



# FREEBORN COUNTY

*Minnesota*

**Comprehensive Annual Financial Report  
For the Year Ending December 31, 2016**



**FREEBORN COUNTY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**

**Prepared by: Freeborn County Administration**

**Freeborn County**  
**Albert Lea, Minnesota**  
**(507) 377-5116**

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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## **INTRODUCTORY SECTION**



County Administration - Government Center  
411 So. Broadway, P.O. Box 1147, Albert Lea, Minnesota 56007-1147

507/377-5116  
Fax 507/377-5109

Date: June 16, 2017

To: The Citizens of Freeborn County, Minnesota  
The Freeborn County Board of Commissioners  
Interested Agencies and Institutions

The Finance Department is pleased to present Freeborn County's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This report was prepared by the Finance Department with much assistance from various departmental accounting staff throughout Freeborn County in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board. The responsibility for both the accuracy of the presented data and the completeness and fairness of this presentation rests with Freeborn County management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and reported in a manner designed to fairly present the financial position and results of operations of the various funds of the County and have earned an unmodified opinion from our auditors. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Freeborn County's MD&A can be found immediately following the independent auditor's report.

The County is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB) setting forth the audit requirements for State and Local governments receiving federal assistance.

#### GENERAL COUNTY INFORMATION

Freeborn County was founded in 1855 as a county in the State of Minnesota. It is located in Southcentral Minnesota about 90 miles south of Minneapolis and St. Paul. The County consists of 722 square miles and includes 19 cities and 20 townships with 4 unincorporated communities. The most recent population estimate for the county is 30,613. The County seat, Albert Lea, is located at the junction of Interstate 90 and Interstate 35 and holds about 57% of the County's population.

#### GOVERNMENTAL ORGANIZATION AND SERVICES

Freeborn County operates under a five-member Board of Commissioners elected from five districts in the County. All commissioners serve overlapping four-year terms of office. Each member of the board serves on various committees.

The Board appoints the County Administrator, whose term is indefinite. He/She is responsible for the administration of Board policy and the management of the various County departments.

The County's functions and employees are divided among 17 departments. Four of these departments, Attorney, Auditor/Treasurer, Recorder, and Sheriff are headed by department heads who are elected into office. The remaining department heads are appointed by the Board of Commissioners.

The County provides a full range of services. These services include health and social services, tax assessment and collection, veteran services, property valuation assessment, judicial, law enforcement and detention center services, the construction and maintenance of highways and infrastructure, recreational facilities, agricultural extension services, planning and zoning, and general administrative services.

## ECONOMIC CONDITION AND OUTLOOK

The economic condition and outlook for Freeborn County appears to be stable and should continue to be in the future. This is reflected in the annual comment by Moody's Investor Services in November, 2016. This comment stated that the "position of Freeborn County is very strong, and its Aa2 rating is on par with the median rating of Aa2 for US counties. Key credit factors include a robust financial position, and a healthy socioeconomic profile and tax base. It also takes into account a mid-ranged pension burden with a low debt liability."

The County is a strong agricultural based community with long-time standing farms throughout. The County is in its seventh full year of a detention center contract with the United States Immigration and Customs Enforcement (ICE) section of Homeland Security, providing an additional 16 jobs and \$13.7 million in revenue to the County over the past seven years. There are some other factors that show financial stability of the County.

Due to the County's large rural area, it is attractive to renewable energy prospects. This is apparent through a few companies who have decided to locate within the County. One of the projects that have created a positive impact on the County is the Bent Tree Wind Farm development, which provides over a combined million dollars per year to the County and its citizens. Another great impact is the Bio-refining facilities in the area, which have provided stable job opportunities within Freeborn County.

## MAJOR INITIATIVES

### For the Year

Transportation and infrastructure remain a high priority for the County. In 2014, the County adopted a \$10 per year per vehicle wheelage tax to raise revenue for infrastructure improvements. In 2015, the county approved a ½ percent county-wide sales tax which went into effect on January 1, 2016. The revenue from this tax is estimated to be about \$1.3M per year and, with the previously approved wheelage tax, an estimated \$1.6M per year will be raised to fund needed highway maintenance and construction projects in the coming years.

In 2015, the County entered into a contract with the Minnesota Department of Corrections to house inmates. It is estimated that this contract will result in an additional estimated \$400,000 in revenue per year.

In addition to these previous action items which contribute annually to the financial health of the county, adoption of a fund balance policy was completed in 2016. This policy directs that fund balances should be between 35% and 50% of the next years budgeted expense. When a fund balance exceeds 50% of the budgeted expenses Administration will recommend that the balance over 50% be transferred to the Capital Projects Fund for use by the County Commissioners to fund ongoing infrastructure and capital asset needs of the County.

#### For the Future

The Freeborn County Board of Commissioners has recognized the challenges faced by the Affordable Care Act and health care in general. In response, it approved the development of a plan to decrease the costs of health insurance to employees with the help of outside collaboration. This has resulted in a more comprehensive plan design for employees and has increased enrollment in the plan by about 55% over the past three years.

#### FINANCIAL INFORMATION

Freeborn County's strong financial management continues to provide the people of the County with several initiatives designed to enhance its excellent financial position: (1) investing funds not immediately needed for expenditures to maximize not-tax revenue; (2) allocating County resources to those areas that meet community needs as expressed by the Board of Commissioners; (3) closely monitoring expenditures to ensure that activities are carried out within authorized levels; and (4) using advice and recommendations from the general public to improve productivity in the delivery of County services.

#### SINGLE AUDIT

As a recipient of Federal, State and Local financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB) sets forth the audit requirements for State and Local governments receiving federal assistance. It provides for a single independent audit of the financial operations, including compliance with certain provisions of federal law and regulations. The requirements have been established to ensure that audits are made on an organization wide basis rather than a grant-by-grant basis. The grants for which these requirements apply are identified in federal awards schedules issued under a separate report, and included as supplementary information in the Financial Section of this Comprehensive Annual Financial Report.

#### INTERNAL CONTROL

Administration in Freeborn County is responsible for establishing and maintaining internal controls designed to ensure that assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The County's system of internal controls is supported by written policies and procedures, which are continually reviewed, evaluated and modified to meet current needs.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgements by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## BUDGETARY CONTROL

Budgetary control is maintained at the fund level and is subject to periodic review by the County Board. In addition, the County maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget approved by the County's governing body. Activities of the general fund, special revenue funds and debt service fund are included in the annual appropriated budget. According to Minnesota Laws, County governments are required to adopt budgets but are not required to use them as legal limits. The County Board is made aware of all budget variances.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements, presented with the Basic Financial Statements section, are an integral part of this Comprehensive Annual Financial Report and should be read for a fuller understanding of the statements and information presented within. The notes to the required supplementary information other than MD&A are an integral part of the Budgetary Comparison Schedules.

## REVENUE LIMITATIONS

Freeborn County has been and will continue to focus on the social, ecological and financial health of its communities. The County Board has done so through fiscal restraint, exemplary planning and execution of initiatives. The Freeborn County Board of Commissioners has held the levy increase in 2015 and 2016 by 3.4% and 1.99% respectively. Due to the overall tax capacity increase of the County, primarily due to the increased value of agriculture land, the share of County Program Aid issued by the State has been reduced over the past years. To account for this reduction, Freeborn County has carefully planned and executed spending reductions that have offset the reduced state program aid.

## FINANCIAL POLICY

Fund balances of the County operating funds were maintained, in total, at an adequate level for operating reserve purposes for the subsequent year of 2016. Due to the property tax calendar in Minnesota, collections do not come in on an even basis. As a result, the County needs to maintain sufficient balances for cash flow purposes. Because GASB 54 has changed the way available funds for cash flow purposes are to be reported in the financial statements, a separate note has been included in notes to the financial statements (Note 9), describing the amounts necessary for cash flow purposes.

## DEBT ADMINISTRATION

During 2016, the County received an increase from an AA to an Aa2 Standard and Poor's rating. Freeborn County currently utilizes only 15.09% of the total allowable general obligation debt according to Minnesota State Statutes. The notes to the financial statements, as well as the Debt Capacity tables in the Statistical Section explain more fully the debt position and future obligations of the County.

## RISK MANAGEMENT

Currently, the County insures itself through the Minnesota Counties Intergovernmental Trust for property casualty, liability and workers' compensation. The County's Safety Committee meets on a regular basis to help minimize future loss exposure. Note 11 explains the funding and associated risks in further detail.

## FIDUCIARY OPERATIONS

The County collects and distributes all property and forfeited taxes for the taxing authorities within the County including cities, townships, and school districts. It is responsible for collecting fees, fines and payroll deductions and distributing those funds to third parties. The County is also responsible for collecting and distributing funds for the Turtle Creek Watershed District and the Family Collaborative Joint Powers Board.

## INDEPENDENT AUDIT

Minnesota State Law requires an annual audit of the books of account, financial records and transactions of the County to be made by the Office of the State Auditor. This requirement has been complied with and the Auditor's Report has been included in this report. The State Auditor will issue a management and compliance letter covering the review, made as a part of their audit of the County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect this report on the financial statements.

## INVITATIONS, 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 Freeborn County for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the second year that Freeborn County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive

annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We would like to invite you to continue on and read the remainder of this Comprehensive Annual Financial Report. This report will allow readers to gain a solid understanding of our financial position. If you have any questions regarding any of the materials presented herein, please contact the Administration Office at Freeborn County. We also invite you to visit our County web page at [www@co.freeborn.mn.us](http://www@co.freeborn.mn.us). Our goal with this report is to keep you as well informed as possible about your government.

Finally, we would like to acknowledge and thank the Auditor/Treasurer's Office and the Administration Office for their hard work throughout the year and during the preparation of this report. An extra thank you goes to all departments within Freeborn County for their cooperation in supplying necessary financial data. We would like to thank the Freeborn County Board of Commissioners for its support in planning and conducting the County's financial activities in a responsible manner throughout the year.

Respectfully submitted,



Timothy Patrick Paquin  
Freeborn County Finance Manager



LaRae Cassens  
Accounting Specialist, Sr.



Government Finance Officers Association

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

Presented to

**Freeborn County  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

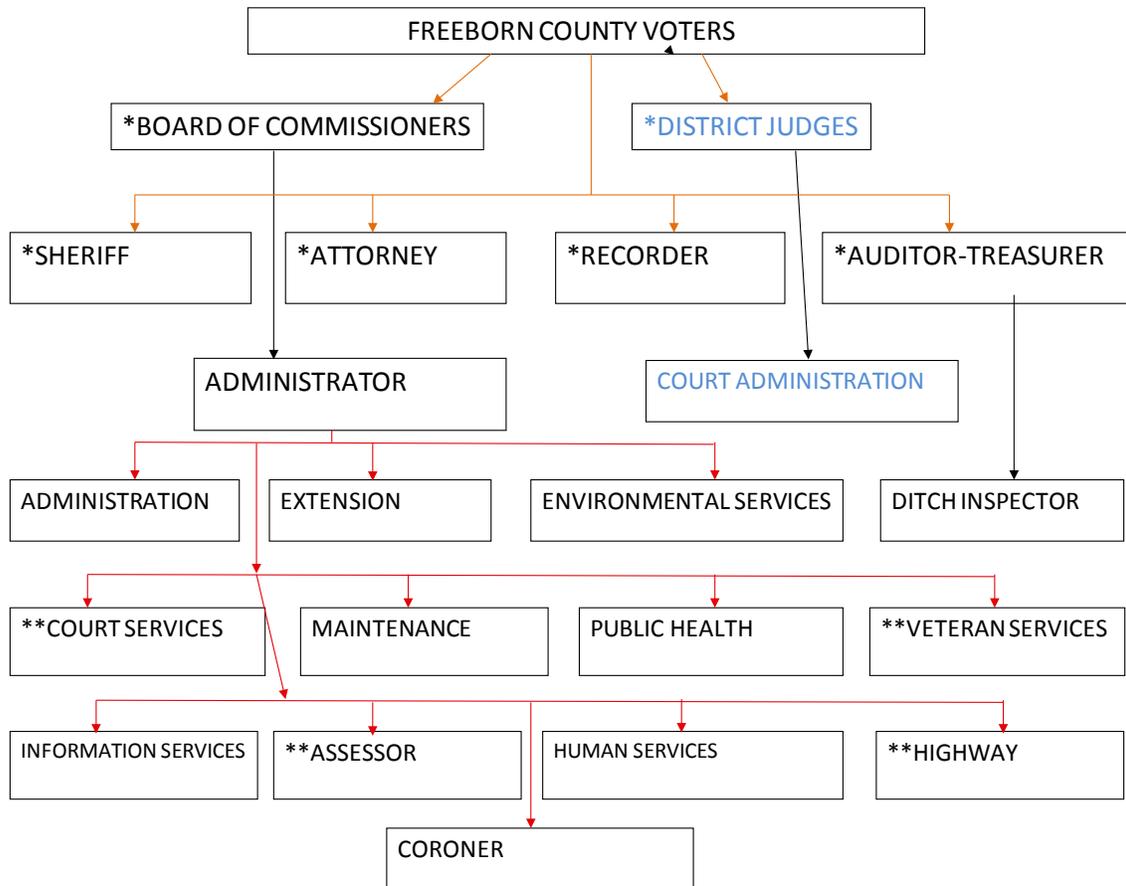
**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2016**

