,755</u> | <u>457,599</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 165,000 | 65,000 | 180,000 | 545,000 |
| Interest and other charges | 17,659 | 894 | 9,796 | 39,042 |
| Total expenditures | <u>182,659</u> | <u>65,894</u> | <u>189,796</u> | <u>584,042</u> |
| Excess of revenues over (under) expenditures | (59,311) | (65,894) | (27,041) | (126,443) |
| Other Financing Sources (Uses) | | | | |
| Issuance of debt | - | - | - | - |
| Transfers in | - | 65,323 | 25,123 | - |
| Total other financing sources (uses) | <u>-</u> | <u>65,323</u> | <u>25,123</u> | <u>-</u> |
| Net change in fund balances | (59,311) | (571) | (1,918) | (126,443) |
| Fund Balances | | | | |
| Beginning of year | <u>206,778</u> | <u>571</u> | <u>1,986</u> | <u>270,151</u> |
| End of year | <u>\$ 147,467</u> | <u>\$ -</u> | <u>\$ 68</u> | <u>\$ 143,708</u> |

Continued

| Debt Service | | | | | |
|-------------------------------------------------|-----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2014A G.O. Equipment Certificate (310) | PIR and Refunding Bonds Series 2014B (311) | 2016 G.O. Bonds (313) | 2017 G.O. Bonds (314) | 2018 G.O. Bonds (315) | 2019 G.O. Bonds (316) |
| \$ 140,083 | \$ 95,331 | \$ 16,804 | \$ 148,394 | \$ 165,366 | \$ 231,147 |
| - | 28,763 | 106,829 | 83,087 | 92,074 | 114,812 |
| (2,900) | - | (19,921) | (18,849) | (23,738) | (20,239) |
| 137,183 | 124,094 | 103,712 | 212,632 | 233,702 | 325,720 |
| 120,000 | 195,000 | 350,000 | 220,000 | 225,000 | 240,000 |
| 5,403 | 17,041 | 41,428 | 50,128 | 57,353 | 85,128 |
| 125,403 | 212,041 | 391,428 | 270,128 | 282,353 | 325,128 |
| 11,780 | (87,947) | (287,716) | (57,496) | (48,651) | 592 |
| - | - | - | - | - | - |
| - | 87,737 | 200,000 | - | - | - |
| - | 87,737 | 200,000 | - | - | - |
| 11,780 | (210) | (87,716) | (57,496) | (48,651) | 592 |
| 170,545 | 210 | 839,069 | 721,113 | 871,878 | 790,544 |
| \$ 182,325 | \$ - | \$ 751,353 | \$ 663,617 | \$ 823,227 | \$ 791,136 |



City of Albert Lea
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2022

Continued

| | Debt Service | | | Total Nonmajor Debt Service Funds |
|-------------------------------------------------|--------------------------|--------------------------|--------------------------|-----------------------------------------|
| | 2020 G.O. Bonds (320) | 2021 G.O. Bonds (321) | 2022 G.O. Bonds (322) | |
| Revenues | | | | |
| Taxes | \$ 215,811 | \$ 102,571 | \$ - | \$ 1,693,820 |
| Special assessments | 82,963 | 136,093 | 190,642 | 1,002,942 |
| Miscellaneous | | | | |
| Investment income | (17,981) | (7,924) | 2,177 | (111,665) |
| Total revenues | <u>280,793</u> | <u>230,740</u> | <u>192,819</u> | <u>2,585,097</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 195,000 | - | - | 2,500,000 |
| Interest and other charges | 69,253 | 40,082 | - | 433,207 |
| Total expenditures | <u>264,253</u> | <u>40,082</u> | <u>-</u> | <u>2,933,207</u> |
| Excess of revenues over (under) expenditures | 16,540 | 190,658 | 192,819 | (348,110) |
| Other Financing Sources (Uses) | | | | |
| Issuance of debt | - | - | 66,496 | 66,496 |
| Transfers in | - | 131,803 | - | 509,986 |
| Total other financing sources (uses) | <u>-</u> | <u>131,803</u> | <u>66,496</u> | <u>576,482</u> |
| Net change in fund balances | 16,540 | 322,461 | 259,315 | 228,372 |
| Fund Balances | | | | |
| Beginning of year | <u>684,752</u> | <u>242,767</u> | <u>-</u> | <u>4,800,364</u> |
| End of year | <u>\$ 701,292</u> | <u>\$ 565,228</u> | <u>\$ 259,315</u> | <u>\$ 5,028,736</u> |

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

| | 2022 | | | | 2021 |
|---------------------------------|------------------|--------------|-------------------|-------------------------------------------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 5,118,000 | \$ 5,118,000 | \$ 5,177,448 | \$ 59,448 | \$ 4,833,847 |
| Franchise fees | 1,780,000 | 1,780,000 | 2,023,232 | 243,232 | 1,649,356 |
| Lodging | 11,500 | 11,500 | 13,186 | 1,686 | 11,370 |
| Total taxes | 6,909,500 | 6,909,500 | 7,213,866 | 304,366 | 6,494,573 |
| Special Assessments | 1,000 | 1,000 | - | (1,000) | - |
| Licenses and permits | 347,100 | 347,100 | 367,084 | 19,984 | 336,338 |
| Intergovernmental revenue | | | | | |
| Local government aid | 5,715,392 | 5,715,392 | 5,715,392 | - | 5,658,247 |
| Other intergovernmental | 920,135 | 920,135 | 2,758,103 | 1,837,968 | 999,260 |
| Total intergovernmental revenue | 6,635,527 | 6,635,527 | 8,473,495 | 1,837,968 | 6,657,507 |
| Charges for services | 965,000 | 965,000 | 946,367 | (18,633) | 975,286 |
| Fines and forfeitures | 95,000 | 95,000 | 87,671 | (7,329) | 85,861 |
| Miscellaneous revenues | | | | | |
| Investment income | 148,000 | 148,000 | (259,731) | (407,731) | (36,995) |
| Contributions and donations | 4,500 | 4,500 | 17,102 | 12,602 | 8,227 |
| Other | 36,979 | 36,979 | - | (36,979) | 24,801 |
| Total miscellaneous revenues | 189,479 | 189,479 | (242,629) | (432,108) | (3,967) |
| Total revenues | 15,142,606 | 15,142,606 | 16,845,854 | 1,703,248 | 14,545,598 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | | | | | |
| City Council | | | | | |
| Personnel services | 65,255 | 65,255 | 64,401 | (854) | 64,610 |
| Supplies | 800 | 800 | 1,058 | 258 | 516 |
| Other services and charges | 96,410 | 96,410 | 90,069 | (6,341) | 97,357 |
| Total city council | 162,465 | 162,465 | 155,528 | (6,937) | 162,483 |
| City Manager | | | | | |
| Personnel services | 282,939 | 282,939 | 274,068 | (8,871) | 270,987 |
| Supplies | 1,450 | 1,450 | 652 | (798) | 408 |
| Other services and charges | 15,730 | 15,730 | 14,346 | (1,384) | 17,859 |
| Total City Manager | 300,119 | 300,119 | 289,066 | (11,053) | 289,254 |
| City Clerk | | | | | |
| Personnel services | 112,896 | 112,896 | 112,220 | (676) | 108,524 |
| Supplies | 500 | 500 | 112 | (388) | - |
| Other services and charges | 18,630 | 18,630 | 13,592 | (5,038) | 15,506 |
| Total City Clerk | 132,026 | 132,026 | 125,924 | (6,102) | 124,030 |

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021**

| | 2022 | | | 2021 |
|---------------------------------|------------------|-----------|-------------------------------------------------|-------------------|
| | Budgeted Amounts | | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | |
| Expenditures (Continued) | | | | |
| Current (continued) | | | | |
| General government (continued) | | | | |
| Elections | | | | |
| Personnel services | \$ 22,000 | \$ 22,000 | \$ 31,109 | \$ - |
| Supplies | 1,700 | 1,700 | 2,663 | - |
| Other services and charges | 4,875 | 4,875 | 6,712 | (46) |
| Total elections | 28,575 | 28,575 | 40,484 | (46) |
| Finance | | | | |
| Personnel services | 421,480 | 421,480 | 419,122 | 424,596 |
| Supplies | 8,000 | 8,000 | 4,386 | 4,946 |
| Other services and charges | 100,320 | 100,320 | 93,175 | 93,793 |
| Total finance | 529,800 | 529,800 | 516,683 | 523,335 |
| City attorney | | | | |
| Personnel services | 253,546 | 253,546 | 224,605 | 240,693 |
| Supplies | 1,000 | 1,000 | 1,267 | 188 |
| Other services and charges | 36,715 | 36,715 | 124,252 | 34,311 |
| Total city attorney | 291,261 | 291,261 | 350,124 | 275,192 |
| Personnel administration | | | | |
| Personnel services | 196,964 | 196,964 | 185,655 | 211,263 |
| Supplies | 750 | 750 | 37 | 37 |
| Other services and charges | 56,595 | 56,595 | 71,661 | 75,859 |
| Total personnel administration | 254,309 | 254,309 | 257,353 | 287,159 |
| Zoning and planning | | | | |
| Personnel services | 113,932 | 113,932 | 113,439 | 118,719 |
| Supplies | 500 | 500 | 363 | 305 |
| Other services and charges | 16,225 | 16,225 | 12,247 | 17,326 |
| Total personnel administration | 130,657 | 130,657 | 126,049 | 136,350 |
| City center | | | | |
| Personnel services | 26,610 | 26,610 | 13,514 | 18,420 |
| Supplies | 9,200 | 9,200 | 8,042 | 7,170 |
| Other services and charges | 115,640 | 115,640 | 134,953 | 122,993 |
| Total city center | 151,450 | 151,450 | 156,509 | 148,583 |
| Communications | | | | |
| Personnel services | 87,090 | 87,090 | 86,864 | 83,005 |
| Supplies | 1,250 | 1,250 | 676 | 56 |
| Other services and charges | 4,820 | 4,820 | 3,532 | 4,773 |
| Total communications | 93,160 | 93,160 | 91,072 | 87,834 |
| Information technology | | | | |
| Supplies | 500 | 500 | - | 51 |
| Other services and charges | 83,000 | 83,000 | 31,253 | 67,682 |
| Total information technology | 83,500 | 83,500 | 31,253 | 67,733 |
| Total general government | 2,157,322 | 2,157,322 | 2,140,045 | 2,101,907 |