Office	Name	Term Expires
<b>Board of County Commissioners</b>		
District 1	Glen Mathiason	January 2021
District 2	Daniel Belshan	January 2019
District 3	James Nelson*	January 2021
District 4	Christopher Shoff	January 2019
District 5	Mike Lee	January 2021
<b>County Officers</b>		
<b>Elected</b>		
Attorney	David Walker	January 2019
Auditor/Treasurer	Pat Martinson	January 2019
District Judge	Ross Leuning	January 2019
District Judge	Steven Schwab	January 2019
Recorder	Kelly Callahan	January 2019
Registrar of Titles	Kelly Callahan	January 2019
Sheriff	Kurt Freitag	January 2019
<b>Appointed</b>		
Administrator	John Kluever	Indefinite
Assessor	Ryan Rasmussen	Indefinite
County Engineer	Susan Miller	Indefinite
Court Services	Tom Jensen	Indefinite
Court Administrator	Kristi Maiers	Indefinite
Finance Manager	T. Pat Paquin	Indefinite
Veterans Service Officer	Ronald Reule	Indefinite

\*Chair

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
ORGANIZATIONAL CHART  
2016**



\* ELECTED OFFICIALS  
 \*\* APPOINTED OFFICIALS

**FINANCIAL SECTION**



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Freeborn County  
Albert Lea, Minnesota

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Freeborn County, Minnesota, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

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

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Freeborn County as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Freeborn County's basic financial statements. The introductory section, the supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017, on our consideration of Freeborn County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freeborn County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 16, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Unaudited)

As management of Freeborn County (the County), we offer readers of Freeborn County financial statements this narrative overview and analysis of the financial activities of Freeborn County for the fiscal year ended December 31, 2016.

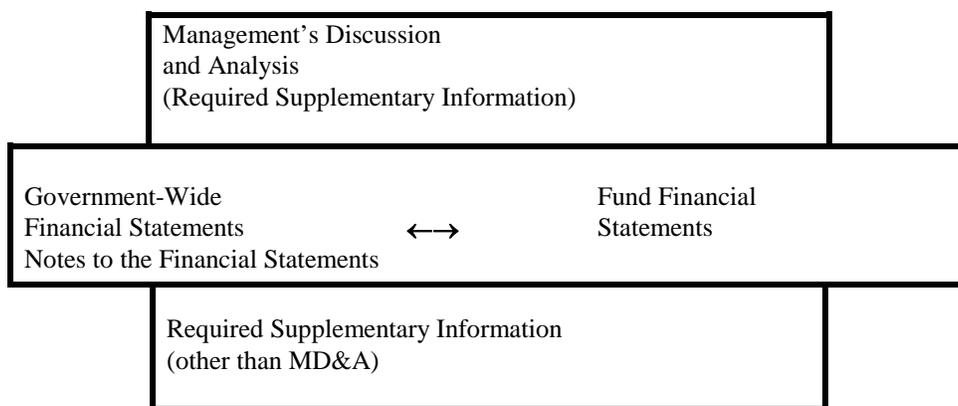
**FINANCIAL HIGHLIGHTS**

- At year-end 2016, Freeborn County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources by \$85.9 million (net position).
- Net position consisted of:
  - ✓ \$8.7 million, or 10.1% of total net position was *restricted* for specific purposes.
  - ✓ \$70.6 million, or 82.2% of net position, represented the County's *net investment in capital assets*.
  - ✓ \$6.6 million, or 7.7% of net position is *unrestricted* and is available to meet the County's obligations consistent with County policy and legislative intent and direction of the County Board.
- In 2016, the County's net position increased by \$2.8 million. This increase is due to an increase in net investment of capital assets of \$3.6 million (The County's debt amount is decreasing so the County increased the infrastructure and equipment items owned).
- The County's governmental funds reported ending fund balances of \$28.7 million.
  - ✓ Unlike net position, which measures all County assets plus deferred outflow of resources less all County liabilities plus deferred inflow of resources, governmental fund balance measures only currently available, spendable resources.
  - ✓ \$1.1 million, or 3.8%, of total governmental fund balances are non-spendable and consist of advances to other funds, long-term loans/notes receivable, inventories, and permanent endowments.
  - ✓ \$7.3 million, or 25.3% , of total governmental fund balances have been restricted for specific purposes such as construction of long-term assets.
  - ✓ \$3.0 million, or 10.6%, of total governmental fund balances has been committed for certain necessary purposes and will be spent in future years.
  - ✓ \$9.5 million, or 33.0%, of total governmental fund balances has been assigned for certain necessary purposes and will be spent in future years.
  - ✓ \$7.8 million, or 27.2%, of governmental fund balances are unassigned and, therefore, subject to appropriation by the County Board.

- ✓ The County's main operating fund, the General Fund, reported a year-end fund balance of \$12.6 million. The fund balance represents 64.7% of its annual spending.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the basic financial statements. Freeborn County's basic financial statements consist of three parts: government-wide financial statements, fund financial statements, and notes to the financial statements. The MD&A (this section) certain budgetary comparison schedules and pension schedules are required to accompany the basic financial statements and, therefore, are included as required supplementary information. The following chart demonstrates how the different pieces are interrelated.



There are two government-wide financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

### **Government-Wide Financial Statements--The Statement of Net Position and the Statement of Activities**

Our analysis of the County as a whole begins on Exhibit 1. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps the reader determine whether the County's financial condition has improved or declined as a result of the year's activities. These statements include all assets, deferred outflows/inflows of resources, and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

(Unaudited)

These two statements report the County's net position and changes in them. You can think of the County's net position--the difference between assets, deferred outflows/inflows of resources, and liabilities--as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of County roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County reports its governmental activities. The County has no business-type activities or discretely presented component units.

Governmental activities reported here include the County's basic services of general government, public safety, highways and streets, sanitation, human services, health, culture and recreation, conservation of natural resources, and economic development. Property taxes and state and federal grants finance most of these activities.

### **Fund Financial Statements**

Our analysis of the County's major funds begins on Exhibit 3. These fund financial statements provide detailed information about the significant funds, not the County as a whole. Some funds are required to be established by state law and by bond covenants. However, the County Board establishes some funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The County's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation statements following each governmental fund financial statement.

### **Reporting the County's Fiduciary Responsibilities**

The County is the trustee, or fiduciary, over assets which can only be used for the trust beneficiaries based on the trust arrangement. All of the County's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Exhibits 6 and 7. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

(Unaudited)

## THE COUNTY AS A WHOLE

The County's combined net position increased from \$83,140,378 to \$85,909,571. Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the County's governmental activities.

**Table 1**  
**Net Position**  
**(in millions)**

	Governmental Activities	
	2016	2015
Assets		
Current and other assets	\$ 37.1	\$ 36.0
Capital assets	85.5	83.8
Total Assets	\$ 122.6	\$ 119.8
Deferred Outflows of Resources	\$ 13.9	\$ 2.0
Liabilities		
Long-term liabilities outstanding	\$ 46.1	\$ 35.1
Other liabilities	2.3	2.5
Total Liabilities	\$ 48.4	\$ 37.6
Deferred Inflows of Resources	\$ 2.2	\$ 1.1
Net Position		
Net investment in capital assets	\$ 70.6	\$ 67.0
Restricted	8.7	9.9
Unrestricted	6.6	6.2
Total Net Position	\$ 85.9	\$ 83.1

Net position of the County's governmental activities increased (\$85.9 million compared to \$83.1 million). Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from a \$6.2 million surplus at December 31, 2015, to \$6.6 million at the end of this year (2016). Unrestricted net position increased due to higher numbers of ICE detainees than expected, an increase of \$.4 million.

(Unaudited)

**Table 2**  
**Changes in Net Position**  
**(in millions)**

	Governmental Activities	
	2016	2015
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 7.7	\$ 6.6
Operating grants and contributions	14.6	13.3
Capital grants and contributions	1.1	2.1
General revenues		
Property taxes	20.9	19.9
Grants and contributions	1.7	1.5
Other general revenues	3.3	1.4
Total Revenues	<u>\$ 49.3</u>	<u>\$ 44.8</u>
Program Expenses		
General government	\$ 8.2	\$ 7.6
Public safety	10.3	7.6
Highways and streets	9.7	9.9
Sanitation	0.6	0.5
Human services	12.1	11.0
Health	2.4	2.1
Culture and recreation	0.3	0.4
Conservation of natural resources	2.3	1.9
Economic development	-	-
Interest	0.6	0.6
Total Program Expenses	<u>\$ 46.5</u>	<u>\$ 41.6</u>
Change in Net Position	2.8	3.2
Net Position – January 1	<u>83.1</u>	<u>79.9</u>
Net Position at Year End	<u>\$ 85.9</u>	<u>\$ 83.1</u>

(Unaudited)

## Governmental Activities

Revenues were \$49.3 million, and expenses were \$46.5 million for the County’s governmental activities. This resulted in an increase of \$2.8 million to net position in the year ended December 31, 2016.

The amount that taxpayers ultimately financed for these activities through County taxes and other general sources was only \$25.9 million because some of the cost was paid by those who directly benefited from the programs (\$7.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$15.7 million). The County paid for the remaining “public benefit” portion of governmental activities with \$25.9 million in general revenues, primarily taxes including a new highway sales tax of \$1.8 million (some of which could be used only for certain programs) and other revenues, such as interest and general entitlements.

Table 3 presents the cost of each of the County’s six largest program functions, as well as each function’s net cost (total cost, less revenues generated by the activities). The net cost shows the financial burden that was placed on the County’s taxpayers by each of these functions.

**Table 3**  
**Governmental Activities**  
**(in millions)**

	2016	
	Total Cost of Services	Net Cost of Services
Human services	\$ 12.1	\$ 5.7
Public safety	10.3	6.5
Highways and streets	9.7	2.3
General government	8.2	6.9
Health	2.4	0.6
Conservation of natural resources	2.3	-
All others	1.5	1.1
<b>Total</b>	<b>\$ 46.5</b>	<b>\$ 23.1</b>

(Unaudited)

## THE COUNTY’S FUNDS

Governmental Funds, at the fund-level of reporting, use a current financial resources focus and modified accrual basis of accounting to report changes in near-term flows and balances of spendable resources. Fund balances within governmental funds, particularly unassigned fund balance, indicate the amount of available, spendable resources potentially available for appropriation by the County Board to finance the County’s day-to-day activities.