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021**

| | 2022 | | | 2021 | |
|---------------------------------|------------------|------------------|-------------------|-------------------------------------------------|-------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Over (Under) | Actual Amounts |
| | Original | Final | | | |
| Expenditures (Continued) | | | | | |
| Current (Continued) | | | | | |
| Public safety | | | | | |
| Police | | | | | |
| Personnel services | \$ 3,577,221 | \$ 3,577,221 | \$ 3,556,484 | \$ (20,737) | \$ 3,430,649 |
| Supplies | 150,150 | 150,150 | 129,565 | (20,585) | 121,618 |
| Other services and charges | 468,000 | 468,000 | 430,821 | (37,179) | 415,484 |
| Total police | <u>4,195,371</u> | <u>4,195,371</u> | <u>4,116,870</u> | <u>(78,501)</u> | <u>3,967,751</u> |
| Fire | | | | | |
| Personnel services | 2,158,154 | 2,158,154 | 2,222,603 | 64,449 | 2,110,083 |
| Supplies | 114,400 | 114,400 | 106,915 | (7,485) | 101,461 |
| Other services and charges | 155,966 | 155,966 | 154,678 | (1,288) | 142,308 |
| Total fire | <u>2,428,520</u> | <u>2,428,520</u> | <u>2,484,196</u> | <u>55,676</u> | <u>2,353,852</u> |
| Inspection services | | | | | |
| Personnel services | 397,365 | 397,365 | 392,598 | (4,767) | 355,116 |
| Supplies | 6,150 | 6,150 | 6,557 | 407 | 3,190 |
| Other services and charges | 30,930 | 30,930 | 22,459 | (8,471) | 132,494 |
| Total inspection services | <u>434,445</u> | <u>434,445</u> | <u>421,614</u> | <u>(12,831)</u> | <u>490,800</u> |
| Community services | | | | | |
| Personnel services | 165,900 | 165,900 | 165,269 | (631) | 159,641 |
| Supplies | 3,550 | 3,550 | 3,850 | 300 | 2,619 |
| Other services and charges | 36,050 | 36,050 | 65,124 | 29,074 | 40,429 |
| Total community services | <u>205,500</u> | <u>205,500</u> | <u>234,243</u> | <u>28,743</u> | <u>202,689</u> |
| Total public safety | <u>7,263,836</u> | <u>7,263,836</u> | <u>7,256,923</u> | <u>(6,913)</u> | <u>7,015,092</u> |
| Public works | | | | | |
| Engineering | | | | | |
| Personnel services | 654,305 | 654,305 | 606,789 | (47,516) | 620,544 |
| Supplies | 9,625 | 9,625 | 7,124 | (2,501) | 6,237 |
| Other services and charges | 34,210 | 34,210 | 29,249 | (4,961) | 27,053 |
| Total engineering | <u>698,140</u> | <u>698,140</u> | <u>643,162</u> | <u>(54,978)</u> | <u>653,834</u> |
| Street maintenance | | | | | |
| Personnel services | 523,076 | 523,076 | 509,581 | (13,495) | 482,892 |
| Supplies | 288,200 | 288,200 | 302,216 | 14,016 | 244,232 |
| Other services and charges | 98,620 | 98,620 | 69,540 | (29,080) | 113,637 |
| Total street maintenance | <u>909,896</u> | <u>909,896</u> | <u>881,337</u> | <u>(28,559)</u> | <u>840,761</u> |
| Snow and ice removal | | | | | |
| Personnel services | 337,931 | 337,931 | 360,136 | 22,205 | 325,834 |
| Supplies | 130,000 | 130,000 | 127,930 | (2,070) | 95,515 |
| Other services and charges | 17,330 | 17,330 | 8,063 | (9,267) | 4,703 |
| Total snow and ice removal | <u>485,261</u> | <u>485,261</u> | <u>496,129</u> | <u>10,868</u> | <u>426,052</u> |

City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

| | 2022 | | | 2021 |
|------------------------------------|------------------|------------------|--------------------------------|------------------|
| | Budgeted Amounts | | Variance with | Actual |
| | Original | Final | Final Budget - Over (Under) | Amounts |
| Expenditures (Continued) | | | | |
| Current (Continued) | | | | |
| Public works (Continued) | | | | |
| Storm drainage | | | | |
| Personnel services | \$ 130,816 | \$ 130,816 | \$ (461) | \$ 123,676 |
| Supplies | 35,550 | 35,550 | (9,607) | 28,981 |
| Other services and charges | 71,230 | 71,230 | 4,936 | 63,795 |
| Total storm drainage | <u>237,596</u> | <u>237,596</u> | <u>(5,132)</u> | <u>216,452</u> |
| Street lighting | | | | |
| Supplies | 20,000 | 20,000 | (10,580) | 11,817 |
| Other services and charges | 263,710 | 263,710 | 955 | 236,789 |
| Total street lighting | <u>283,710</u> | <u>283,710</u> | <u>(9,625)</u> | <u>248,606</u> |
| City garage | | | | |
| Personnel services | 189,554 | 189,554 | (2,179) | 180,203 |
| Supplies | 37,000 | 37,000 | 1,997 | 45,416 |
| Other services and charges | 74,470 | 74,470 | 12,547 | 72,835 |
| Total city garage | <u>301,024</u> | <u>301,024</u> | <u>12,365</u> | <u>298,454</u> |
| Total public works | <u>2,915,627</u> | <u>2,915,627</u> | <u>(75,061)</u> | <u>2,684,159</u> |
| Culture and recreation | | | | |
| Recreation administration | | | | |
| Personnel services | 183,330 | 183,330 | 2,533 | 219,034 |
| Supplies | 11,300 | 11,300 | (4,703) | 4,526 |
| Other services and charges | 28,925 | 28,925 | 4,818 | 11,617 |
| Total recreation administration | <u>223,555</u> | <u>223,555</u> | <u>2,648</u> | <u>235,177</u> |
| Arena | | | | |
| Personnel services | 231,164 | 231,164 | (45,776) | 197,267 |
| Supplies | 34,700 | 34,700 | (3,520) | 32,374 |
| Other services and charges | 231,090 | 231,090 | 20,889 | 189,507 |
| Total arena | <u>496,954</u> | <u>496,954</u> | <u>(28,407)</u> | <u>419,148</u> |
| Swimming pool | | | | |
| Personnel services | 125,454 | 125,454 | 10,833 | 126,943 |
| Supplies | 35,725 | 35,725 | (12,735) | 30,568 |
| Other services and charges | 44,220 | 44,220 | (138) | 53,778 |
| Total swimming pool | <u>205,399</u> | <u>205,399</u> | <u>(2,040)</u> | <u>211,289</u> |
| Park and recreation programs | | | | |
| Personnel services | 135,919 | 135,919 | (17,465) | 82,750 |
| Supplies | 17,500 | 17,500 | (8,338) | 6,212 |
| Other services and charges | 19,620 | 19,620 | (10,116) | 5,923 |
| Total park and recreation programs | <u>173,039</u> | <u>173,039</u> | <u>(35,919)</u> | <u>94,885</u> |

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021**

| | 2022 | | | 2021 |
|--------------------------------------|------------------|------------|--------------------------------|------------|
| | Budgeted Amounts | | Variance with | Actual |
| | Original | Final | Final Budget - Over (Under) | Amounts |
| Expenditures (Continued) | | | | |
| Current (Continued) | | | | |
| Culture and recreation (Continued) | | | | |
| Theater | | | | |
| Supplies | \$ 1,500 | \$ 1,500 | \$ (1,477) | \$ 11 |
| Other services and charges | 18,240 | 18,240 | 10,607 | 19,957 |
| Total theater | 19,740 | 19,740 | 9,130 | 19,968 |
| Parks | | | | |
| Personnel services | 937,269 | 937,269 | 523 | 857,198 |
| Supplies | 166,900 | 166,900 | 17,661 | 163,390 |
| Other services and charges | 154,640 | 154,640 | (11,194) | 139,144 |
| Total parks | 1,258,809 | 1,258,809 | 6,990 | 1,159,732 |
| Forestry | | | | |
| Personnel services | 95,441 | 95,441 | 2,094 | 89,810 |
| Supplies | 29,200 | 29,200 | (14,464) | 24,928 |
| Other services and charges | 27,230 | 27,230 | 36,343 | 13,890 |
| Total forestry | 151,871 | 151,871 | 23,973 | 128,628 |
| Library | | | | |
| Personnel services | 809,365 | 809,365 | (67,415) | 711,873 |
| Supplies | 167,300 | 167,300 | (40,624) | 134,136 |
| Other services and charges | 67,560 | 67,560 | (925) | 65,563 |
| Total library | 1,044,225 | 1,044,225 | (108,964) | 911,572 |
| Total culture and recreation | 3,573,592 | 3,573,592 | (132,589) | 3,180,399 |
| Community development | | | | |
| Community development services | | | | |
| Personnel services | 135,359 | 135,359 | 343 | 3,111 |
| Supplies | 250 | 250 | 4,558 | 522 |
| Other services and charges | 19,520 | 19,520 | (5,872) | 1,420 |
| Total community development services | 155,129 | 155,129 | (971) | 5,053 |
| Property acquisitions | | | | |
| Supplies | - | - | 403 | - |
| Other services and charges | 50,180 | 50,180 | 9,530 | 72,834 |
| Total property acquisitions | 50,180 | 50,180 | 9,933 | 72,834 |
| Economic development | | | | |
| Other services and charges | 128,920 | 128,920 | (29,902) | 99,552 |
| Total community development | 334,229 | 334,229 | (20,940) | 177,439 |
| Total current expenditures | 16,244,606 | 16,244,606 | (252,780) | 15,158,996 |

**City of Albert Lea
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual
Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021**

| | 2022 | | | 2021 |
|-------------------------------------------------|------------------|-------------|--------------------------------|---------------|
| | Budgeted Amounts | | Variance with | Actual |
| | Original | Final | Final Budget - Over (Under) | Amounts |
| Expenditures (Continued) | | | | |
| Debt Service | | | | |
| Principal | \$ 15,000 | \$ 15,000 | \$ 16,068 | \$ 15,115 |
| Capital outlay | | | | |
| Public works | 12,000 | 12,000 | 11,900 | - |
| Culture and recreation | 5,000 | 5,000 | 15,914 | 24,105 |
| Community development | - | - | - | 527 |
| Total capital outlay | 17,000 | 17,000 | 27,814 | 24,632 |
| Total expenditures | 16,276,606 | 16,276,606 | 16,035,708 | 15,198,743 |
| Excess of revenues over (under) expenditures | (1,134,000) | (1,134,000) | 810,146 | (653,145) |
| Other Financing Sources (Uses) | | | | |
| Proceeds from sale of capital asset | - | - | 1,000 | - |
| Transfers in | 2,064,000 | 2,064,000 | 2,064,000 | 2,002,000 |
| Transfers out | (930,000) | (930,000) | (2,175,824) | (2,230,000) |
| Total other financing sources (uses) | 1,134,000 | 1,134,000 | (110,824) | (228,000) |
| Net change in fund balances | \$ - | \$ - | 699,322 | (881,145) |
| Fund Balances | | | | |
| Beginning of year | | | 10,799,595 | 11,680,740 |
| End of year | | | \$ 11,498,917 | \$ 10,799,595 |

**City of Albert Lea
Internal Service Funds
Combining Statement of Net Position
December 31, 2022**

| | Health/Workers Comp Insurance (703) | Property Liability Insurance (704) | Total |
|----------------------|-------------------------------------------|------------------------------------------|------------|
| Assets | | | |
| Cash and investments | \$ 380,016 | \$ 290,015 | \$ 670,031 |
| Liabilities | | | |
| Accounts payable | 2,213 | - | 2,213 |
| Net Position | | | |
| Unrestricted | \$ 377,803 | \$ 290,015 | \$ 667,818 |

**City of Albert Lea
Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Year Ended December 31, 2022**

| | Health/Workers Comp Insurance (703) | Property Liability Insurance (704) | Total |
|------------------------------|-------------------------------------------|------------------------------------------|------------|
| Operating revenues | | | |
| Miscellaneous | \$ 100,548 | \$ 50,523 | \$ 151,071 |
| Operating expenses | | | |
| Other services and charges | 87,677 | 15,406 | 103,083 |
| Operating loss | 12,871 | 35,117 | 47,988 |
| Nonoperating revenues | | | |
| Investment income | (14,970) | (9,134) | (24,104) |
| Miscellaneous revenue | 3,450 | - | 3,450 |
| Total nonoperating revenues | (11,520) | (9,134) | (20,654) |
| Change in net position | 1,351 | 25,983 | 27,334 |
| Net position | | | |
| January 1 | 376,452 | 264,032 | 640,484 |
| December 31 | \$ 377,803 | \$ 290,015 | \$ 667,818 |

**City of Albert Lea
Internal Service Funds
Combining Statement of Cash Flows
Year Ended December 31, 2022**

| | Health/Workers Comp Insurance (703) | Property/ Liability Insurance (705) | Total |
|------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|--------------------------|
| Cash Flows - Operating Activities | | | |
| Payments to suppliers | \$ (85,604) | \$ (15,406) | \$ (101,010) |
| Other operating receipts | 100,548 | 50,523 | 151,071 |
| Net cash flows - operating activities | <u>14,944</u> | <u>35,117</u> | <u>50,061</u> |
| Cash Flows - Noncapital Financing activities | | | |
| Intergovernmental receipts | <u>3,450</u> | <u>-</u> | <u>3,450</u> |
| Cash Flows - Investing Activities | | | |
| Investment income | <u>(14,970)</u> | <u>(9,134)</u> | <u>(24,104)</u> |
| Net change in cash and cash equivalents | 3,424 | 25,983 | 29,407 |
| Cash and Cash Equivalents | | | |
| January 1 | <u>376,592</u> | <u>264,032</u> | <u>640,624</u> |
| December 31 | <u><u>\$ 380,016</u></u> | <u><u>\$ 290,015</u></u> | <u><u>\$ 670,031</u></u> |
| Reconciliation of Operating Loss to Net Cash Flows - Operating Activities | | | |
| Operating loss | \$ 12,871 | \$ 35,117 | \$ 47,988 |
| Adjustments to reconcile operating loss to net cash flows - operating activities | | | |
| Accounts payable | <u>2,073</u> | <u>-</u> | <u>2,073</u> |
| Net cash flows - operating activities | <u><u>\$ 14,944</u></u> | <u><u>\$ 35,117</u></u> | <u><u>\$ 50,061</u></u> |

STATISTICAL SECTION (UNAUDITED)

CITY OF ALBERT LEA
ALBERT LEA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021



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

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

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

| | Fiscal Year | | | |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 38,902,147 | \$ 38,238,312 | \$ 42,082,378 | \$ 42,945,205 |
| Restricted | 18,709,908 | 19,579,069 | 21,453,540 | 24,221,520 |
| Unrestricted | <u>19,933,951</u> | <u>21,295,560</u> | <u>12,533,192</u> | <u>10,664,422</u> |
| Total governmental activities net position | <u>\$ 77,546,006</u> | <u>\$ 79,112,941</u> | <u>\$ 76,069,110</u> | <u>\$ 77,831,147</u> |
| Business-Type Activities | | | | |
| Net investment in capital assets | \$ 38,308,602 | \$ 39,407,245 | \$ 39,661,982 | \$ 42,729,009 |
| Unrestricted | <u>12,562,117</u> | <u>12,802,989</u> | <u>12,613,332</u> | <u>11,238,332</u> |
| Total business-type activities net position | <u>\$ 50,870,719</u> | <u>\$ 52,210,234</u> | <u>\$ 52,275,314</u> | <u>\$ 53,967,341</u> |
| Total Primary Government | | | | |
| Net investment in capital assets | \$ 77,210,749 | \$ 77,645,557 | \$ 81,744,360 | \$ 85,674,214 |
| Restricted | 18,709,908 | 19,579,069 | 21,453,540 | 24,221,520 |
| Unrestricted | <u>32,496,068</u> | <u>34,098,549</u> | <u>25,146,524</u> | <u>21,902,754</u> |
| Total primary government | <u>\$ 128,416,725</u> | <u>\$ 131,323,175</u> | <u>\$ 128,344,424</u> | <u>\$ 131,798,488</u> |

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

Table 1

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 47,259,002 | \$ 51,854,858 | \$ 59,788,439 | \$ 62,676,110 | \$ 64,920,908 | \$ 69,755,089 |
| 24,314,972 | 23,938,762 | 18,624,347 | 17,183,548 | 16,911,070 | 16,046,115 |
| 9,968,233 | 10,547,381 | 9,745,316 | 11,359,395 | 13,404,704 | 11,338,156 |
| <u>\$ 81,542,207</u> | <u>\$ 86,341,001</u> | <u>\$ 88,158,102</u> | <u>\$ 91,219,053</u> | <u>\$ 95,236,682</u> | <u>\$ 97,139,360</u> |
| \$ 42,939,676 | \$ 42,141,720 | \$ 44,963,435 | \$ 44,674,279 | \$ 44,914,570 | \$ 44,271,081 |
| 10,698,663 | 11,003,827 | 11,595,802 | 12,242,153 | 12,098,097 | 13,034,145 |
| <u>\$ 53,638,339</u> | <u>\$ 53,145,547</u> | <u>\$ 56,559,237</u> | <u>\$ 56,916,432</u> | <u>\$ 57,012,667</u> | <u>\$ 57,305,226</u> |
| \$ 90,198,678 | \$ 93,996,578 | \$ 104,751,874 | \$ 107,350,389 | \$ 109,835,478 | \$ 114,026,170 |
| 24,314,972 | 23,938,762 | 18,624,347 | 17,183,548 | 16,911,070 | 16,046,115 |
| 20,666,896 | 21,551,208 | 21,341,118 | 23,601,548 | 25,502,801 | 24,372,301 |
| <u>\$ 135,180,546</u> | <u>\$ 139,486,548</u> | <u>\$ 144,717,339</u> | <u>\$ 148,135,485</u> | <u>\$ 152,249,349</u> | <u>\$ 154,444,586</u> |

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

| | Fiscal Year | | | |
|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Expenses | | | | |
| Governmental activities | | | | |
| General government | \$ 1,946,733 | \$ 2,066,221 | \$ 1,735,013 | \$ 2,062,534 |
| Public safety | 6,127,434 | 6,282,002 | 6,051,784 | 7,793,711 |
| Public works | 3,695,469 | 4,116,428 | 4,186,823 | 3,448,159 |
| Culture and recreation | 3,792,532 | 3,709,010 | 3,694,414 | 3,614,932 |
| Airport | 562,700 | 608,770 | 546,100 | 578,473 |
| Community development | 295,666 | 405,733 | 506,248 | 1,135,736 |
| Interest on long-term debt | 342,006 | 433,078 | 432,617 | 501,753 |
| Total governmental activities expenses | <u>16,762,540</u> | <u>17,621,242</u> | <u>17,152,999</u> | <u>19,135,298</u> |
| Business-type activities | | | | |
| Water | 1,931,472 | 1,845,736 | 1,628,018 | 1,674,260 |
| Sewer | 3,477,519 | 3,520,744 | 3,677,161 | 3,603,255 |
| Solid waste | 140,180 | 109,784 | 130,506 | 140,752 |
| Parking maintenance district | 12,258 | 24,636 | 11,368 | 10,861 |
| Utility line protection plan | - | - | - | - |
| Total business-type activities expenses | <u>5,561,429</u> | <u>5,500,900</u> | <u>5,447,053</u> | <u>5,429,128</u> |
| Total expenses | <u>\$ 22,323,969</u> | <u>\$ 23,122,142</u> | <u>\$ 22,600,052</u> | <u>\$ 24,564,426</u> |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| General government | \$ 126,519 | \$ 131,199 | \$ 91,998 | \$ 100,449 |
| Culture and recreation | 540,628 | 659,180 | 547,688 | 593,500 |
| Other activities | 671,474 | 948,089 | 896,380 | 955,216 |
| Operating grants and contributions | 766,247 | 551,154 | 604,428 | 613,416 |
| Capital grants and contributions | 5,685,443 | 2,353,280 | 5,239,394 | 4,749,991 |
| Total governmental activities program revenue | <u>7,790,311</u> | <u>4,642,902</u> | <u>7,379,888</u> | <u>7,012,572</u> |
| Business-type activities | | | | |
| Charges for services | | | | |
| Water | 2,150,345 | 2,363,536 | 2,538,061 | 2,778,218 |
| Sewer | 3,753,107 | 4,465,989 | 4,534,385 | 4,230,589 |
| Other activities | 256,524 | 215,350 | 178,641 | 164,168 |
| Operating grants and contributions | - | - | - | 2,620 |
| Capital grants and contributions | 209,670 | 37,807 | 192,197 | 59,774 |
| Total governmental activities program revenue | <u>6,369,646</u> | <u>7,082,682</u> | <u>7,443,284</u> | <u>7,235,369</u> |
| Total program revenues | <u>\$ 14,159,957</u> | <u>\$ 11,725,584</u> | <u>\$ 14,823,172</u> | <u>\$ 14,247,941</u> |