The following Table 4 summarizes changes in governmental fund balances during 2016:

**Table 4**  
**Governmental Fund Balances**  
**(in millions)**

	General Fund	Road and Bridge	Social Services	Ditch	Debt Service	Non Major Funds	Total Governmental Funds
Beginning Fund Balance	\$ 11.5	\$ 3.9	\$ 7.2	\$ 1.9	\$ 3.5	\$ 0.3	\$ 28.3
Revenues and other financing sources	20.7	12.6	11.5	1.8	3.0	-	49.6
(Less) Expenditures and other financing uses	(19.6)	(11.7)	(12.9)	(2.0)	(3.0)	-	(49.2)
Ending Fund Balance	<u>\$ 12.6</u>	<u>\$ 4.8</u>	<u>\$ 5.8</u>	<u>\$ 1.7</u>	<u>\$ 3.5</u>	<u>\$ 0.3</u>	<u>\$ 28.7</u>

Changes in fund balances to the major funds are:

- The General Fund’s fund balance is the County’s principal liquidity reserve and includes amounts set aside for restricted fund balance and subsequent year’s appropriated budget. The fund balance increased \$1.1 million during the year primarily due to a excess fund balance transfer from the Social Services fund.
- Fund balances in the Road and Bridge Fund are set aside for inventories, liabilities and other fund purposes. The fund balance increased by \$.9 million primarily due to implementation of a local option sales tax for road construction.
- Fund balances in the Social Services Fund are set aside for liabilities and other fund purposes. The fund balance decreased by \$1.4 million, primarily due to a transfer of excess fund balance to the General revenue fund.
- Fund balances in the Ditch Fund are set aside for debt and repairs and maintenance of the individual ditches. The fund balance decreased by \$0.2 million. The decrease was primarily due a several FEMA events.
- Fund balances in the Debt Service Fund are set aside for future principal and interest payments. The fund balance remained the same.

(Unaudited)

## General Fund Budgetary Highlights

The final General Fund budget represents the originally adopted budget.

The final General Fund budgeted revenues were \$18.2 million. Actual revenues were greater than budgetary estimates by \$1.4 million. Actual intergovernmental revenues exceeded the budgeted amount by \$0.7 million for aquatic invasive species grant and septic system grant, investment earnings exceeded the budget by \$0.3 million and charges for service public safety exceeded the budget by \$0.3 million, due to an increase in ICE detainees throughout the year.

The final General Fund budgeted expenditures were \$18.2 million. Actual expenditures were over budget by \$1.3 million. Actual general government expenditures were over budget by \$0.7 million. Public safety expenditures were over budget by \$0.2 million. Health expenditures increased \$0.2 million primarily due to an increase in expenditures on grant programs. There was higher than anticipated capital outlay of \$0.6 million due to the purchase of capital equipment at the end of the year with budget surplus.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2016, the County had \$85.5 million invested in a broad range of capital assets including land, buildings, highways and streets, and equipment. (See Table 5) This amount represents a net increase (including additions and deductions) of 1.7 million, or 2.0 percent, from last year. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

**Table 5**  
**Capital Assets at Year-End**  
**(Net of Depreciation, in millions)**

	Governmental Activities	
	2016	2015
Land	\$ 5.3	\$ 5.3
Land improvements	0.7	0.7
Buildings and improvements	22.6	23.4
Machinery, vehicles, furniture, and equipment	3.1	2.7
Infrastructure	53.8	51.7
Total	<u>\$ 85.5</u>	<u>\$ 83.8</u>

(Unaudited)

## Debt

At year-end, the County had \$18.6 million in bonds and notes outstanding versus \$21.3 million last year, a decrease of 12.8 percent, as shown in Table 6.

**Table 6**  
**Outstanding Debt at Year-End**  
**(in millions)**

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 14.3	\$ 16.2
General obligation special assessment bonds	3.0	3.4
General obligation capital notes	1.3	1.7
Total	<u>\$ 18.6</u>	<u>\$ 21.3</u>

The County's general obligation bond rating was increased to "Aa2" at its last bond review in August 2016. Other obligations include accrued vacation pay, sick leave payable, and pension liability. More detailed information about the County's long-term liabilities is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal year 2017 budget and tax rates.

- County General Fund expenditures for 2017 are budgeted to decrease 9.07 percent over 2016.
- The combined budget for 2017 increased \$3,401,239 or 7.33 percent, over the 2016 budget.
- Property tax levies have increased 1.99 percent for 2017.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the County Finance Manager, Timothy Patrick Paquin, at 411 South Broadway, Albert Lea, Minnesota 56007.

(Unaudited)

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

***EXHIBIT 1***

**STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016**

**Assets**

Cash and pooled investments	\$ 27,876,733
Petty cash and change funds	2,565
Taxes receivable	322,589
Special assessments receivable	
Prior	149,989
Noncurrent	2,941,394
Accounts receivable - net	1,462,870
Accrued interest receivable	27,284
Loans receivable	190,422
Due from other governments	3,653,145
Inventories	271,274
Prepays	232,892
Capital assets	
Non-depreciable	5,960,775
Depreciable - net of accumulated depreciation	<u>79,493,934</u>
<b>Total Assets</b>	<b><u>\$ 122,585,866</u></b>

**Deferred Outflows of Resources**

Deferred pension outflows	<b><u>\$ 13,894,844</u></b>
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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

***EXHIBIT 1  
(Continued)***

**STATEMENT OF NET POSITION  
GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016**

**Liabilities**

Accounts payable	\$	817,742
Salaries payable		772,673
Due to other governments		137,716
Accrued interest payable		294,406
Unearned revenue		262,249
Long-term liabilities		
Due within one year		2,848,503
Due in more than one year		17,808,118
Net pension liability		25,440,997
		25,440,997
<b>Total Liabilities</b>	<b>\$</b>	<b><u>48,382,404</u></b>

**Deferred Inflows of Resources**

Deferred pension inflows	\$	<u>2,188,735</u>
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**Net Position**

Net investment in capital assets	\$	70,598,432
Restricted for		
General government		367,295
Public safety		447,460
Highways and streets		1,957,079
Conservation of natural resources		1,391,841
Debt service		4,261,379
Economic development		68,879
Endowment - nonexpendable		202,839
Unrestricted		6,614,367
		6,614,367
<b>Total Net Position</b>	<b>\$</b>	<b><u>85,909,571</u></b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT 2**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
	<b>Expenses</b>	<b>Fees, Charges, Fines, and Other</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b><u>Functions/Programs</u></b>					
<b>Primary government</b>					
<b>Governmental activities</b>					
General government	\$ 8,202,415	\$ 1,014,402	\$ 245,220	\$ -	\$ (6,942,793)
Public safety	10,258,704	2,931,845	814,384	-	(6,512,475)
Highways and streets	9,723,394	49,854	6,229,049	1,120,690	(2,323,801)
Sanitation	576,287	429,102	-	-	(147,185)
Human services	12,123,000	1,249,098	5,183,990	-	(5,689,912)
Health	2,344,957	361,276	1,435,570	-	(548,111)
Culture and recreation	336,666	148	-	-	(336,518)
Conservation of natural resources	2,333,311	1,663,978	684,436	-	15,103
Economic development	12,647	-	-	-	(12,647)
Interest	592,930	-	-	-	(592,930)
<b>Total Governmental Activities</b>	<b><u>\$ 46,504,311</u></b>	<b><u>\$ 7,699,703</u></b>	<b><u>\$ 14,592,649</u></b>	<b><u>\$ 1,120,690</u></b>	<b><u>\$ (23,091,269)</u></b>
<b>General Revenues</b>					
Property taxes				\$ 20,864,254	
Gravel taxes				83,406	
Mortgage registry and deed tax				23,074	
Wheelage taxes				302,330	
Local sales taxes				570,979	
Local highway sales tax				1,807,329	
Payments in lieu of tax				28,560	
Grants and contributions not restricted to specific programs				1,712,330	
Unrestricted investment earnings				432,665	
Gain on sale of capital assets				35,535	
<b>Total general revenues</b>				<b><u>\$ 25,860,462</u></b>	
Change in net position				\$ 2,769,193	
Net Position - Beginning				<u>\$ 83,140,378</u>	
<b>Net Position - Ending</b>				<b><u>\$ 85,909,571</u></b>	

**FUND FINANCIAL STATEMENTS**

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**GOVERNMENTAL FUNDS**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>General</b>	<b>Road and Bridge</b>
<u>Assets</u>		
Cash and pooled investments	\$ 10,663,472	\$ 4,203,776
Petty cash and change funds	2,515	-
Taxes receivable		
Prior	138,273	62,750
Special assessments		
Prior	47,209	-
Noncurrent	-	-
Accounts receivable - net	129,532	-
Accrued interest receivable	27,212	-
Loans receivable	190,422	-
Due from other funds	1,060,736	-
Due from other governments	729,344	1,586,568
Inventories	-	271,274
Prepays	-	232,892
Advances to other funds	940,214	-
	<b>\$ 13,928,929</b>	<b>\$ 6,357,260</b>

**EXHIBIT 3**  
**(Continued)**

<b>Special Revenue Funds</b>					
<b>Social Services</b>	<b>Ditch</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>	
\$ 6,891,367	\$ 2,389,546	\$ 3,456,650	\$ 271,922	\$ 27,876,733	
50	-	-	-	2,565	
77,671	-	43,895	-	322,589	
-	19,456	83,324	-	149,989	
-	1,802,023	1,139,371	-	2,941,394	
713,124	-	-	-	842,656	
-	-	-	72	27,284	
-	-	-	-	190,422	
-	-	-	-	1,060,736	
884,192	453,041	-	-	3,653,145	
-	-	-	-	271,274	
-	-	-	-	232,892	
-	-	-	-	940,214	
<b>\$ 8,566,404</b>	<b>\$ 4,664,066</b>	<b>\$ 4,723,240</b>	<b>\$ 271,994</b>	<b>\$ 38,511,893</b>	

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	General	Road and Bridge
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 283,022	\$ 129,174
Salaries payable	465,751	94,379
Due to other funds	-	-
Due to other governments	47,839	2,411
Unearned revenue	30,338	-
Advances from other funds	-	-
	-	-
<b>Total Liabilities</b>	<b>\$ 826,950</b>	<b>\$ 225,964</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 455,998	\$ 1,304,114
<b>Fund Balances</b>		
Nonspendable		
Advances to other funds	\$ 225,000	\$ -
Long-term loans/notes receivable	160,419	-
Inventories	-	271,274
Prepaid items	-	232,892
Endowment permanent	-	-
Restricted for		
Law library	76,544	-
Recorder's equipment	260,006	-
E-911	441,285	-
Attorney's forfeited property	30,745	-
Sheriff's forfeited property	6,175	-
Highway construction projects	-	648,639
Gravel pit postclosure	70,969	-
Ditch maintenance and repairs	-	-
Future revolving loans	-	-
Debt service	-	-
Aquatic invasive species	112,452	-
Committed		
Individual sewage treatment system	463,953	-
Capital equipment	2,585,907	-
Assigned		
Road and bridge	-	3,674,377
Social services	-	-
Unassigned	8,212,526	-
	8,212,526	-
<b>Total Fund Balances</b>	<b>\$ 12,645,981</b>	<b>\$ 4,827,182</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 13,928,929</b>	<b>\$ 6,357,260</b>

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds

Deferred outflow of resources resulting from pension obligations are not available resources and therefore, are not reported in governmental

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deferred pension inflows are not due and payable in the current period and therefore are not reported in the governmental funds.

Other long-term assets are not available to pay for current-period expenditures and therefore, are unavailable in the funds

Net position of Governmental Activities

**EXHIBIT 3**  
**(Continued)**

<b>Special Revenue Funds</b>				
<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 263,505	\$ 142,041	\$ -	\$ -	\$ 817,742
208,533	4,010	-	-	772,673
1,060,736	-	-	-	1,060,736
75,815	11,375	-	276	137,716
-	231,911	-	-	262,249
-	320,000	-	-	320,000
<b>\$ 1,608,589</b>	<b>\$ 709,337</b>	<b>\$ -</b>	<b>\$ 276</b>	<b>\$ 3,371,116</b>
<b>\$ 1,151,431</b>	<b>\$ 2,274,520</b>	<b>\$ 1,261,684</b>	<b>\$ -</b>	<b>\$ 6,447,747</b>
\$ -	\$ -	\$ -	\$ -	\$ 225,000
-	-	-	-	160,419
-	-	-	-	271,274
-	-	-	-	232,892
-	-	-	202,839	202,839
-	-	-	-	76,544
-	-	-	-	260,006
-	-	-	-	441,285
-	-	-	-	30,745
-	-	-	-	6,175
-	-	-	-	648,639
-	-	-	-	70,969
-	1,279,389	-	-	1,279,389
-	-	-	68,879	68,879
-	799,823	3,461,556	-	4,261,379
-	-	-	-	112,452
-	-	-	-	463,953
-	-	-	-	2,585,907
-	-	-	-	3,674,377
5,806,384	-	-	-	5,806,384
-	(399,003)	-	-	7,813,523
<b>\$ 5,806,384</b>	<b>\$ 1,680,209</b>	<b>\$ 3,461,556</b>	<b>\$ 271,718</b>	<b>\$ 28,693,030</b>
<b>\$ 8,566,404</b>	<b>\$ 4,664,066</b>	<b>\$ 4,723,240</b>	<b>\$ 271,994</b>	
funds.				85,454,709
				13,894,844
				(46,392,024)
				(2,188,735)
				<b>6,447,747</b>
				<b>\$ 85,909,571</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 10,052,873	\$ 6,147,241
Special assessments	414,450	-
Licenses and permits	154,384	10,125
Intergovernmental	4,401,949	6,321,857
Charges for services	3,436,628	26,905
Fines and forfeits	32,746	-
Gifts and contributions	20,698	-
Investment earnings	432,389	-
Miscellaneous	660,959	13,911
	<b>\$ 19,607,076</b>	<b>\$ 12,520,039</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 6,984,439	\$ -
Public safety	8,168,158	-
Highways and streets	-	10,818,218
Sanitation	555,980	-
Human services	-	-
Health	2,197,002	-
Culture and recreation	336,666	-
Conservation of natural resources	665,799	-
Economic development	11,500	-
<b>Intergovernmental</b>		
Highways and streets	-	361,195
<b>Capital outlay</b>	636,645	478,928
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative (fiscal) charges	-	-
	<b>\$ 19,556,189</b>	<b>\$ 11,658,341</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 50,887</b>	<b>\$ 861,698</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 1,060,736	\$ -
Transfers out	-	-
Proceeds from sale of capital assets	33,655	15,678
	<b>\$ 1,094,391</b>	<b>\$ 15,678</b>
<b>Net Change in Fund Balance</b>	<b>\$ 1,145,278</b>	<b>\$ 877,376</b>
<b>Fund Balance - January 1</b>	<b>11,500,703</b>	<b>3,937,235</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>12,571</b>
<b>Fund Balance - December 31</b>	<b>\$ 12,645,981</b>	<b>\$ 4,827,182</b>

**EXHIBIT 4**

<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 4,750,881	\$ -	\$ 2,764,979	\$ -	\$ 23,715,974
-	1,668,161	163,361	-	2,245,972
-	-	-	-	164,509
5,568,784	90,220	-	-	16,382,810
512,345	-	-	-	3,975,878
2,026	-	-	-	34,772
2,401	-	-	-	23,099
-	-	-	276	432,665
678,157	-	-	-	1,353,027
<b>\$ 11,514,594</b>	<b>\$ 1,758,381</b>	<b>\$ 2,928,340</b>	<b>\$ 276</b>	<b>\$ 48,328,706</b>
\$ -	\$ -	\$ -	\$ -	\$ 6,984,439
221,071	-	-	-	8,389,229
-	-	-	-	10,818,218
-	-	-	-	555,980
11,582,745	-	-	-	11,582,745
-	-	-	-	2,197,002
-	-	-	-	336,666
-	1,625,194	-	276	2,291,269
-	1,147	-	-	12,647
-	-	-	-	361,195
8,995	-	-	-	1,124,568
-	281,060	2,438,940	-	2,720,000
-	36,624	575,086	-	611,710
-	1,866	3,195	-	5,061
<b>\$ 11,812,811</b>	<b>\$ 1,945,891</b>	<b>\$ 3,017,221</b>	<b>\$ 276</b>	<b>\$ 47,990,729</b>
<b>\$ (298,217)</b>	<b>\$ (187,510)</b>	<b>\$ (88,881)</b>	<b>\$ -</b>	<b>\$ 337,977</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,060,736
(1,060,736)	-	-	-	(1,060,736)
-	-	-	-	49,333
<b>\$ (1,060,736)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,333</b>
<b>\$ (1,358,953)</b>	<b>\$ (187,510)</b>	<b>\$ (88,881)</b>	<b>\$ -</b>	<b>\$ 387,310</b>
7,165,337	1,867,719	3,550,437	271,718	28,293,149
-	-	-	-	12,571
<b>\$ 5,806,384</b>	<b>\$ 1,680,209</b>	<b>\$ 3,461,556</b>	<b>\$ 271,718</b>	<b>\$ 28,693,030</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT 5**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Net change in fund balances - total governmental funds (Exhibit 4) \$ 387,310**

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

In the funds, under the modified accrual basis, receivables not available for expenditure are deferred. In the statement of activities, those revenues are recognized when earned. The adjustment to revenue between the fund statements and the statement of activities is the increase or decrease in unavailable revenue.

Unavailable revenue - December 31	\$ 6,447,747	
Unavailable revenue - January 1	(5,534,354)	913,393

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, in the statement of activities, only the gain or loss on the disposal of assets is reported; whereas, in the governmental funds, the proceeds from the sale increase financial resources. Therefore, the change in net position differs from the change in fund balance by the net book value of the assets sold.

Expenditures for general capital assets and infrastructure	\$ 4,876,535	
Net book value of assets disposed	(112,636)	
Current year depreciation	(3,146,311)	1,617,588

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments		
General obligation bonds	\$ 1,865,000	
Special assessment general obligation bonds	455,000	
Capital notes	400,000	2,720,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$ (48,894)	
Change in net pension liability	(13,760,430)	
Change in compensated absences	25,885	
Amortization of discounts/premiums	72,735	
Change in deferred outflows of resources	11,920,024	
Change in deferred inflows of resources	(1,090,989)	
Change in inventories	12,571	(2,869,098)

**Change in Net Position of Governmental Activities (Exhibit 2) \$ 2,769,193**

**FIDUCIARY FUNDS**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT 6*

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2016**

	Private-Purpose Trust	Agency Funds
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 10,498	\$ 1,033,003
Accounts receivable	-	278,775
Accrued interest receivable	1	-
Due from other governments	-	40,714
<b>Total Assets</b>	<b>\$ 10,499</b>	<b>\$ 1,352,492</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ -	\$ 88,844
Due to other governments	-	643,434
Advance from governmental funds	-	620,214
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 1,352,492</b>
<b><u>Net Position</u></b>		
Net position, held in trust for other purposes	<b>\$ 10,499</b>	

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT 7*

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Private-Purpose Trust</u>
<u>Additions</u>	
Investment earnings	\$ 15
<b>Total Additions</b>	<u>\$ 15</u>
<b>Change in Net Position</b>	<b>\$ 15</b>
Net Position - January 1	<u>10,484</u>
Net Position - December 31	<u><u>\$ 10,499</u></u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Freeborn County, Minnesota (the County) have been prepared in accordance with generally accepted accounting principles (GAAP) as of and for the year ended December 31, 2016. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

**A. Financial Reporting Entity**

Freeborn County was established February 20, 1855, and is an organized county having the powers, duties, and privileges granted counties by Minn. Stat. ch. 373. As required by accounting principles generally accepted in the United States of America, these financial statements present Freeborn County (primary government) and its component unit for which the County is financially accountable. The County is governed by a five-member Board of Commissioners elected from districts within the County. The Board is organized with a chair and vice chair elected at the annual meeting in January of each year. The County Administrator, appointed by the Board, serves as the clerk of the Board of Commissioners but has no vote.

**Blended Component Unit**

Blended component units are legally separate organizations so intertwined with the County that they are, in substance, the same as the County and, therefore, are reported as if they were part of the County. Freeborn County has one blended component unit, which was inactive for 2016.

<u>Component Unit</u>	<u>Included in Reporting Entity Because</u>	<u>Separate Financial Statements</u>
Freeborn County Housing and Redevelopment Authority (HRA) provides services pursuant to Minn. Stat. §§ 469.001-.047.	County Commissioners are the HRA Board. The County has operational responsibilities for the HRA.	Separate financial statements are not prepared.

**Joint Ventures**

The County participates in joint ventures described in Note 11. The County also participates in jointly-governed organizations described in Note 11.

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**B. Basic Financial Statements**

**Government-Wide Statements:** The government-wide financial statements (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net position (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions restricted to meeting the operational or capital requirements of a particular function or activity. Revenues not classified as program revenues, including all taxes, are presented as general revenues. The County does not allocate indirect expenses to functions within the financial statements.

**Fund Financial Statements:** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category--governmental and fiduciary--are presented. The emphasis of governmental fund financial statements, is on major individual governmental funds, with each displayed as a separate column in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road and Bridge Special Revenue Fund accounts for restricted revenues from the federal and state government, as well as property tax revenues used for the construction and maintenance of roads, bridges, and other projects affecting County roadways.

The Social Services Special Revenue Fund accounts for restricted revenue resources from the federal, state, and other oversight agencies, as well as property tax revenues used for economic assistance and community social services programs.

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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The Ditch Special Revenue Fund accounts for special assessments revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

The Debt Service Fund accounts for all financial resources restricted for payment of principal, interest, and related costs of long-term bonded debt.

Additionally, the County reports the following fund types:

Revolving Loan Special Revenue Fund accounts for restricted revenue sources from the State of Minnesota's Department of Employment and Economic Development for economic development.

U.S. Fish and Wildlife Permanent Fund accounts for interest on the trust fund principal received from the U.S. Fish and Wildlife Service to offset any shortfall between the annual Fish and Wildlife Service share-revenue payments and the actual taxes on wetland properties.

Private-Purpose Trust Funds account for resources legally held in trust for others.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets that the County holds for others in an agent capacity.

**Measurement Focus and Basis of Accounting:** The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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. Freeborn County considers tax revenue as available if collected 60 days after year end and all other revenues as available if collected within 45 days after the end of the current period. Property and other taxes, licenses, and interest are all considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as needed.

**C. Assets, Liabilities, Deferred Outflows or Inflows of Resources, and Net Position or Equity**

**Cash and Investments:** The cash balances of substantially all funds are pooled and invested by the County Auditor/Treasurer for the purpose of increasing earnings through investment activities. Pooled and fund investments are reported at their fair value at December 31, 2016. A market approach is used to value all investments other than external investment pools, which are measured at the net asset value or fair value per share. Pursuant to Minn. Stat. § 385.07, investment earnings on cash and pooled investments are credited to the General Fund.

Freeborn County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

Other funds received investment earnings based on other state statutes, grant agreements, contracts, and bond covenants. Pooled investment earnings for 2016 were \$305,164.

**Receivables and Payables:** Activity between funds representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (the current portion of inter-fund loans) or "advances to/from other funds" (the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General Fund to indicate that they are not in spendable format.

All receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due October 15. Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

**Inventories and Prepaid Items:** All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future accounting

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (such as roads, bridges, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the County, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 - 75
Building improvements	20 - 30
Public domain infrastructure	25 - 75
Furniture, equipment, and vehicles	3 - 15

**Unearned Revenue:** The governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not earned.

**Compensated Absences:** The liability for compensated absences reported in financial statements consists of unpaid accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. The current portion of this liability is based on an estimate of the cost of severances during the upcoming year. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignations and retirements.

**Long-Term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

**FREEBORN COUNTY**  
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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 the 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.