Continued
Table 2

| Fiscal Year | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 2,166,561 | \$ 2,169,413 | \$ 2,466,797 | \$ 2,409,652 | \$ 2,411,478 | \$2,574,279 |
| 6,989,633 | 6,983,401 | 6,853,580 | 7,110,586 | 6,951,984 | 8,643,912 |
| 3,420,520 | 4,012,349 | 4,858,591 | 4,783,978 | 3,536,516 | 6,767,143 |
| 4,006,557 | 3,631,330 | 4,219,744 | 3,622,589 | 3,760,769 | 4,425,231 |
| 1,125,612 | 620,411 | 719,033 | 741,140 | 930,211 | 661,675 |
| 803,201 | 449,376 | 597,661 | 838,465 | 1,810,521 | 1,838,469 |
| 525,704 | 564,742 | 597,515 | 681,353 | 467,067 | 533,935 |
| 19,037,788 | 18,431,022 | 20,312,921 | 20,187,763 | 19,868,546 | 25,444,644 |
| 1,673,215 | 1,904,474 | 1,746,635 | 1,769,325 | 1,865,980 | 2,085,679 |
| 3,540,898 | 4,118,407 | 4,116,664 | 4,233,447 | 4,039,871 | 4,102,829 |
| 145,871 | 104,009 | 138,355 | 142,238 | 158,194 | 145,871 |
| - | - | - | - | - | - |
| - | - | - | - | - | 158,112 |
| 5,359,984 | 6,126,890 | 6,001,654 | 6,145,010 | 6,064,045 | 6,492,491 |
| \$ 24,397,772 | \$ 24,557,912 | \$ 26,314,575 | \$ 26,332,773 | \$ 25,932,591 | \$ 31,937,135 |
| \$ 140,139 | \$ 165,619 | \$ 169,971 | \$ 134,210 | \$ 80,273 | \$ 80,038 |
| 672,198 | 599,705 | 561,087 | 318,690 | 513,111 | 526,678 |
| 790,990 | 937,108 | 1,038,574 | 881,717 | 1,000,158 | 910,558 |
| 574,252 | 593,197 | 656,566 | 1,550,687 | 2,330,966 | 1,018,904 |
| 4,013,023 | 5,026,013 | 2,675,884 | 3,004,849 | 3,200,609 | 7,928,692 |
| 6,190,602 | 7,321,642 | 5,102,082 | 5,890,153 | 7,125,117 | 10,464,870 |
| 2,979,526 | 3,172,833 | 3,356,138 | 3,528,741 | 3,793,951 | 3,900,428 |
| 4,250,258 | 4,236,478 | 4,466,819 | 4,462,862 | 4,393,485 | 5,039,665 |
| 159,616 | 183,978 | 162,093 | 176,446 | 207,790 | 356,746 |
| 187 | - | 13,711 | 7,570 | 7,125 | 22,719 |
| 35,686 | 18,034 | 3,118,474 | 249,325 | 22,792 | 32,879 |
| 7,425,273 | 7,611,323 | 11,117,235 | 8,424,944 | 8,425,143 | 9,352,437 |
| \$ 13,615,875 | \$ 14,932,965 | \$ 16,219,317 | \$ 14,315,097 | \$ 15,550,260 | \$ 19,817,307 |

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

Continued

| | Fiscal Year | | | |
|-----------------------------------------|-----------------------|------------------------|-----------------------|------------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Net (Expenses) Revenues | | | | |
| Governmental activities | \$ (8,972,229) | \$ (12,978,340) | \$ (9,773,111) | \$ (12,122,726) |
| Business-type activities | 808,217 | 1,581,782 | 1,996,231 | 1,806,241 |
| Total primary government | <u>\$ (8,164,012)</u> | <u>\$ (11,396,558)</u> | <u>\$ (7,776,880)</u> | <u>\$ (10,316,485)</u> |
| General Revenues and Other | | | | |
| Changes in Net Position | | | | |
| Governmental activities | | | | |
| Taxes | | | | |
| Property taxes - general purposes | \$ 4,814,108 | \$ 4,764,012 | \$ 4,859,193 | \$ 4,790,563 |
| Property taxes - debt service | 705,172 | 1,073,458 | 1,200,097 | 1,398,161 |
| Tax increments | 157,535 | 265,279 | 133,114 | 125,907 |
| Franchise and lodging taxes | 1,485,581 | 1,512,332 | 1,465,245 | 1,603,182 |
| Unrestricted grants and contributions | 4,730,810 | 5,169,457 | 5,252,535 | 5,316,055 |
| Unrestricted investment earnings | (643,608) | 765,231 | 400,659 | 347,736 |
| Sale of capital assets | 77,571 | 8,159 | 51,070 | 56,707 |
| Miscellaneous | 12,185 | - | - | - |
| Transfers - capital related | - | (883,473) | - | (1,435,368) |
| Transfers | 1,083,819 | 1,870,820 | 1,503,063 | 1,681,820 |
| Total governmental activities expenses | <u>12,423,173</u> | <u>14,545,275</u> | <u>14,864,976</u> | <u>13,884,763</u> |
| Business-type activities | | | | |
| Unrestricted investment earnings | (444,170) | 744,898 | 96,193 | 132,238 |
| Sale of capital assets | 4,600 | - | - | - |
| Transfers - capital related | - | 883,473 | - | 1,435,368 |
| Transfers | (1,083,819) | (1,870,820) | (1,503,063) | (1,681,820) |
| Total business-type activities expenses | <u>(1,523,389)</u> | <u>(242,449)</u> | <u>(1,406,870)</u> | <u>(114,214)</u> |
| Total primary government | <u>\$ 10,899,784</u> | <u>\$ 14,302,826</u> | <u>\$ 13,458,106</u> | <u>\$ 13,770,549</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 3,450,944 | \$ 1,566,935 | \$ 5,091,865 | \$ 1,762,037 |
| Business-type activities | (715,172) | 1,339,333 | 589,361 | 1,692,027 |
| Total primary government | <u>\$ 2,735,772</u> | <u>\$ 2,906,268</u> | <u>\$ 5,681,226</u> | <u>\$ 3,454,064</u> |

Continued
Table 2

| Fiscal Year | | | | | |
|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ (12,847,186) | \$ (11,109,380) | \$ (9,773,111) | \$ (14,297,610) | \$ (12,743,429) | \$ (14,979,774) |
| 2,065,289 | 1,484,433 | 1,996,231 | 2,279,934 | 2,361,098 | 2,859,946 |
| <u>\$ (10,781,897)</u> | <u>\$ (9,624,947)</u> | <u>\$ (7,776,880)</u> | <u>\$ (12,017,676)</u> | <u>\$ (10,382,331)</u> | <u>\$ (12,119,828)</u> |
| | | | | | |
| \$ 4,938,679 | \$ 4,849,730 | \$ 4,733,069 | \$ 4,878,635 | \$ 4,849,455 | \$ 5,152,501 |
| 1,388,212 | 1,552,317 | 1,552,317 | 1,737,902 | 1,881,233 | 1,876,914 |
| 321,562 | 354,442 | 367,775 | 386,348 | 398,482 | 353,317 |
| 1,659,893 | 1,798,752 | 1,730,997 | 1,657,164 | 1,649,356 | 2,023,232 |
| 5,246,746 | 5,410,140 | 5,415,747 | 5,626,401 | 5,709,861 | 5,876,300 |
| 402,765 | 431,089 | 1,009,666 | 614,346 | (82,131) | (808,593) |
| 33,956 | 84,402 | 31,369 | 197,265 | 132,802 | 124,781 |
| - | - | - | - | - | - |
| 652,489 | - | - | - | - | - |
| 1,913,944 | 1,997,884 | 2,187,000 | 2,260,500 | 2,222,000 | 2,284,000 |
| <u>16,558,246</u> | <u>16,478,756</u> | <u>17,027,940</u> | <u>17,358,561</u> | <u>16,761,058</u> | <u>16,882,452</u> |
| | | | | | |
| 172,142 | 151,632 | 485,109 | 337,761 | (42,863) | (283,387) |
| - | - | - | - | - | - |
| (652,489) | - | - | - | - | - |
| <u>(1,913,944)</u> | <u>(1,997,884)</u> | <u>(2,187,000)</u> | <u>(2,260,500)</u> | <u>(2,222,000)</u> | <u>(2,284,000)</u> |
| <u>(2,394,291)</u> | <u>(1,846,252)</u> | <u>(1,701,891)</u> | <u>(1,922,739)</u> | <u>(2,264,863)</u> | <u>(2,567,387)</u> |
| | | | | | |
| <u>\$ 14,163,955</u> | <u>\$ 14,632,504</u> | <u>\$ 15,326,049</u> | <u>\$ 15,435,822</u> | <u>\$ 14,496,195</u> | <u>\$ 14,315,065</u> |
| | | | | | |
| \$ 3,711,060 | \$ 5,369,376 | \$ 7,254,829 | \$ 3,060,951 | \$ 4,017,629 | \$ 1,902,678 |
| (329,002) | (361,819) | 294,340 | 357,195 | 96,235 | 292,559 |
| <u>\$ 3,382,058</u> | <u>\$ 5,007,557</u> | <u>\$ 7,549,169</u> | <u>\$ 3,418,146</u> | <u>\$ 4,113,864</u> | <u>\$ 2,195,237</u> |

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

| | | Fiscal Year | | | |
|-------------------------------------|----|----------------------|----------------------|----------------------|----------------------|
| | | 2013 | 2014 | 2015 | 2016 |
| General Fund | | | | | |
| Nondisposable | \$ | 4,428,587 | \$ 1,919,712 | \$ 1,899,194 | \$ 1,804,829 |
| Restricted | | 10,368,737 | - | - | - |
| Committed | | - | - | 1,875,000 | 1,875,000 |
| Assigned | | 31,592 | - | - | - |
| Unassigned | | 7,826,600 | 10,614,235 | 8,407,722 | 9,155,071 |
| Total general fund | | <u>\$ 22,655,516</u> | <u>\$ 12,533,947</u> | <u>\$ 12,181,916</u> | <u>\$ 12,834,900</u> |
| All other governmental funds | | | | | |
| Nondisposable | \$ | 6,149 | \$ 7,938 | \$ 19,968 | \$ 7,415 |
| Restricted | | 2,720,232 | 14,344,702 | 16,579,219 | 16,391,488 |
| Committed | | 1,886,386 | 2,133,007 | 2,102,482 | 2,037,501 |
| Assigned | | 2,326,744 | 6,400,714 | 6,827,722 | 6,812,232 |
| Unassigned | | (3,860,652) | (3,545,810) | (3,529,262) | (3,766,025) |
| Total all other governmental funds | | <u>\$ 3,078,859</u> | <u>\$ 19,340,551</u> | <u>\$ 22,000,129</u> | <u>\$ 21,482,611</u> |

Table 3

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 1,731,572 | \$ 1,702,641 | \$ 1,671,527 | \$ 1,695,073 | \$ 1,761,349 | \$ 2,443,094 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 8,398,760 | 7,879,629 | 8,713,892 | 9,985,667 | 9,038,246 | 9,055,823 |
| <u>\$ 10,130,332</u> | <u>\$ 9,582,270</u> | <u>\$ 10,385,419</u> | <u>\$ 11,680,740</u> | <u>\$ 10,799,595</u> | <u>\$ 11,498,917</u> |
| \$ 4,927 | \$ 3,083 | \$ - | \$ - | \$ - | \$ - |
| 16,965,298 | 16,951,572 | 10,777,732 | 9,772,899 | 9,934,296 | 9,482,588 |
| 2,615,975 | 3,171,609 | 3,229,423 | 3,430,091 | 4,035,980 | 4,153,686 |
| 7,764,741 | 7,813,460 | 7,235,022 | 7,224,916 | 7,918,744 | 5,401,645 |
| (3,279,636) | (3,202,420) | (2,977,074) | (3,092,060) | (3,233,883) | (2,701,758) |
| <u>\$ 24,071,305</u> | <u>\$ 24,737,304</u> | <u>\$ 18,265,103</u> | <u>\$ 17,335,846</u> | <u>\$ 18,655,137</u> | <u>\$ 16,336,161</u> |