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

**Deferred Outflows or Inflows of Resources:** In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item, deferred pension outflows, that qualifies for reporting in this category. This outflow arises only under the accrual basis of accounting. The deferred pension outflows consist of pension plan contributions paid subsequent to the measurement date, changes in actuarial assumptions, differences between expected and actual economic experience, changes in proportions, and differences between projected and actual earnings on pension plan investments. No deferred outflows of resources affect the governmental funds financial statements in the current year.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items, unavailable revenue and deferred pension inflows that qualify for reporting in this category. Unavailable revenue arises only under a modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension inflows arise only under an accrual basis of accounting and, accordingly, are reported only in the statement of net position. This amount consists of differences between expected and actual pension plan economic experience and also pension plan changes in proportionate share.

**FREEBORN COUNTY**  
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**Classification of Net Position:** Net position in the government-wide fund financial statements is classified in the following categories:

Net investment in capital assets - the amount of net position representing capital assets, net of accumulated depreciation, and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - the amount of net position that does not meet the definition of restricted or net investment in capital assets.

**Classifications of Fund Balances:** Fund balance is divided into five classifications, based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - amounts in which constraints have been placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - amounts the County intends to use for specific purposes but do not meet the criteria to be classified as restricted or committed; the County Finance Manager is authorized to establish assignments. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Board.

Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the

**FREEBORN COUNTY  
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unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, or committed, or assigned to those purposes.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, or unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**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, deferred outflow of resources, liabilities, and deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$46,392,024 difference are as follows:

G.O. bonds payable	\$ 14,365,000
Plus: Issuance premium (to be amortized over life of debt)	491,277
G.O. notes payable	1,275,000
G. O. special assessments debt payable	2,965,000
Plus: Issuance premium (to be amortized over life of debt)	9,833
Minus: Issuance discount (to be amortized over life of debt)	(19,555)
Accrued interest payable	294,406
Net pension obligation	25,440,997
Compensated absences	<u>1,570,066</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$46,392,024</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**Budgetary Information**

The County Board adopts estimated revenue and expenditure budgets for the General Fund, the Road and Bridge, Social Service, and Ditch Special Revenue Funds; and the Debt Service Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles. Expenditures may not legally exceed budgeted appropriations at the fund level.

The County Board can amend budgets during the year. All transfers and additional appropriations require County Board approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

**Excess of Expenditures Over Budget**

For the year ended December 31, 2016, expenditures exceeded budgeted amounts in the General Revenue Fund. During 2016 the County offered an incentive to convert from vacation and sick leave to paid time off (PTO) the incentives cost the County \$178,387 that were not included in the budget. The County did not budget but purchased a tractor at a cost of \$188,525. The County had an increase of ICE detainees which caused an unbudgeted increase of \$158,503 in Board of Prisoners and Service to inmates. The Board approved 10 new positions in Public Safety and Public Health during 2016 these unbudgeted positions increased expenditures on personnel by \$161,732. The County applied for a grant to do a new septic system for the City of Myrtle that was unbudgeted; the expenditures totaled \$269,558. During 2016 the E-911 department did upgrades to the dispatch area at an unbudgeted cost of \$109,536. The rooftop air conditioning units failed during 2016 causing an unbudgeted repair cost of \$41,586. Court Services wages are set by the State this caused an unbudgeted increase in personnel costs of \$81,454. During 2016 there was \$207,232 of unbudgeted computers, equipment and software purchased. The Social Services Special Revenue Fund exceeded the budget due to a big increase in grant revenue that is tied to the expenditures. The Ditch fund had another FEMA event in 2016; a total of \$107,400 was spent on unbudgeted 2013, 2014 and 2016 FEMA work. During 2016 there was \$146,755 spent on unbudgeted ditch repairs on County ditch 55. Debt Service Fund Turtle Creek Watershed bond principal payments of \$8,940 was not budgeted for in 2016.

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Final Budget	Expenditures	Excess
General Revenue Fund			
General Government			
Commissioners	\$ 233,824	\$ 549,647	\$ 315,823
County administration	1,057,387	1,293,122	235,735
License bureau	266,651	270,229	3,578
Law library	-	13,840	13,840
Data processing	718,985	789,003	65,018
Recorder	434,619	523,249	88,630
Planning and zoning	290,471	468,410	177,939
Veterans service officer	146,098	169,046	22,948
Other general government	-	42,619	42,619
Public Safety			
Boat and water safety	2,350	4,903	2,553
Coroner	91,431	95,744	4,313
E-911 system	25,000	117,183	92,183
County jail	3,179,946	3,318,031	138,085
Community corrections	1,004,851	1,085,709	80,858
Sheriff's contingent	4,000	13,000	9,000
Sanitation			
Solid waste	-	10,927	10,927
Recycling	478,486	545,053	66,567
Health			
Administration	317,069	418,293	101,224
Disease prevention	40,292	63,911	23,619
Home health	547,673	637,801	90,128
Culture and recreation			
Museum	30,000	30,919	919
Conservation of natural resources			
County extension	250,833	262,307	11,424
Environmental services	-	230	230
Capital Outlay			
General government	-	265,374	265,374
Public safety	-	162,477	162,477
Highways and streets	-	134,512	134,512
Human services	-	74,282	74,282
Social Services Special Revenue Fund	11,798,310	11,812,811	14,501
Ditch Fund	1,700,600	1,945,891	245,291
Debt Service Fund	3,010,688	3,017,221	6,533

These excess expenditures were funded by available fund balance and additional revenues.

**Ditch Special Revenue Fund Equity:** Using the modified accrual basis of accounting, noncurrent receivables and bonds payable do not affect fund balance. Noncurrent receivables are deferred, and bonds payable are not reported. Using this basis of accounting, fourteen ditches had fund deficits.

Account balances	\$ 2,079,212
Account deficits	<u>(399,003)</u>
 Fund Balance - Modified Accrual Basis	 <u>\$ 1,680,209</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**4. CASH, DEPOSITS, AND INVESTMENTS**

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**Deposits**

The County's total cash and investments are reported as follows:

Governmental activities	
Cash and pooled investments	\$ 27,876,733
Petty cash and change funds	2,565
Fiduciary funds	
Cash and pooled investments	
Private-Purpose Trust Fund	10,498
Agency funds	<u>1,033,003</u>
 Total Cash and Investments	 <u>\$ 28,922,799</u>

The County is authorized by Minn. Stat. §§ 118A.02 and 118A.04 to designate a depository for public funds and invest in certificates of deposit. The County is required by Minn. Stat. § 118A.03 to protect deposits with insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better and revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk other than complying with the requirements of Minnesota statutes. As of December 31, 2016, the County's investments were not exposed to custodial credit risk.

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**Investments**

The County may invest in the following types of investments as authorized by Minn. Stat. §§ 118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as “high risk” by Minn. Stat. § 118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) bankers’ acceptances of United States banks;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County policy is to minimize its exposure to interest rate risk by investing in both short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County’s policy to invest only in securities that meet the ratings requirements set by state statute.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County’s policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the

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County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC) coverage and excess SIPC coverage available. Securities purchased that exceed SIPC coverage shall be transferred to the County custodian. As of December 31, 2016, the County does not have any investments exposed to custodial credit risk.

The concentration of credit risk is the risk of loss that may be caused by the County's investment in a single issuer. The County does not have a policy on concentration of credit risk.

The following table presents the County's deposit and investment balances at December 31, 2016, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Risk Over 5% of Portfolio	Rate Risk Maturity Date	
Commercial Paper/Wells Fargo Securities Ing (US) Funding LLC	N/A	N/A	<5%	24-Jan-17	\$ 999,449
Total Commercial Paper					\$ 999,449
Negotiable certificates of deposit					
Everbank - Jacksonville FL	N/A	N/A	<5%	03-Jan-17	\$ 245,000
Level One Bk	N/A	N/A	<5%	21-Feb-17	245,079
Independent Bk	N/A	N/A	<5%	19-Jun-17	245,136
Bucks Co Bk	N/A	N/A	<5%	23-Jun-17	245,249
Northbrook Bk	N/A	N/A	<5%	27-Jun-17	245,393
Bank Hapoalim	N/A	N/A	<5%	17-Jul-17	245,498
Customers Bank	N/A	N/A	<5%	24-Jul-17	245,391
First Bank of Highland	N/A	N/A	<5%	31-Jul-17	245,374
NBT Bank	N/A	N/A	<5%	14-Aug-17	245,365
Provident Bank	N/A	N/A	<5%	14-Aug-17	245,410
Capital Bank	N/A	N/A	<5%	15-Aug-17	245,424
Iberiabank	N/A	N/A	<5%	29-Aug-17	245,365
Sallie Mae Bk Salt Lake City	N/A	N/A	<5%	11-Dec-17	245,590
Goldman Sachs Bank USA	N/A	N/A	<5%	26-Dec-17	245,539
Carolina Bk Greensboro NC	N/A	N/A	<5%	29-Dec-17	245,661
First Niagra Bank	N/A	N/A	<5%	8-Jan-18	245,423
Midland States Bank	N/A	N/A	<5%	26-Feb-18	246,057
Capital BK Little Rock	N/A	N/A	<5%	14-Mar-18	246,149
First Bank NC	N/A	N/A	<5%	29-Mar-18	244,161

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BMW Bank	N/A	N/A	<5%	9-Aug-18	247,718
GE capital Retail Bank	N/A	N/A	<5%	9-Aug-18	247,407
Compass Bank Birmingham	N/A	N/A	<5%	28-Aug-18	247,619
First Gen Bk Rowland Heights	N/A	N/A	<5%	28-Sep-18	246,803
Third Federal Savings	N/A	N/A	<5%	22-Oct-18	247,646
Bank Baroda NY	N/A	N/A	<5%	23-Nov-18	248,037
Gulf Coast Bank	N/A	N/A	<5%	23-Jan-19	245,161
Continental Bank	N/A	N/A	<5%	17-Jan-19	244,424
Lake Sunapee Bank	N/A	N/A	<5%	22-Jan-19	247,589
Farm Bur Bank	N/A	N/A	<5%	4-Feb-19	246,736
Webster Bank	N/A	N/A	<5%	12-Feb-19	247,631
Brown County State Bank	N/A	N/A	<5%	14-Feb-19	245,340
Ally Bank	N/A	N/A	<5%	19-Feb-19	243,178
Primesouth Bank	N/A	N/A	<5%	21-Feb-19	247,601
Signature Bank of Arkansas	N/A	N/A	<5%	26-Feb-19	247,603
Communityone Bk	N/A	N/A	<5%	18-Jun-19	248,183
Barclays Bank	N/A	N/A	<5%	23-Jul-19	248,161
American Exp Bk	N/A	N/A	<5%	24-Jul-19	248,227
Connectone Bk	N/A	N/A	<5%	13-Aug-19	248,232
Peoples United Bk	N/A	N/A	<5%	27-Aug-19	248,159
Discover Bk	N/A	N/A	<5%	8-Oct-19	249,185
Cedar Rapids Bk & Tr Co IA	N/A	N/A	<5%	30-Oct-19	249,182
American Express Centur	N/A	N/A	<5%	29-Nov-19	248,837
GE Capital Bank Primary	N/A	N/A	<5%	19-Dec-19	248,775
Eagle Bank & Trust Co Prim	N/A	N/A	<5%	13-Jan-20	245,197
Home Federal Bank LA	N/A	N/A	<5%	23-Jan-20	241,855
Virginia Partners Bank	N/A	N/A	<5%	27-Jan-20	241,537
Bankliberty 28 MO Primary	N/A	N/A	<5%	28-Jan-20	245,172
Enerbank USA Salt Lake Cty	N/A	N/A	<5%	29-Jan-20	245,846
Washington Trst	N/A	N/A	<5%	4-Feb-20	248,009
EVB/Tappahannock VA	N/A	N/A	<5%	18-Feb-20	249,342
American Chartered Bank	N/A	N/A	<5%	13-Mar-20	248,932
Investors Community Bank	N/A	N/A	<5%	14-Apr-20	249,569
Bridgewater Bank	N/A	N/A	<5%	15-May-20	243,293
Capital One Natl Assn VA	N/A	N/A	<5%	30-Sep-20	249,290
JP Morgan Chase Bk	N/A	N/A	<5%	7-Oct-20	244,396
HSBC BK USA NA	N/A	N/A	<5%	17-Nov-20	246,145
Lea Cnty St Bk Hobbs N Mex	N/A	N/A	<5%	23-Dec-20	244,307
Legends Bk Clarksville Tenn	N/A	N/A	<5%	30-Dec-20	248,614
Wells Fargo Bank NA Primary	N/A	N/A	<5%	31-Dec-20	247,826
MB Financial Bank	N/A	N/A	<5%	15-Jan-21	249,894
Summit Community Bank	N/A	N/A	<5%	15-Jan-21	249,894
Unison Bank	N/A	N/A	<5%	15-Jan-21	249,894
First Business Bk Madison WI	N/A	N/A	<5%	21-Jan-21	244,564
Lakeside Bank Primary	N/A	N/A	<5%	22-Jan-21	245,160
Clearfield Bank & Trust	N/A	N/A	<5%	27-Jan-21	245,204
Freedom Finl Bk	N/A	N/A	<5%	28-Jan-21	246,343
Alpine Bank & Trust Co.	N/A	N/A	<5%	29-Jan-21	244,505
Bank New Eng Salem	N/A	N/A	<5%	21-Apr-21	239,349

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Capital One Bank USA	N/A	N/A	<5%	14-Sep-21	238,856
Carroll County Trust Co.	N/A	N/A	<5%	21-Jan-22	<u>238,311</u>
Total negotiable certificates of deposit					<u>\$ 17,231,002</u>
Mutual funds					
Magic					\$ 500,000
Wells Fargo Advantage Heritage Fund	Aaa	Moody's	N/A	N/A	<u>4,916,085</u>
					<u>\$ 5,416,085</u>
Total investments					<u>\$ 23,646,536</u>
Deposits					
					\$ 5,273,698
Petty cash					<u>2,565</u>
Total Cash and Investments					<u>\$ 28,922,799</u>
N/A - Not applicable					

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Freeborn County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2016, the Freeborn County had the following recurring fair value measurements.

	December 31, 2016	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level "Debt Securities"				
Negotiable certificates of deposit	\$ 17,231,002	\$ -	\$ 17,231,002	\$ -
Commercial Paper	999,449	-	999,449	-
<b>Total Investments included in the Fair value hierarchy</b>	<b>\$ 18,230,451</b>	<b>\$ -</b>	<b>\$ 18,230,451</b>	<b>\$ -</b>
Investments measured at the net asset value (NAV)				
MAGIC Portfolio	\$ 500,000			
Wells Fargo Advantage Government Money Market	4,916,085			
<b>Total investments measured at the NAV</b>	<b>\$ 5,416,085</b>			

Debt securities classified in Level 2 are valued using a market approach:

MAGIC is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment of the County's money with those of other counties to enhance the investment earnings accruing to each member.

MAGIC Portfolio is valued using amortized cost. Shares of the Magic Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet the redemption request. The Fund's Board of Trustees can suspend the right of redemption request. The Fund's Board of Trustees can suspend the right of

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withdrawal or postpone the date of payment if the Trustee determines that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

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**5. RECEIVABLES, UNEARNED AND UNAVAILABLE REVENUE**

**Receivables**

Receivables as of December 31, 2016, for the County's governmental activities, including the applicable allowances for uncollectible accounts, are as follows:

	Receivable	Less: Allowance for Uncollectible	Net Receivables	Amounts Not Scheduled for Collection During the Subsequent Year
Governmental Activities				
Taxes	\$ 322,589	\$ -	\$ 322,589	\$ -
Special assessments	3,091,383	-	3,091,383	2,941,394
Accounts	2,073,216	(610,346)	1,462,870	588,027
Accrued interest	27,284	-	27,284	-
Loans	190,422	-	190,422	152,574
Due from other governments	3,653,145	-	3,653,145	-
<b>Total Governmental Activities</b>	<b>\$ 9,358,039</b>	<b>\$ (610,346)</b>	<b>\$ 8,747,693</b>	<b>\$ 3,681,995</b>

**Loans**

Loan balances are made up of individual loans for septic sewer replacements. Loan program began in 2007 with terms of 10, 12 or 15 years. Interest rates are either 6% or 7%. There are currently 35 individual loans ranging from a low of \$1,358 to a high of \$11,600 that make up the loans receivable balance.

**Unearned and Unavailable Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also present unearned revenue in connection with the resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable Delinquent Taxes and Special Assessments	Unavailable	Unearned Revenue
General Fund	\$ 169,447	\$ 286,551	\$ 30,338
Road and Bridge Fund	55,691	1,248,423	-
Social Services Fund	69,157	1,082,274	-
Ditch Fund	1,821,479	453,041	231,911
Debt Service Fund	1,261,684	-	-
<b>Total</b>	<b>\$ 3,377,458</b>	<b>\$ 3,070,289</b>	<b>\$ 262,249</b>

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**6. CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land				
General	\$ 1,725,953	\$ -	\$ -	\$ 1,725,953
Highway infrastructure	3,534,332	-	-	3,534,332
Improvements other than buildings	700,490	-	-	700,490
Total capital assets not depreciated	<u>\$ 5,960,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,960,775</u>
Capital assets depreciated				
Buildings and improvements	\$ 32,777,659	\$ -	\$ -	\$ 32,777,659
Other land improvements	219,874	-	-	219,874
Machinery, furniture, and equipment	7,318,030	1,215,181	723,046	7,810,165
Infrastructure – sewer	1,293,479	-	-	1,293,479
Infrastructure – highway	99,974,254	3,661,354	97,520	103,538,088
Total capital assets depreciated	<u>\$ 141,583,296</u>	<u>\$ 4,876,535</u>	<u>\$ 820,566</u>	<u>\$ 145,639,265</u>
Less: accumulated depreciation for				
Buildings and improvements	\$ 9,554,849	\$ 825,018	\$ -	\$ 10,379,867
Other land improvements	49,522	9,903	-	59,425
Machinery, furniture, and equipment	4,526,456	803,690	610,410	4,719,736
Infrastructure – sewer	262,369	31,711	-	294,080
Infrastructure – highway	49,313,754	1,475,989	97,520	50,692,223
Total accumulated depreciation	<u>\$ 63,706,950</u>	<u>\$ 3,146,311</u>	<u>\$ 707,930</u>	<u>\$ 66,145,331</u>
Total capital assets depreciated, net	<u>\$ 77,876,346</u>	<u>\$ 1,730,224</u>	<u>\$ 112,636</u>	<u>\$ 79,493,934</u>
Capital Assets, Net	<u>\$ 83,837,121</u>	<u>\$ 1,730,224</u>	<u>\$ 112,636</u>	<u>\$ 85,454,709</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 927,773
Public safety	83,326
Highways and streets, including depreciation of infrastructure assets	2,095,136
Conservation of natural resources	7,866
Human Services	17,227
Sanitation	14,983
Total Depreciation Expense - Governmental Activities	<u>\$ 3,146,311</u>

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**7. INTERFUND RECEIVABLES AND PAYABLES**

The composition of inter-fund balances as of December 31, 2016, is as follows:

Due To/From Other Funds and Transfers To/From Other Funds

Receivable Fund	Payable Fund	Description	Amount
General Fund	Social Services Special Revenue Fund	Excess fund balance	\$ 1,060,736

Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	320,000
	Supplemental Insurance Agency Fund	40,000
	Insurance Agency Fund	185,000
	Tax Collection Agency Fund	714
	Turtle Creek Watershed Agency Fund	394,500
Total Advances To/From Other Funds		<u>\$ 940,214</u>

Advances were made to cover shortfalls/timing differences between payments and receipts. \$225,000 is expected to be long term. The rest, \$715,214, is expected to be collected within the year.

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**8. LONG-TERM DEBT**

**Debt Payable**

Type of Indebtedness	Final Maturity	Installment Amounts	Interest Rate (%)	Original Issue Amount	Outstanding Balance December 31, 2016
2010A G.O. Waste Disposal Bonds	2022	\$40,000 - \$45,000	3.75 - 5.25	\$ 525,000	\$ 255,000
2011A G.O. Refunding Bonds	2023	\$480,000 - \$645,000	3.00 - 4.00	6,120,000	4,120,000
2011B G.O. Refunding Bonds	2023	\$375,000 - \$515,000	3.00 - 4.00	4,800,000	3,235,000
2011C G.O. Refunding Bonds	2023	\$470,000 - \$635,000	3.00	6,200,000	4,145,000
2013B G.O. Capital Improvement Bonds	2023	\$335,000 - \$395,000	3.00	3,300,000	2,610,000
Total General Obligation Bonds				\$ 20,945,000	\$ 14,365,000
2010B G.O. Radio Capital Notes	2019	\$370,000 - \$440,000	2.00 - 3.75	\$ 3,575,000	\$ 1,275,000
Ditch Series 2009 G.O. Special Assessment Bonds	2022	\$85,000 - \$90,000	1.70 - 3.75	\$ 1,060,000	\$ 535,000
Watershed Series 2013A G.O. Special Assessment Bonds	2028	\$145,000 - \$165,000	0.30 - 2.30	2,400,000	1,925,000
Ditch Series 2013C G.O. Special Assessment Refunding Bonds	2019	\$110,000 - \$275,000	2.00	980,000	505,000
Total G.O. Special Assessment Bonds				\$ 4,440,000	\$ 2,965,000

Debt service requirements at December 31, 2016, were as follows:

Year Ending December 31	General Obligation Bonds		Special Assessment Ditch Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 1,910,000	\$ 435,981	\$ 450,000	\$ 54,441
2018	1,950,000	377,294	445,000	46,650
2019	2,005,000	317,181	360,000	39,240
2020	2,045,000	255,588	250,000	33,320
2021	2,105,000	189,306	250,000	28,023
2022 - 2026	4,350,000	154,375	890,000	75,767
2027 - 2028	-	-	320,000	7,240
Total	\$ 14,365,000	\$ 1,729,725	\$ 2,965,000	\$ 284,681

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Year Ending December 31	General Obligation Capital Notes	
	Principal	Interest
2017	\$ 410,000	\$ 40,432
2018	425,000	28,131
2019	440,000	14,850
Total	<u>\$ 1,275,000</u>	<u>\$ 83,413</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 16,230,000	\$ -	\$ 1,865,000	\$ 14,365,000	\$ 1,910,000
Special assessment G.O. bond	3,420,000	-	455,000	2,965,000	450,000
Premiums	575,828	-	74,718	501,110	-
Less: discounts	(21,538)	-	(1,983)	(19,555)	-
Total bonds payable	\$ 20,204,290	\$ -	\$ 2,392,735	\$ 17,811,555	\$ 2,360,000
Capital notes payable	1,675,000	-	400,000	1,275,000	410,000
Compensated absences	1,595,951	1,394,737	1,420,622	1,570,066	78,503
Long-Term Liabilities	<u>\$ 23,475,241</u>	<u>\$ 1,394,737</u>	<u>\$ 4,213,357</u>	<u>\$ 20,656,621</u>	<u>\$ 2,848,503</u>

General obligation and capital notes are liquidated by the Debt Service Fund. Payments on the general obligation special assessment bonds are made by the affected land owners, not the general populace of Freeborn County. The County's obligation is to make payment upon default of the property owners. Compensated absences are generally liquidated by the General Fund, Road and Bridge Fund, and Social Services Fund.

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**9. FUND BALANCES**

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The amount established as sufficient to provide cash flow until the first tax collections are received is as follows:

General Fund	\$8,212,526
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These amounts are included in the General Fund as unassigned fund balance.

**Minimum Fund Balance Policy:**

Freeborn County has adopted a minimum fund balance policy to address cash flow or working capital needs for the General Fund.