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 | | | |
|----------------------------------------------------------|--------------------|---------------------|---------------------|--------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Revenues | | | | |
| Taxes | \$ 7,138,718 | \$ 7,635,725 | \$ 7,663,371 | \$ 7,957,791 |
| Licenses and permits | 275,418 | 312,958 | 342,797 | 280,282 |
| Intergovernmental | 8,527,227 | 6,861,436 | 9,739,172 | 6,886,655 |
| Charges for services | 901,680 | 917,164 | 830,200 | 1,028,636 |
| Fines and forfeits | 91,531 | 98,138 | 100,990 | 97,655 |
| Special assessments | 1,404,829 | 1,562,614 | 1,696,849 | 1,659,298 |
| Interest on investments | (643,670) | 764,369 | 392,003 | 331,854 |
| Interest on loans | 15,417 | 11,128 | 5,408 | 1,078 |
| Miscellaneous | 421,429 | 225,975 | 234,395 | 282,580 |
| Total revenues | <u>18,132,579</u> | <u>18,389,507</u> | <u>21,005,185</u> | <u>18,525,829</u> |
| Expenditures | | | | |
| General government | 1,684,862 | 1,868,185 | 1,701,942 | 1,859,435 |
| Public safety | 5,592,068 | 6,119,229 | 5,849,404 | 6,016,086 |
| Public works | 2,206,692 | 2,809,929 | 2,635,489 | 2,468,244 |
| Culture and recreation | 3,129,911 | 3,205,489 | 3,356,548 | 3,282,690 |
| Airport | - | 130,705 | 136,980 | 306,591 |
| Community development | 257,726 | 306,163 | 193,453 | 416,995 |
| Capital outlay | 8,501,482 | 3,729,085 | 8,786,119 | 6,612,275 |
| Debt service | | | | |
| Principal | 1,429,483 | 1,619,483 | 2,114,000 | 2,400,000 |
| Interest and fiscal charges | 333,284 | 439,025 | 382,836 | 508,374 |
| Total expenditures | <u>23,135,508</u> | <u>20,227,293</u> | <u>25,156,771</u> | <u>23,870,690</u> |
| Deficiency of revenues under expenditures | <u>(5,002,929)</u> | <u>(1,837,786)</u> | <u>(4,151,586)</u> | <u>(5,344,861)</u> |
| Other financing sources (uses) | | | | |
| Bond issued | 5,335,000 | 3,005,000 | 4,900,000 | 3,510,000 |
| Refunding bond issued | - | 1,835,000 | - | - |
| Principal paid on refunded bonds | - | (1,835,000) | - | - |
| Premium on bonds issued | - | - | - | - |
| Sale of capital assets | - | 8,159 | 51,070 | 56,707 |
| Contribution for senior center | - | 202,396 | - | - |
| Payment to refunding agent | - | - | - | 209,800 |
| Transfer out | (1,732,979) | (11,211,407) | (4,121,500) | (1,821,366) |
| Transfer in | 1,521,078 | 13,082,227 | 5,649,563 | 3,525,186 |
| Total other financing sources (uses) | <u>5,123,099</u> | <u>5,086,375</u> | <u>6,479,133</u> | <u>5,480,327</u> |
| Net change in fund balances | <u>\$ 120,170</u> | <u>\$ 3,248,589</u> | <u>\$ 2,327,547</u> | <u>\$ 135,466</u> |
| Debt service as a percentage of non capital expenditures | 11.85% | 12.44% | 15.19% | 17.15% |

Table 4

| Fiscal Year | | | | | |
|--------------|--------------|----------------|--------------|--------------|----------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 8,286,427 | \$ 8,541,532 | \$ 8,351,045 | \$ 8,638,196 | \$ 8,776,541 | \$ 9,445,104 |
| 296,467 | 328,177 | 311,538 | 294,938 | 336,338 | 367,084 |
| 8,481,280 | 9,551,765 | 7,452,543 | 9,024,657 | 9,390,216 | 13,993,457 |
| 877,925 | 1,056,646 | 1,175,316 | 873,804 | 1,021,910 | 1,010,725 |
| 100,315 | 105,300 | 116,077 | 70,336 | 109,827 | 102,678 |
| 1,725,872 | 1,702,227 | 1,571,186 | 1,478,069 | 1,518,488 | 1,380,624 |
| 387,807 | 413,355 | 980,692 | 594,207 | (79,900) | (784,489) |
| 1,827 | 7,761 | 24,640 | 25,331 | 28,081 | 19,486 |
| 468,774 | 266,724 | 199,793 | 78,388 | 115,952 | 103,794 |
| 20,626,694 | 21,973,487 | 20,182,830 | 21,077,926 | 21,217,453 | 25,638,463 |
| 1,930,519 | 1,997,162 | 2,152,625 | 2,087,627 | 2,101,907 | 2,152,786 |
| 6,333,491 | 6,771,675 | 6,481,734 | 6,651,818 | 7,191,519 | 7,526,368 |
| 2,437,700 | 3,147,116 | 3,170,733 | 2,978,719 | 3,187,706 | 3,352,909 |
| 3,374,156 | 3,471,282 | 3,585,183 | 3,071,308 | 3,304,307 | 3,604,036 |
| 227,124 | 205,596 | 173,816 | 236,389 | 248,802 | 189,569 |
| 731,839 | 301,095 | 409,751 | 569,302 | 1,681,486 | 1,697,679 |
| 6,758,610 | 7,117,729 | 11,586,282 | 7,052,832 | 3,755,120 | 11,018,356 |
| 2,639,510 | 2,828,875 | 2,810,156 | 2,749,931 | 2,900,115 | 2,886,068 |
| 532,519 | 571,309 | 604,575 | 629,322 | 629,786 | 587,601 |
| 24,965,468 | 26,411,839 | 30,974,855 | 26,027,248 | 25,000,748 | 33,015,372 |
| (4,338,774) | (4,438,352) | (10,792,025) | (4,949,322) | (3,783,295) | (7,376,909) |
| 2,275,000 | 2,430,000 | 2,565,000 | 2,575,000 | 1,790,000 | 3,195,000 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 49,409 | 291,086 | 282,621 | 76,639 | 153,474 |
| 33,956 | 88,996 | 31,369 | 197,265 | 132,802 | 124,781 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| (4,919,775) | (3,626,190) | (2,065,268) | (3,982,595) | (3,066,311) | (3,125,810) |
| 6,833,719 | 5,614,074 | 4,300,786 | 6,243,095 | 5,288,311 | 5,409,810 |
| 4,222,900 | 4,556,289 | 5,122,973 | 5,315,386 | 4,221,441 | 5,757,255 |
| \$ (115,874) | \$ 117,937 | \$ (5,669,052) | \$ 366,064 | \$ 438,146 | \$ (1,619,654) |
| 17.51% | 18.11% | 17.79% | 17.75% | 17.96% | 14.98% |

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

| | Fiscal Year | | | |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| General government | \$ 126,519 | \$ 131,199 | \$ 91,998 | \$ 100,449 |
| Culture and recreation | 540,628 | 659,180 | 547,688 | 593,500 |
| Other activities | 671,474 | 948,089 | 896,380 | 955,216 |
| Operating grants and contributions | 766,247 | 551,154 | 604,428 | 613,416 |
| Capital grants and contributions | 5,685,443 | 2,353,280 | 5,239,394 | 4,749,991 |
| Total governmental activities | | | | |
| program revenue | <u>7,790,311</u> | <u>4,642,902</u> | <u>7,379,888</u> | <u>7,012,572</u> |
| Business-type activities | | | | |
| Charges for services | | | | |
| Water | 2,150,345 | 2,363,536 | 2,538,061 | 2,778,218 |
| Sewer | 3,753,107 | 4,465,989 | 4,534,385 | 4,230,589 |
| Other Activities | 256,524 | 215,350 | 178,641 | 164,168 |
| Operating grants and contributions | - | - | - | 2,620 |
| Capital grants and contributions | 209,670 | 37,807 | 192,197 | 59,774 |
| Total business-type activities | | | | |
| program revenue | <u>6,369,646</u> | <u>7,082,682</u> | <u>7,443,284</u> | <u>7,235,369</u> |
| Total program revenues | <u>\$ 14,159,957</u> | <u>\$ 11,725,584</u> | <u>\$ 14,823,172</u> | <u>\$ 14,247,941</u> |
| Expenses | | | | |
| Governmental activities | | | | |
| General government | \$ 1,946,733 | \$ 2,066,221 | \$ 1,735,013 | \$ 2,062,534 |
| Public safety | 6,127,434 | 6,282,002 | 6,051,784 | 7,793,711 |
| Public works | 3,695,469 | 4,116,428 | 4,186,823 | 3,448,159 |
| Culture and recreation | 3,792,532 | 3,709,010 | 3,694,414 | 3,614,932 |
| Airport | 562,700 | 608,770 | 546,100 | 578,473 |
| Community development | 295,666 | 405,733 | 506,248 | 1,135,736 |
| Interest on long-term debt | 342,006 | 433,078 | 432,617 | 501,753 |
| Total governmental activities expenses | <u>16,762,540</u> | <u>17,621,242</u> | <u>17,152,999</u> | <u>19,135,298</u> |
| Business-type activities | | | | |
| Water | 1,931,472 | 1,845,736 | 1,628,018 | 1,674,260 |
| Sewer | 3,477,519 | 3,520,744 | 3,677,161 | 3,603,255 |
| Solid waste | 140,180 | 109,784 | 130,506 | 140,752 |
| Parking | 12,258 | 24,363 | 11,368 | 10,861 |
| Utility line protection plan | - | - | - | - |
| Total business-type activities expenses | <u>5,561,429</u> | <u>5,500,627</u> | <u>5,447,053</u> | <u>5,429,128</u> |
| Total expenses | <u>\$ 22,323,969</u> | <u>\$ 23,121,869</u> | <u>\$ 22,600,052</u> | <u>\$ 24,564,426</u> |

Table 5

| Fiscal Year | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 140,139 | \$ 165,619 | \$ 169,971 | \$ 134,210 | \$ 80,273 | \$ 80,038 |
| 672,198 | 599,705 | 561,087 | 318,690 | 513,111 | 526,678 |
| 790,990 | 937,108 | 1,038,574 | 881,717 | 1,000,158 | 910,558 |
| 574,252 | 593,197 | 656,566 | 1,550,687 | 2,330,966 | 1,018,904 |
| 4,013,023 | 5,026,013 | 2,675,884 | 3,004,849 | 3,200,609 | 7,928,692 |
| 6,190,602 | 7,321,642 | 5,102,082 | 5,890,153 | 7,125,117 | 10,464,870 |
| 2,979,526 | 3,172,833 | 3,356,138 | 3,528,741 | 3,793,951 | 3,900,428 |
| 4,250,258 | 4,236,478 | 4,466,819 | 4,462,862 | 4,393,485 | 5,039,665 |
| 159,616 | 183,978 | 162,093 | 176,446 | 207,790 | 356,746 |
| 187 | - | 13,711 | 7,570 | 7,125 | 22,719 |
| 35,686 | 18,034 | 3,118,474 | 249,325 | 22,792 | 32,879 |
| 7,425,273 | 7,611,323 | 11,117,235 | 8,424,944 | 8,425,143 | 9,352,437 |
| \$ 13,615,875 | \$ 14,932,965 | \$ 16,219,317 | \$ 14,315,097 | \$ 15,550,260 | \$ 19,817,307 |
| \$ 2,166,561 | \$ 2,169,413 | \$ 2,466,797 | \$ 2,409,652 | \$ 2,411,478 | \$ 2,574,279 |
| 6,989,633 | 6,983,401 | 6,853,580 | 7,110,586 | 6,951,984 | 8,643,912 |
| 3,420,520 | 4,012,349 | 4,858,591 | 4,783,978 | 3,536,516 | 6,767,143 |
| 4,006,557 | 3,631,330 | 4,219,744 | 3,622,589 | 3,760,769 | 4,425,231 |
| 1,125,612 | 620,411 | 719,033 | 838,465 | 930,211 | 661,675 |
| 803,201 | 449,376 | 597,661 | 741,140 | 1,810,521 | 1,838,469 |
| 525,704 | 564,742 | 597,515 | 681,353 | 467,067 | 533,935 |
| 19,037,788 | 18,431,022 | 20,312,921 | 20,187,763 | 19,868,546 | 25,444,644 |
| 1,673,215 | 1,904,474 | 1,746,635 | 1,769,325 | 1,865,980 | 2,085,679 |
| 3,540,898 | 4,118,407 | 4,116,664 | 4,233,447 | 4,039,871 | 4,102,829 |
| 145,871 | 104,009 | 138,355 | 142,238 | 158,194 | 145,871 |
| - | - | - | - | - | - |
| - | - | - | - | - | 158,112 |
| 5,359,984 | 6,126,890 | 6,001,654 | 6,145,010 | 6,064,045 | 6,492,491 |
| \$ 24,397,772 | \$ 24,557,912 | \$ 26,314,575 | \$ 26,332,773 | \$ 25,932,591 | \$ 31,937,135 |

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 |
|----------------|-------------------|--------------------|------------------|----------------|--------------|
| 2013 | \$ 5,538,047 | \$ 1,472,616 | \$ 12,965 | \$ 157,535 | \$ 7,181,163 |
| 2014 | 5,816,826 | 1,501,681 | 10,651 | 265,279 | 7,594,437 |
| 2015 | 6,053,568 | 1,454,231 | 11,014 | 133,114 | 7,651,927 |
| 2016 | 6,188,724 | 1,591,773 | 11,409 | 125,907 | 7,917,813 |
| 2017 | 6,326,891 | 1,648,034 | 11,859 | 321,562 | 8,308,346 |
| 2018 | 6,387,647 | 1,787,168 | 11,584 | 355,133 | 8,541,532 |
| 2019 | 6,245,560 | 1,730,997 | 11,624 | 362,864 | 8,351,045 |
| 2020 | 6,588,627 | 1,657,164 | 6,057 | 386,348 | 8,638,196 |
| 2021 | 6,719,318 | 1,649,356 | 11,370 | 398,482 | 8,778,526 |
| 2022 | 7,016,229 | 2,023,232 | 13,186 | 353,317 | 9,405,964 |

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

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 |
|-------------------------------------|--------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------|-----------------------------------------------|
| 2013 | \$ 5,463,342 | \$ 5,338,030 | 96.86 % | \$ 125,312 | \$ 5,463,342 | 100.00 % |
| 2014 | 5,831,420 | 5,704,581 | 97.52 | 126,839 | 5,831,151 | 100.00 |
| 2015 | 5,958,550 | 5,879,780 | 97.71 | 78,770 | 5,957,478 | 99.98 |
| 2016 | 6,156,614 | 6,086,218 | 97.82 | 70,396 | 6,153,085 | 99.94 |
| 2017 | 6,236,269 | 6,210,749 | 98.68 | 25,520 | 6,234,808 | 99.98 |
| 2018 | 6,310,770 | 6,199,264 | 98.86 | 111,506 | 6,308,956 | 99.97 |
| 2019 | 6,310,770 | 6,182,403 | 99.59 | 128,367 | 6,300,960 | 99.84 |
| 2020 | 6,520,259 | 6,370,347 | 97.70 | 149,912 | 6,504,224 | 99.75 |
| 2021 | 6,707,233 | 6,544,859 | 97.58 | 162,374 | 6,668,689 | 99.43 |
| 2022 | 6,941,914 | 6,820,799 | 98.26 | 121,115 | 6,820,799 | 98.26 |

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

| <u>Fiscal Year Ended December 31</u> | <u>Current Assessments Due</u> | <u>Current Assessments Collected</u> | <u>Percent Collected</u> | <u>Total Outstanding Delinquent Assessments</u> | <u>Prepayment of Assessments</u> |
|----------------------------------------------|----------------------------------------|----------------------------------------------|------------------------------|-------------------------------------------------------------|------------------------------------------|
| 2013 | \$ 1,000,204 | \$ 1,000,096 | 99.99 % | \$ 60 | \$ 355,235 |
| 2014 | 1,309,516 | 1,309,516 | 100.00 | 59 | 426,843 |
| 2015 | 1,425,096 | 1,425,096 | 100.00 | 135 | 308,792 |
| 2016 | 1,710,255 | 1,709,917 | 99.98 | 542 | 495,935 |
| 2017 | 1,341,595 | 1,340,155 | 99.89 | 1,804 | 277,776 |
| 2018 | 1,389,166 | 1,329,474 | 95.70 | 2,002 | 360,006 |
| 2019 | 1,321,102 | 1,164,591 | 88.15 | 53,493 | 246,620 |
| 2020 | 1,265,153 | 1,232,664 | 97.43 | 14,295 | 217,588 |
| 2021 | 1,150,627 | 1,071,973 | 93.16 | 35,875 | 154,962 |
| 2022 | 1,150,627 | 934,452 | 81.21 | 216,175 | 154,962 |

Note: Certified assessments only.

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

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

| Fiscal Year | Real Property | | Personal Property | |
|----------------------------|-----------------|---------------------------|-------------------|---------------------------|
| Year Ended December 31, | Tax Capacity | Estimated Market Value | Tax Capacity | Estimated Market Value |
| 2013 | \$ 8,955,136 | \$ 860,451,700 | \$ 403,057 | \$ 20,239,900 |
| 2014 | 9,298,274 | 863,696,800 | 479,886 | 24,044,800 |
| 2015 | 9,341,540 | 864,984,200 | 533,759 | 26,775,000 |
| 2016 | 9,705,164 | 897,229,600 | 447,095 | 22,441,800 |
| 2017 | 9,711,367 | 901,900,200 | 306,371 | 15,368,100 |
| 2018 | 10,206,037 | 950,539,500 | 310,773 | 15,588,200 |
| 2019 | 10,881,784 | 1,018,997,000 | 285,044 | 14,268,000 |
| 2020 | 11,111,511 | 1,040,769,500 | 326,642 | 16,341,200 |
| 2021 | 11,518,988 | 1,078,331,800 | 210,992 | 10,558,700 |
| 2022 | 14,301,565 | 1,317,774,800 | 252,841 | 12,657,800 |

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

Source: Freeborn County Auditor/Treasurer.

Table 9

| Total | | | | |
|----------|--------------|----------------|---------------|-------------|
| | | Percent of Tax | | |
| | | Capacity to | | Total |
| Tax | Estimated | Estimated | Estimated | |
| Capacity | Market Value | Market Value | Market Value | Direct Rate |
| \$ | 9,358,193 | \$ | 880,691,600 | 1.06 % |
| | 9,778,160 | | 887,741,600 | 62.050 |
| | 9,875,299 | | 891,759,200 | 63.216 |
| | 10,152,259 | | 919,671,400 | 64.322 |
| | 10,017,738 | | 917,268,300 | 63.087 |
| | 10,516,810 | | 966,127,700 | 64.866 |
| | 11,166,828 | | 1,033,265,000 | 61.908 |
| | 11,438,153 | | 1,057,110,700 | 60.064 |
| | 11,729,980 | | 1,088,890,500 | 60.337 |
| | 14,554,406 | | 1,330,432,600 | 60.677 |

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

| Fiscal Year Ended December 31, | Direct Government | | | |
|--------------------------------------|-------------------|--------------------------|----------------------|---------------|
| | Operating Rate | Cap Imp Bonds Rate | PIR Bonds Rate | Total Rate |
| 2013 | 52.809 % | 0.927 % | 6.896 % | 60.632 % |
| 2014 | 50.918 | 0.878 | 10.254 | 62.050 |
| 2015 | 50.795 | 0.000 | 12.421 | 63.216 |
| 2016 | 50.025 | 0.000 | 14.297 | 64.322 |
| 2017 | 48.137 | 0.000 | 14.950 | 63.087 |
| 2018 | 48.910 | 0.000 | 15.956 | 64.866 |
| 2019 | 46.680 | 0.000 | 15.228 | 61.908 |
| 2020 | 43.834 | 0.000 | 16.230 | 60.064 |
| 2021 | 43.414 | 0.000 | 16.923 | 60.337 |
| 2022 | 44.271 | 0.000 | 16.405 | 60.677 |

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

Source: Freeborn County Auditor/Treasurer.

Table 10

| Overlapping Governments | | | Direct and Overlapping Total |
|-------------------------|----------|---------------------|------------------------------------|
| School District | County | Special District | |
| 28.730 % | 59.514 % | 1.996 % | 150.872 % |
| 24.930 | 48.653 | 2.439 | 138.072 |
| 24.948 | 48.598 | 2.401 | 139.163 |
| 24.842 | 53.931 | 2.419 | 145.514 |
| 25.241 | 55.084 | 2.357 | 145.769 |
| 27.113 | 59.057 | 3.257 | 154.293 |
| 27.372 | 59.697 | 3.140 | 152.117 |
| 27.749 | 62.573 | 3.024 | 153.410 |
| 27.344 | 63.737 | 2.972 | 154.390 |
| 25.869 | 63.069 | 3.015 | 152.630 |

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

| Taxpayer | Business Type | 2022 | | |
|-------------------------------|-------------------------|-------------------------|------|--------------------------------------------|
| | | Taxable Market Value | Rank | Percentage of Total Market Valuation |
| Vortex Cold Storage LLC | Warehouse | \$ 11,361,600 | 1 | 0.95 % |
| Wal-Mart Real Estate Business | Retail | 8,176,600 | 2 | 0.69 |
| St John's Lutheran Home | Healthcare | 8,176,600 | 3 | 0.69 |
| Saint Paul Properties | Industrial | 7,698,400 | 4 | 0.65 |
| Minnesota Energy Resources | Utility | 7,467,100 | 5 | 0.63 |
| Freeborn Mower Electric Co-op | Utility | 6,957,300 | 6 | 0.58 |
| Pratt Properties II, LLC | Corrugated Box | 5,561,500 | 7 | 0.47 |
| Albert Lea Port Authority | Economic Development | 5,384,300 | 8 | 0.45 |
| Larson Manufacturing Company | Manufacturing | 5,291,500 | 9 | 0.44 |
| Home Depot USA | Retail | 4,857,500 | 10 | 0.41 |
| ITC Midwest, LLC | Utility | - | - | - |
| Trailside Apartments | Housing | - | - | - |
| Interstate Power Company | Utility | - | - | - |
| Continental Albert Lea LLP | Warehouse | - | - | - |
| MCB Properties, LTD | Corrugated Box | - | - | - |
| Carrington Family Trust | Commercial Land & Bldgs | - | - | - |
| Mayo Clinic Health Systems | Healthcare | - | - | - |
| E. Family C | Office Park | - | - | - |
| Trails Truck & Travel Plaza | Travel Center | - | - | - |
| Total | | <u>\$ 70,932,400</u> | | <u>5.96 %</u> |