However, property tax revenues are not available for distribution until June. Therefore, the County Board has determined the need to maintain a minimum unassigned fund balance in the General Fund and an unrestricted fund balance in the special revenue funds until the tax revenues are distributed. The County Board has determined this amount to be approximately 35 to 50 percent of General Fund operating expenses. This amount will provide adequate funds until the next property tax revenues are received.

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**10. POST-EMPLOYMENT BENEFITS**

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**Employee Retirement Systems and Pension Plan**

**Plan Description**

All full-time and certain part-time employees of Freeborn County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund), which are cost-sharing multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Public Employees Correctional Fund. For members hired after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years.

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**Benefits Provided**

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post-retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Fund Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For Public Employees Correctional Fund members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For General Employees Retirement Fund 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. For Public Employees Police and Fire Fund and Public Employees Correctional Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

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**Contributions**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2016. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2016. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2016.

In 2016, the County was required to contribute the following percentages of annual covered salary:

General Employees Retirement Fund	
Basic Plan members	11.78%
Coordinated Plan members	7.50
Public Employees Police and Fire Fund	16.20
Public Employees Correctional Fund	8.75

The employee and employer contribution rates did not change from the previous year.

The County's contributions for the year ended December 31, 2016, to the pension plans were:

General Employees Retirement Fund	\$ 901,428
Public Employees Police and Fire Fund	238,409
Public Employees Correctional Fund	<u>149,524</u>
Total Contributions	\$ <u>1,289,181</u>

The contributions are equal to the contractually required contributions as set by state statute.

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**Pension Costs**

**General Employees Retirement Fund**

At December 31, 2016, the County reported a liability of \$15,841,157 for its proportionate share of the General Employees Retirement Fund’s net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2016, the County’s proportion was .1951 percent. It was .1907 percent measured as of June 30, 2015. The County recognized pension expense of \$2,166,273 for its proportionate share of the General Employees Retirement Fund’s pension expense.

The County also recognized \$61,706 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

County’s proportionate share of the net pension liability	\$ 15,841,157
State of Minnesota’s proportionate share of the net pension liability associated with the County	<u>206,746</u>
Total	<u><u>\$ 16,047,903</u></u>

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The County reported its proportionate share of the General Employees Retirement Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,279,193
Difference between projected and actual investment earnings	2,990,529	-
Changes in actuarial assumptions	3,101,712	-
Changes in proportion	171,023	157,367
Contributions paid to PERA subsequent to the measurement date	471,326	-
Total	\$ 6,734,590	\$ 1,436,560

A total of \$471,326 reported as deferred outflows of resources related to pensions resulting from contributions, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2017	\$ 1,336,574
2018	1,336,573
2019	1,581,347
2020	572,210
Total	\$ 4,826,704

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**Public Employees Police and Fire Fund**

At December 31, 2016, the County reported a liability of \$6,019,761 for its proportionate share of the Public Employees Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the County's proportion was .1500 percent. It was .1450 percent measured as of June 30, 2015. The County recognized pension expense of \$1,034,190 for its proportionate share of the Public Employees Police and Fire Fund's pension expense.

The County also recognized \$13,500 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90 percent funded.

The County reported its proportionate share of the Public Employees Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ -	\$ 683,211
Difference between projected and actual investment earnings	911,234	-
Changes in actuarial assumptions	3,312,938	-
Changes in proportion	47,343	28,801
Contributions paid to PERA subsequent to the measurement date	<u>123,924</u>	<u>-</u>
Total	<u>\$ 4,395,439</u>	<u>\$ 712,012</u>

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A total of \$123,924 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2017	\$ 763,277
2018	763,277
2019	763,277
2020	691,510
2021	<u>578,162</u>
Total	<u>\$ 3,559,503</u>

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**Public Employees Correctional Fund**

At December 31, 2016, the County reported a liability of \$3,580,079 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. On June 30, 2016, the County's proportion was .9800 percent. It was .9700 percent measured as of June 30, 2015. The County recognized pension expense of \$995,344 for its proportionate share of the Public Employees Correctional Fund's pension expense.

The County reported its proportionate share of the Public Employees Correctional Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,803	\$ 38,276
Difference between projected and actual investment earnings	401,269	-
Changes in actuarial assumptions	2,280,940	-
Changes in proportion	1,159	1,887
Contributions paid to PERA subsequent to the measurement date	<u>78,644</u>	<u>-</u>
Total	<u>\$ 2,764,815</u>	<u>\$ 40,163</u>

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A total of \$78,644 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2017	\$ 849,683
2018	849,682
2019	869,767
2020	<u>76,876</u>
Total	<u>\$ 2,646,008</u>

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Total Pension Expense

The County's reported aggregate share related to all three plans in 2016 is shown below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,803	\$ 2,000,680
Difference between projected and actual investment earnings	4,303,032	-
Changes in actuarial assumptions	8,695,590	-
Changes in proportion	219,525	188,055
Contributions paid to PERA subsequent to the measurement date	673,894	-
Total	\$ 13,894,844	\$ 2,188,735

Year Ended December 31	Pension Expense Amount
2017	\$ 2,949,534
2018	2,949,532
2019	3,214,391
2020	1,340,596
2021	578,162
Total	\$ 12,146,569

Total pension expense for all plans recognized by the County for the year ended December 31, 2016, was \$4,195,807

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**Actuarial Assumptions**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Inflation	2.50 % per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan and Correctional Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: one percent per year for all future years for the General Employees Plan and Police and Fire Plan, and 2.5 percent for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for Police and Fire Plan was for the period July 1, 2004 through June 30, 2009. On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The following changes in actuarial assumptions occurred in 2016:

**General Employees Fund**

- 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, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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Police and Fire Fund

- 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 assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Correctional Fund

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

The long-term expected rate of return on pension plan investments is 7.5 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	0.50

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**Discount Rate**

A. The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.90% used in 2015. 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 position 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 and the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058 respectively. Beginning in fiscal years ended June 30, 2057 for the Police and Fire Fund and June 30, 2059 for the Correctional Fund, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Police and Fire Fund and 5.31% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

**Pension Liability Sensitivity**

B. The following presents the County'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 County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)						
	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Higher	6.50%	22,499,131	4.60%	\$8,426,867	4.31%	\$5,390,490
Current Discount Rate	7.50%	15,841,157	5.60%	6,019,761	5.31%	3,580,079
1% Lower	8.50%	10,356,790	6.60%	4,052,973	6.31%	2,166,702

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**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org) or by writing to PERA at 60 Empire Drive, Suite 200, St. Paul Minnesota 55103-2088; or by calling 551-296-7460 or 1-800-5652-9026

**Defined Contribution Plan**

Four Commissioners of Freeborn County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. ch. 353D, which may be amended by the state legislature. The 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.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employee and employer 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 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the Freeborn County during the year ended December 31, 2016, were:

	Employee	Employer
Contribution amount	\$ 4,534	\$ 4,534
Percentage of covered payroll	5%	5%

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**Other Postemployment Benefits (OPEB)**

The County provides health insurance benefits for qualifying retired employees under a single-employer self-insured plan, financed and administered by Freeborn County and the Southeast Service Cooperative. Blue Cross and Blue Shield of Minnesota (BCBSM), under contract with Southeast Service Cooperative, is the claims administrator. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Active employees, who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County's health benefits program. Retirees are required to pay 100 percent of the total group rate. Retirees hired prior to April 7, 1987, are entitled to a fixed County contribution of \$113.02 per month. This benefit can be used only with the County insurance plan. The premium is based on a Medicare Supplement rate determined on retiree population for all retirees 65 and older. As of January 1, 2008, there were 60 retirees receiving Medicare Supplements health benefits from the County's health plan. There were 9 retirees rated with the active employee plan. The County's health insurance plan is a defined contribution plan.

As of the year-end, the County has 62 eligible participants. The County finances the plan on a pay-as-you-go basis. During 2016, the County expended \$72,211 for these benefits.

**Elected Officials**

The County offers the same benefit to elected officials. This benefit is funded on a pay-as-you-go basis. Freeborn County has four former elected officials eligible for this benefit. The County expended \$5,471 for this benefit in 2016.

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**Annual OPEB Cost and Net OPEB Obligations**

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	\$	77,412
Interest on net OPEB obligation		-
Adjustment to ARC		-
		-
Annual OPEB cost	\$	77,412
Contribution during the year		(77,412)
		-
Increase in net OPEB obligation	\$	-
Net OPEB Obligation - Beginning of Year		-
		-
Net OPEB Obligation - End of Year	\$	-
		-

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2014, 2015, and 2016, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2014	\$ 78,208	\$ 78,208	100%	\$ -
December 31, 2015	77,007	77,007	100%	-
December 31, 2016	77,412	77,412	100%	-

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**Funded Status and Funding Progress**

As of December 31, 2016, the actuarial accrued liability for benefits was \$1,400,395, all of which was unfunded. The covered payroll (annual payroll of 14 active employees covered by the plan) was \$859,576, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 162.9 percent. This compares to 41 active employees in 2008. The total liability was \$2,242,530, and the total payroll was \$2,159,836, with a ratio of 103.8 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for 14 active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the members would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the "Social Security On-Line" statistics. The 2016 Trustee Report Cohort Life Tables V.A4 for Males and for Females was used.

Turnover - Non group-specific, age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed

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retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Cost trend rate - The benefit is a fixed amount with no escalators.

Health insurance premiums - The benefit is fixed at \$113.02 per month. The actual health insurance premium has no bearing on the County's future cost.

Inflation rate - The cost is fixed; there is no inflation rate.

In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2016, was 22 years.

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**11. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

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**Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters for which the County carries commercial insurance. The County has entered into a joint powers agreement with other Minnesota counties to form the Minnesota Counties Intergovernmental Trust (MCIT). The County is a member of both the MCIT Workers' Compensation and Property and Casualty Divisions. For other risk, the County carries commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for the past three fiscal years.

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2016 and \$500,000 in 2017. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

The Property and Casualty Division of MCIT is self-sustaining, and the County pays an annual premium to cover current and future losses. MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

**Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

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**Joint Ventures**

Freeborn County Family Services Collaborative

The Freeborn County Family Services Collaborative was established in 1996 under the authority of Minn. Stat. §§ 471.59 and 124D.23. The Collaborative includes Freeborn County; the City of Albert Lea; and Independent School Districts 241, 242, and 2866, each of which appoints members to the Collaborative's governing board. The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention so as to ensure success for every child.

Control of the Collaborative is vested in a Board of Directors. Freeborn County appoints 2 members to this 13-member Board. The Freeborn County Department of Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2016, Freeborn County provided no funding. In the event of withdrawal from the Collaborative, the withdrawing party shall give a 30-day notice. The withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of termination shall be distributed by the Minnesota Department of Education.

Financial information can be obtained by contacting Alan Olson, Accountant, Freeborn County Social Services, P. O. Box 1248, Albert Lea, Minnesota 56007.

South Central Minnesota Drug Investigation Unit

The South Central Minnesota Drug Investigation Unit was established to provide drug investigation services to member counties. During the year, Freeborn County expended \$6,500 on the Drug Investigation Unit.

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Southeast Minnesota Emergency Communications Board

The Southeast Minnesota Emergency Communications Board was established April 16, 2008, as provided by Minn. Stat. §§ 403.39 and 471.59. This joint powers between Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties and the City of Rochester serves to provide regional administration of enhancement to the Allied Radio Matrix for Emergency Response (ARMER) system owned and operated by the State of Minnesota and enhance and improve interoperable public safety communications.

Control of the Southeast Minnesota Communications Board is vested in a Joint Powers Board that is composed of one County Commissioner from each of the participating counties and one City Council member from each participating city.

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, the County paid \$1,000 to the Southeast Minnesota Emergency Communications Board.

Southeastern Minnesota Workforce Development, Inc. (MWD)

The Southeastern Minnesota Workforce Development provides various job training services for member organizations. During the year, Freeborn County made no payments to the MWD.