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

Table 11

| 2013 | | |
|----------------------|------|--------------------------------------|
| Market Value | Rank | Percentage of Total Market Valuation |
| \$ - | - | - % |
| 5,510,950 | 2 | 0.62 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| 2,847,650 | 10 | 0.32 |
| - | - | - |
| 3,435,200 | 6 | 0.39 |
| - | - | - |
| - | - | - |
| 18,159,250 | 1 | 2.04 |
| 5,466,100 | 3 | 0.61 |
| 5,409,600 | 4 | 0.61 |
| 4,041,500 | 5 | 0.45 |
| 3,330,500 | 7 | 0.37 |
| 3,242,250 | 8 | 0.36 |
| 2,865,900 | 9 | 0.32 |
| <u>\$ 54,308,900</u> | | <u>6.09 %</u> |

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

| Fiscal Year | Governmental Activities | | | | |
|----------------|-------------------------|-----------------------|------------------|---------------------------|------------------------------------|
| | General | G.O. Tax Increment | Notes Payable | Equipment Certificates | Special Assessment Bonds (2) |
| | Obligation | | | | |
| | Armory Bonds | | | | |
| 2013 | \$ - | \$ - | \$ 68,483 | \$ - | \$ 16,069,063 |
| 2014 | - | - | 24,000 | 1,120,000 | 16,370,013 |
| 2015 | - | - | - | 1,075,000 | 19,217,067 |
| 2016 | - | - | - | 940,000 | 20,454,119 |
| 2017 | - | - | - | 805,000 | 20,231,167 |
| 2018 | - | - | - | 660,000 | 20,025,553 |
| 2019 | - | - | 163,700 | 700,000 | 20,034,497 |
| 2020 | - | - | 148,769 | 555,000 | 20,261,683 |
| 2021 | - | - | 133,654 | 405,000 | 19,327,762 |
| 2022 | - | - | 117,585 | 250,000 | 19,889,805 |

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

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

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

Table 12

| Business Type Activities | | | | | |
|------------------------------------|---------------------------|--------------|--------------------------------|-------------------------------------|-------------------|
| G.O. Water Revenue Bonds (2) | Equipment Certificates | PFA Loans | Total Primary Government | Percentage of Personal Income | Per Capita (1) |
| \$ 1,556,132 | \$ - | \$ - | \$ 17,693,678 | 2.37 % | \$ 985 |
| 1,411,124 | 315,000 | - | 19,240,137 | 2.71 | 1,071 |
| 1,252,353 | 290,000 | - | 21,834,420 | 3.01 | 1,217 |
| 1,078,284 | 255,000 | - | 22,727,403 | 3.17 | 1,270 |
| 910,669 | 220,000 | - | 22,166,836 | 2.92 | 1,228 |
| 733,055 | 185,000 | - | 21,603,608 | 2.75 | 1,198 |
| 555,440 | 150,000 | 1,214,286 | 22,817,923 | 2.82 | 1,256 |
| 2,886,730 | 115,000 | 1,162,783 | 25,129,965 | 2.92 | 1,386 |
| 10,499,445 | 80,000 | 1,228,465 | 31,674,326 | 3.73 | 1,713 |
| 12,040,697 | 40,000 | 1,179,000 | 33,517,087 | 3.59 | 1,831 |



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

Table 13

| <u>Fiscal Year</u> | <u>Gross Bonded Debt (1)</u> | <u>Less Debt Service Funds (2)</u> | <u>Net Bonded Debt</u> | <u>Ratio on Net Bonded Debt to Capacity (3)</u> | <u>Net Bonded Debt per Capita (3)</u> |
|------------------------|----------------------------------|----------------------------------------|----------------------------|-------------------------------------------------------------|-----------------------------------------------|
| 2013 | \$ 17,693,678 | \$ (8,020,978) | \$ 9,672,700 | 103.36% | \$ 539 |
| 2014 | 19,240,137 | (8,246,744) | 10,993,393 | 112.43% | 612 |
| 2015 | 21,834,420 | (8,408,322) | 13,426,098 | 135.96% | 748 |
| 2016 | 22,727,403 | (11,673,438) | 11,053,965 | 108.88% | 618 |
| 2017 | 22,166,836 | (12,652,707) | 9,514,129 | 94.97% | 527 |
| 2018 | 21,603,608 | (11,677,676) | 9,925,932 | 94.38% | 550 |
| 2019 | 22,817,923 | (13,519,419) | 9,298,504 | 83.27% | 512 |
| 2020 | 25,129,965 | (13,527,062) | 11,602,903 | 101.44% | 640 |
| 2021 | 30,445,861 | (13,676,863) | 16,768,998 | 142.96% | 907 |
| 2022 | 32,338,087 | (13,283,697) | 19,054,390 | 130.92% | 1,041 |

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

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

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

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

| | Fiscal Year | | | |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2013 | 2014 | 2015 | 2016 |
| Debt Limit | \$ 26,420,748 | \$ 26,632,248 | \$ 26,752,776 | \$ 27,590,142 |
| Total net debt applicable to limit | - | 1,190,858 | 1,163,189 | 944,521 |
| Legal debt margin | <u>\$ 26,420,748</u> | <u>\$ 25,441,390</u> | <u>\$ 25,589,587</u> | <u>\$ 26,645,621</u> |
| Total net debt applicable to the limit as a percentage of debt limit | - | 4.47% | 4.35% | 3.42% |

Legal Debt Margin Calculation for Fiscal Year

Estimated Taxable Market Value

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

Legal Debt Margin

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

Table 14

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|
| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| \$ 27,518,049 | \$ 26,752,776 | \$ 27,590,142 | \$ 28,983,831 | \$ 32,666,715 | \$ 39,912,978 |
| 879,593 | 692,982 | 690,940 | 670,000 | 485,000 | 290,000 |
| <u>\$ 26,638,456</u> | <u>\$ 26,059,794</u> | <u>\$ 26,899,202</u> | <u>\$ 28,313,831</u> | <u>\$ 32,181,715</u> | <u>\$ 39,622,978</u> |
| 3.20% | 2.59% | 2.50% | 2.31% | 1.48% | 0.73% |
| | | | | | <u>\$ 1,330,432,600</u> |
| | | | | | <u>\$ 39,912,978</u> |
| | | | | | <u>\$ 39,912,978</u> |

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

Table 15

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to City of Albert Lea | City of Albert Lea's Share of the Debt |
|-----------------------------------|-------------------------|---------------------------------------------------|----------------------------------------------|
| Direct | | | |
| City of Albert Lea | \$ 20,257,390 | 100.00 % | \$ 20,257,390 |
| Overlapping | | | |
| School District #241 | 35,958,932 | 43.10 | 15,498,470 |
| County of Freeborn | 11,500,000 | 22.30 | 2,564,965 |
| Shell Rock River Watershed | 1,220,392 | 22.59 | 275,742 |
| Total overlapping debt | | | 18,339,177 |
| Total direct and overlapping debt | | | \$ 38,596,567 |

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

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

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

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

Table 16

| Fiscal Year | Gross Revenue | Operating Expense | Net Revenue Available for Debt Service | Debt Service Requirements | | Total | Coverage |
|----------------|------------------|----------------------|----------------------------------------------|---------------------------|-----------|------------|----------|
| | | | | Principal | Interest | | |
| 2013 | \$ 2,121,488 | \$ 1,513,354 | \$ 608,134 | \$ 150,000 | \$ 56,698 | \$ 206,698 | 2.94 % |
| 2014 | 2,334,575 | 1,524,685 | 809,890 | 155,000 | 54,972 | 209,972 | 3.86 |
| 2015 | 2,510,268 | 1,301,217 | 1,209,051 | 185,000 | 54,059 | 239,059 | 5.06 |
| 2016 | 2,729,257 | 1,344,681 | 1,384,576 | 205,000 | 54,362 | 259,362 | 5.34 |
| 2017 | 2,929,831 | 1,347,363 | 1,582,468 | 205,000 | 44,249 | 249,249 | 6.35 |
| 2018 | 3,120,669 | 1,541,431 | 1,579,238 | 215,000 | 34,284 | 249,284 | 6.34 |
| 2019 | 3,321,001 | 1,358,060 | 1,962,941 | 223,767 | 28,929 | 252,696 | 7.77 |
| 2020 | 3,491,601 | 1,332,705 | 2,158,896 | 118,666 | 50,942 | 169,608 | 12.73 |
| 2021 | 3,754,751 | 1,380,451 | 2,374,300 | 246,000 | 195,651 | 441,651 | 5.38 |
| 2022 | 3,862,862 | 1,467,465 | 2,395,397 | 242,196 | 152,740 | 394,936 | 6.07 |

Gross revenues include all revenues from operations and interest.

Operating expense includes the cost of operations excluding depreciation expense.

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

Table 17

| Fiscal Year | Gross Revenue | Operating Expense | Net Revenue Available for Debt Service | Debt Service Requirements | | Total | Coverage |
|----------------|------------------|----------------------|----------------------------------------------|---------------------------|----------|---------|----------|
| | | | | Principal | Interest | | |
| 2013 | \$ 3,308,937 | \$ 2,473,664 | \$ 835,273 | \$ - | \$ - | \$ - | 100.00 % |
| 2014 | 4,465,898 | 2,495,649 | 1,970,249 | - | - | - | 100.00 |
| 2015 | 4,534,385 | 2,564,397 | 1,969,988 | - | - | - | 100.00 |
| 2016 | 4,230,589 | 2,462,142 | 1,768,447 | - | - | - | 100.00 |
| 2017 | 4,250,258 | 2,361,015 | 1,889,243 | - | - | - | 100.00 |
| 2018 | 4,213,234 | 2,874,193 | 1,339,041 | - | - | - | 100.00 |
| 2019 | 4,450,023 | 2,867,173 | 1,582,850 | 20,297 | 4,337 | 24,634 | 100.00 |
| 2020 | 4,446,636 | 2,969,112 | 1,477,524 | 111,000 | 8,267 | 119,267 | 12.39 |
| 2021 | 4,374,686 | 2,725,514 | 1,649,172 | 39,000 | 17,941 | 56,941 | 28.96 |
| 2022 | 5,015,365 | 2,763,889 | 2,251,476 | 107,383 | 10,339 | 117,722 | 19.13 |

Gross revenues include all revenues from operations.

Operating expense includes the cost of operations excluding depreciation expense.

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

Table 18

| Year | Population (1) | Personal Income (2) | Median Household Income (3) | School Enrollment (4) | Unemployment Rate (5) |
|------|----------------|------------------------|--------------------------------|--------------------------|--------------------------|
| 2013 | 17,957 | \$ 745,484,855 | \$ 41,515 | 3,294 | 6 % |
| 2014 | 17,957 | 710,666,232 | 39,576 | 3,217 | 4.5 |
| 2015 | 17,945 | 724,511,430 | 40,374 | 3,323 | 4.7 |
| 2016 | 17,899 | 716,622,263 | 40,037 | 3,397 | 3.3 |
| 2017 | 18,045 | 760,199,760 | 42,128 | 3,423 | 4.7 |
| 2018 | 18,032 | 784,969,024 | 43,532 | 3,535 | 3.9 |
| 2019 | 18,165 | 808,578,645 | 44,513 | 3,595 | 3.7 |
| 2020 | 18,132 | 861,415,056 | 47,508 | 3,572 | 4.1 |
| 2021 | 18,492 | 849,319,068 | 45,929 | 3,572 | 2.9 |
| 2022 | 18,301 | 934,211,147 | 51,047 | 3,460 | 3.1 |

Source:

(1) State demographer estimate.

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

(3) US Census Bureau.

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

(5) MN DEED (Freeborn County).



City of Albert Lea, Minnesota
Statistical Section (Unaudited)
Top 10 Water System Customers
(by Units of Consumption as of December 31, 2022)

Table 19

| | | Consumption in Cubic Feet for 12 months ended 12/31/22 | Percent of Total Consumption |
|---------------------------------------|-----------------|-----------------------------------------------------------------|------------------------------------|
| Mrs. Gerry's Kitchen | Industrial | 8,941,034 | 9.3 % |
| Cargill Meat Solution Corporation | Industrial | 8,199,224 | 8.5 |
| Hormel Albert Lea Select Foods | Industrial | 5,815,274 | 6.0 |
| Ventura Foods LLC | Industrial | 2,859,008 | 3.0 |
| AmTech Ingredients, LLC | Industrial | 1,591,956 | 1.6 |
| Mayo Clinic Health Systems Albert Lea | Clinic/Hospital | 1,382,916 | 1.4 |
| Stoney Creek Estates | Commercial | 987,722 | 1.0 |
| St John's Campus | Clinic/Hospital | 974,845 | 1.0 |
| Prairie Resources | Senior Housing | 921,647 | 1.0 |
| Albert Lea Electro Plating Inc | Industrial | 908,393 | 0.9 |

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

Source: City utility data.

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

| Employer | Business Type | 2022 | | |
|-----------------------------------------|-------------------------------|------------------------|------|--------------------------------------|
| | | Number of Employees | Rank | Percent of Total City Employee |
| Mayo Clinic Health Systems - Albert Lea | Medical | 1,200 | 1 | 10.36 % |
| Albert Lea Area Schools | Education (Pre K-12) | 684 | 2 | 5.90 |
| Albert Lea Select Foods | Pork Processing | 448 | 3 | 3.87 |
| Lou-Rich, Inc | Manufacturing | 393 | 4 | 3.39 |
| Freeborn County | County Government | 336 | 5 | 2.90 |
| Cargill Incorporated | Agribusiness | 320 | 6 | 2.76 |
| St. John's Lutheran Home | Nursing Home, Assisted Living | 300 | 7 | 2.59 |
| Wal-Mart | Discount retail | 285 | 8 | 2.46 |
| City of Albert Lea | City Government | 280 | 9 | 2.42 |
| Hy-Vee Food Store | Grocery | 200 | 10 | 1.73 |
| Riverland Community College | Post-Secondary Education | - | - | - |
| Good Samaritan Center | Nursing Home, Assisted Living | - | - | - |
| Total | | 4,446 | | 38.38 % |

Table 20

| 2013 | | |
|------------------------|------|--------------------------------------|
| Number of Employees | Rank | Percent of Total City Employee |
| 1,230 | 1 | 7.58 % |
| 482 | 2 | 2.97 |
| 387 | 3 | 2.38 |
| 250 | 9 | 1.54 |
| 281 | 6 | 1.73 |
| 278 | 8 | 1.71 |
| 280 | 7 | 1.73 |
| 285 | 5 | 1.76 |
| - | - | - |
| - | - | - |
| 296 | 4 | 1.82 |
| 240 | 10 | 1.48 |
| <u>4,009</u> | | <u>24.70 %</u> |

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

| Function | Fiscal Year | | | | | |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Government | | | | | | |
| Administration | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Human resources | 1.00 | 1.00 | 1.50 | 1.50 | 1.50 | 1.50 |
| Finance | 5.00 | 5.00 | 4.50 | 4.00 | 4.50 | 4.50 |
| Legal | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Public information | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Planning | - | - | - | - | - | - |
| City Center | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Police | | | | | | |
| Sworn officers | 26.00 | 26.00 | 26.50 | 26.50 | 26.50 | 26.50 |
| Other | 14.60 | 14.60 | 2.50 | 2.50 | 2.90 | 2.90 |
| Fire and Inspection | | | | | | |
| Fire | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 | 16.50 |
| Inspection | 3.00 | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 |
| Public Works | | | | | | |
| Engineering | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 |
| Street and garage | 12.00 | 12.00 | 12.00 | 12.00 | 12.34 | 12.59 |
| Water | 10.00 | 10.00 | 9.00 | 9.00 | 9.33 | 9.58 |
| Sewer | 13.50 | 13.50 | 13.50 | 13.50 | 13.83 | 14.08 |
| Solid waste management | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Parks and Recreation | | | | | | |
| Recreation | 2.85 | 2.85 | 2.85 | 2.85 | 2.85 | 2.35 |
| Swimming | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| Senior citizen center | 1.20 | 1.20 | 1.50 | 1.50 | 1.50 | 1.50 |
| Arena | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.50 |
| Parks | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 9.25 |
| Library | 10.30 | 10.30 | 11.50 | 12.70 | 12.70 | 13.70 |
| Community Development | - | - | - | - | - | - |
| Total employees | <u>151.48</u> | <u>140.67</u> | <u>141.22</u> | <u>140.95</u> | <u>140.50</u> | <u>140.50</u> |

Source: 2022 Budget

Table 21

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

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

| | Fiscal Year | | | | |
|--------------------------------------------------------|-------------|--------|--------|--------|--------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Function | | | | | |
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 18 | 18 | 18 | 18 | 18 |
| Fire Station | 1 | 1 | 1 | 1 | 1 |
| Streets | | | | | |
| Streets (miles) | 138.22 | 138.22 | 138.22 | 138.22 | 138.22 |
| Streetlights | 1,847 | 1,862 | 1,862 | 1,862 | 1,862 |
| Parks and Recreation | | | | | |
| Arena | 1 | 1 | 1 | 1 | 1 |
| Civic theater | 1 | 1 | 1 | 1 | 1 |
| Senior citizen center | 1 | 1 | 1 | 1 | 1 |
| Softball fields | 5 | 5 | 5 | 5 | 5 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 |
| Splash pad | - | - | - | - | 1 |
| Tennis courts | 3 | 3 | 3 | 3 | 3 |
| Parks acreage | 432 | 432 | 432 | 432 | 432 |
| Parks | 44 | 44 | 44 | 44 | 44 |
| Water | | | | | |
| Storage capacity (millions of gallons) | 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| Watermains (miles) | 115.78 | 115.78 | 115.78 | 115.78 | 115.78 |
| Pumping plants | 4 | 4 | 4 | 4 | 4 |
| Fire hydrants | 1,156 | 1,156 | 1,156 | 1,156 | 1,156 |
| Sewer | | | | | |
| Sanitary sewers (miles) | 109.73 | 109.73 | 109.73 | 109.73 | 109.73 |
| Storm sewers (miles) | 58.59 | 58.59 | 58.59 | 58.59 | 58.59 |
| Maximum daily treatment capacity (millions of gallons) | 12.5 | 12.5 | 12.5 | 12.5 | 12.5 |

Table 22

| Fiscal Year | | | | |
|-------------|--------|--------|--------|--------|
| 2018 | 2019 | 2020 | 2021 | 2022 |
| 1 | 1 | 1 | 1 | 1 |
| 18 | 18 | 18 | 18 | 18 |
| 1 | 1 | 1 | 1 | 1 |
| 138.22 | 138.22 | 138.22 | 138.22 | 138.22 |
| 1,862 | 1,869 | 1,870 | 1,870 | 1,870 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 5 | 5 | 5 | 5 | 5 |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 7 | 7 | 7 |
| 432 | 432 | 432 | 432 | 432 |
| 44 | 44 | 44 | 44 | 44 |
| 2.4 | 2.4 | 2.4 | 2.4 | 2.4 |
| 115.78 | 117.15 | 117.15 | 117.15 | 117.15 |
| 4 | 4 | 4 | 4 | 4 |
| 1,156 | 1,169 | 1,169 | 1,169 | 1,169 |
| 109.73 | 111.33 | 111.33 | 111.33 | 111.33 |
| 58.59 | 58.59 | 58.59 | 58.59 | 58.59 |
| 12.5 | 12.5 | 12.5 | 12.5 | 12.5 |

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

| | Fiscal Year | | | | | |
|---------------------------------------------------------|-------------|-------|-------|-------|-------|-------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Police | | | | | | |
| Class I crimes | 500 | 426 | 406 | 347 | 433 | 496 |
| Class II crimes | 648 | 644 | 599 | 571 | 372 | 624 |
| Fire | | | | | | |
| Number of calls answered | 700 | 803 | 2,084 | 2,143 | 2,091 | 2,271 |
| Inspections | 195 | 195 | 388 | 437 | 395 | 610 |
| Highways and Streets | | | | | | |
| Street resurfacing (miles) | 3.11 | 5.52 | 1.43 | 5.19 | 3.35 | 4.51 |
| Culture and recreation | | | | | | |
| Boat dock permits | 249 | 242 | 257 | 265 | 262 | 266 |
| Park facility rentals | 331 | 331 | 341 | 311 | 343 | 340 |
| Water | | | | | | |
| New connections | 17 | 11 | 17 | 19 | 10 | 20 |
| Watermain breaks | 38 | 46 | 28 | 26 | 39 | 59 |
| Average daily consumptions (thousand of gallons) | 3,075 | 3,208 | 3,073 | 2,930 | 2,853 | 2,753 |
| Wastewater | | | | | | |
| Average daily sewage treatment (thousand of gallons) | 3,683 | 3,718 | 3,615 | 4,376 | 3,654 | 3,630 |

Table 23

| Fiscal Year | | | |
|-------------|-------|-------|-------|
| 2019 | 2020 | 2021 | 2022 |
| 551 | 522 | 485 | 352 |
| 678 | 708 | 693 | 766 |
| 2,404 | 2,445 | 2,656 | 2,888 |
| 1,052 | 473 | 155 | 558 |
| 2.19 | 3.23 | 2.19 | 3.89 |
| 269 | 271 | 279 | 275 |
| 383 | 7 | 339 | 327 |
| 68 | 38 | 20 | 16 |
| 38 | 40 | 41 | 36 |
| 5,501 | 2,548 | 2,566 | 2,434 |
| 4,853 | 3,216 | 2,947 | 2,615 |