**Jointly-Governed Organizations**

Freeborn County, in conjunction with other governmental entities and various private organizations, has formed the jointly-governed organizations listed below:

Minnesota Counties Computer Cooperative

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During the year, Freeborn County expended \$111,961 to the Cooperative.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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Rural Minnesota Energy Board

The Rural Minnesota Energy Board was formed under the authority of Minn. Stat. § 471.59. It is the intention of the counties that they cooperate in a joint venture to provide the greatest public service benefit for the 18-county area encompassed by the counties in planning, management, and implementation of methods to deal with energy and transmission in rural Minnesota.

Control of the Rural Minnesota Energy Board is vested in a Joint Powers Board. Freeborn County appoints one voting member and one alternate member to this Board who shall both be County Commissioners. During 2016, Freeborn County expended \$1,000 for this purpose. The Board shall prepare an annual budget to cover the administrative and planning costs of and agree that they shall continue to do so for each year of its existence. These costs will be paid equally by each member county of the Board up to a ceiling of \$3,500 per county per year, and further costs shall be based on per capita.

Southeast Minnesota Emergency Medical Services

The Southeast Minnesota Emergency Medical Services (EMS) was established to provide various health services to member counties. During the year, Freeborn County made no payments to the EMS.

Southeastern Minnesota Library

The Southeastern Minnesota Library was established to provide library services to member counties. During the year, Freeborn County expended \$270,400 to the Library.

Greater Blue Earth River Basin Alliance (GBERBA)

The Greater Blue Earth River Basin Alliance establishes goals, policies, and objectives to protect and enhance land and water resources in the Greater Blue Earth River Basin. The Board consists of County Commissioners and members of the Soil and Water Conservation Districts. During the year, the County made \$2,368 in contributions to the GBERBA.

**FREEBORN COUNTY  
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Region One - Southeast Minnesota Homeland Security Emergency Management Organization

The Region One - Southeast Minnesota Homeland Security Emergency Management Organization (SEMHSEM) was established to provide for regional coordination of planning, training, purchase of equipment, and allocating emergency services and staff in order to better respond to emergencies and natural or other disasters within the SEMHSEM region. There are 16 counties participating, with one member from each entity being represented on the Joint Powers Board. During the year, the County expended \$1,000 for this purpose.

Minnesota Criminal Justice Data Communications Network

The Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal Apprehension to carry out criminal justice. During the year, the County made no payments to the joint powers.

Sentence to Service

Freeborn County, in conjunction with other local governments, participates in the State of Minnesota's Sentence to Service (STS) program. STS is a project of the State Department of Administration's Strive Toward Excellence in Performance (STEP) program. STEP's goal is a statewide effort to make positive improvements in public services. It gives the courts an alternative to jail or fines for the nonviolent offenders who can work on a variety of community or state projects. Private funding, funds from various foundations and initiative funds, as well as the Departments of Corrections and Natural Resources, provide the funds needed to operate the STS program. Although Freeborn County has no operational or financial control over the STS program, Freeborn County budgets for a percentage of this program.

South Central Community Based Initiative

The South Central Community Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. The County did not contribute to the Joint Powers Board in 2016.

**FREEBORN COUNTY**  
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**DECEMBER 31, 2016**

Southeast Minnesota Immunization Connection

The Southeast Minnesota Immunization Connection (SEMIC) Joint Powers Board promotes an implementation and maintenance of a regional immunization information system to ensure age-appropriate immunizations through complete and accurate records. During the year, Freeborn County did not make any payments to SEMIC.

Southeast Minnesota Recyclers' Exchange

The Southeast Minnesota Recyclers' Exchange (SEMREX) is a joint powers board made up of the City of Red Wing and Blue Earth, Dodge, Freeborn, Mower, Olmsted, Rice, Steele, and Waseca Counties. It is organized to promote regional waste reduction activities through recycling, cooperative marketing ventures, market development strategies, materials exchange efforts, public education, and other projects to protect the environment of southeast Minnesota. During the year, the County made payments of \$1,300 to SEMREX.

Southeast Service Cooperative

The Southeast Services Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of \$275 to the Cooperative.

Southeastern Community Action Council

The Southeastern Community Action Council (SEMCAC) provides various services on behalf of member counties to assist people to achieve or maintain independence and self-reliance through their own and community resources. SEMCAC provides services in Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona Counties. During the year, the County made payments of \$13,010 to SEMCAC.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT A-1**

**SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
December 31, 2014	\$ -	\$ 1,379,309	\$ 1,379,309	0.0%	\$ 1,266,854	108.9%
December 31, 2015	-	1,368,099	1,368,099	0.0	1,057,041	129.4
December 31, 2016	-	1,400,395	1,400,395	0.0	859,576	162.9

See Note 10, Other Postemployment Benefits, for more information.

The notes to the required supplementary information are an integral part of this schedule.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 10,131,027	\$ 10,131,027	\$ 10,052,873	\$ (78,154)
Special assessments	405,000	405,000	414,450	9,450
Licenses and permits	101,825	101,825	154,384	52,559
Intergovernmental	3,712,386	3,712,386	4,401,949	689,563
Charges for services	3,146,600	3,146,600	3,436,628	290,028
Fines and forfeits	4,700	4,700	32,746	28,046
Gifts and contributions	3,500	3,500	20,698	17,198
Investment earnings	113,231	113,231	432,389	319,158
Miscellaneous	593,250	593,250	660,959	67,709
<b>Total Revenues</b>	<b>\$ 18,211,519</b>	<b>\$ 18,211,519</b>	<b>\$ 19,607,076</b>	<b>\$ 1,395,557</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 233,824	\$ 233,824	\$ 549,647	\$ (315,823)
Courts	140,943	140,943	133,756	7,187
County administration	1,057,387	1,057,387	1,293,122	(235,735)
County auditor-treasurer	639,913	639,913	637,447	2,466
License bureau	266,651	266,651	270,229	(3,578)
County assessor	499,916	499,916	487,372	12,544
Elections	100,000	100,000	65,810	34,190
Data processing	718,985	718,985	784,003	(65,018)
Attorney	741,812	741,812	733,989	7,823
Law library	-	-	13,840	(13,840)
Recorder	434,619	434,619	523,249	(88,630)
Surveyor	25,000	25,000	4,966	20,034
Planning and zoning	290,471	290,471	468,410	(177,939)
Buildings and plant	1,014,212	1,014,212	806,934	207,278
Veterans service officer	146,098	146,098	169,046	(22,948)
Other general government	-	-	42,619	(42,619)
<b>Total general government</b>	<b>\$ 6,309,831</b>	<b>\$ 6,309,831</b>	<b>\$ 6,984,439</b>	<b>\$ (674,608)</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT A-2  
(Continued)**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 2,946,436	\$ 2,946,436	\$ 2,824,736	\$ 121,700
Boat and water safety	2,350	2,350	4,903	(2,553)
Coroner	91,431	91,431	95,744	(4,313)
E-911 system	25,000	25,000	117,183	(92,183)
County jail	3,179,946	3,179,946	3,318,031	(138,085)
Community corrections	1,004,851	1,004,851	1,085,709	(80,858)
Dispatch	610,390	610,390	603,247	7,143
Sheriff's contingent	4,000	4,000	13,000	(9,000)
Civil defense	133,985	133,985	103,055	30,930
Other public safety	3,600	3,600	2,550	1,050
<b>Total public safety</b>	<b>\$ 8,001,989</b>	<b>\$ 8,001,989</b>	<b>\$ 8,168,158</b>	<b>\$ (166,169)</b>
<b>Highways and streets</b>				
Administration	\$ 138,350	\$ 138,350	\$ -	\$ 138,350
<b>Sanitation</b>				
Solid waste	\$ -	\$ -	\$ 10,927	\$ (10,927)
Recycling	478,486	478,486	545,053	(66,567)
<b>Total sanitation</b>	<b>\$ 478,486</b>	<b>\$ 478,486</b>	<b>\$ 555,980</b>	<b>\$ (77,494)</b>
<b>Human services</b>				
Income maintenance	\$ 50,000	\$ 50,000	\$ -	\$ 50,000
<b>Health</b>				
Community health	\$ 728,527	\$ 728,527	\$ 580,984	\$ 147,543
Administration	317,069	317,069	418,293	(101,224)
Health education	22,688	22,688	22,262	426
WIC	233,723	233,723	226,794	6,929
Maternal and child health	155,995	155,995	155,327	668
Bioterrorism	25,745	25,745	21,165	4,580
Disease prevention	40,292	40,292	63,911	(23,619)
Child and teen checkups	72,459	72,459	70,465	1,994
Home health	547,673	547,673	637,801	(90,128)
<b>Total health</b>	<b>\$ 2,144,171</b>	<b>\$ 2,144,171</b>	<b>\$ 2,197,002</b>	<b>\$ (52,831)</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2  
(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Culture and recreation</b>				
Parks	\$ 108,550	\$ 108,550	\$ 31,572	\$ 76,978
Museum	30,000	30,000	30,919	(919)
County/regional library	270,400	270,400	270,400	-
Other culture and recreation	3,775	3,775	3,775	-
<b>Total culture and recreation</b>	<b>\$ 412,725</b>	<b>\$ 412,725</b>	<b>\$ 336,666</b>	<b>\$ 76,059</b>
<b>Conservation of natural resources</b>				
County extension	\$ 250,883	\$ 250,883	\$ 262,307	\$ (11,424)
Soil and water conservation	165,000	165,000	165,000	-
Agricultural inspection	33,397	33,397	17,124	16,273
Agricultural society/County fair	85,000	85,000	85,000	-
Water planning	83,722	83,722	76,013	7,709
Water quality	71,465	71,465	60,125	11,340
Environmental services	-	-	230	(230)
<b>Total conservation of natural resources</b>	<b>\$ 689,467</b>	<b>\$ 689,467</b>	<b>\$ 665,799</b>	<b>\$ 23,668</b>
<b>Economic development</b>				
Community development	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Other economic development	5,000	5,000	5,000	-
<b>Total economic development</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ 11,500</b>	<b>\$ -</b>
<b>Capital outlay</b>				
General government	\$ -	\$ -	\$ 265,374	\$ (265,374)
Public safety	-	-	162,477	(162,477)
Highways and streets	-	-	134,512	(134,512)
Human services	-	-	74,282	(74,282)
<b>Total capital outlay</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 636,645</b>	<b>\$ (636,645)</b>
<b>Total Expenditures</b>	<b>\$ 18,236,519</b>	<b>\$ 18,236,519</b>	<b>\$ 19,556,189</b>	<b>\$ (1,319,670)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (25,000)</b>	<b>\$ (25,000)</b>	<b>\$ 50,887</b>	<b>\$ 75,887</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2  
(Continued)*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 1,060,736	\$ 1,060,736
Proceeds from sale of capital assets	25,000	25,000	33,655	8,655
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 1,094,391</b>	<b>\$ 1,069,391</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,145,278</b>	<b>\$ 1,145,278</b>
<b>Fund Balance - January 1</b>	<b>11,500,703</b>	<b>11,500,703</b>	<b>11,500,703</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 11,500,703</b>	<b>\$ 11,500,703</b>	<b>\$ 12,645,981</b>	<b>\$ 1,145,278</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-3*

**BUDGETARY COMPARISON SCHEDULE  
ROAD AND BRIDGE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,971,787	\$ 5,971,787	\$ 6,147,241	\$ 175,454
Licenses and permits	6,000	6,000	10,125	4,125
Intergovernmental	6,825,000	6,825,000	6,321,857	(503,143)
Charges for services	46,250	46,250	26,905	(19,345)
Miscellaneous	7,500	7,500	13,911	6,411
<b>Total Revenues</b>	<b>\$ 12,856,537</b>	<b>\$ 12,856,537</b>	<b>\$ 12,520,039</b>	<b>\$ (336,498)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 1,201,549	\$ 1,201,549	\$ 527,341	\$ 674,208
Maintenance	3,168,506	3,168,506	3,953,784	(785,278)
Construction	6,300,057	6,300,057	5,603,333	696,724
Equipment maintenance and shop	997,541	997,541	733,760	263,781
<b>Total highways and streets</b>	<b>\$ 11,667,653</b>	<b>\$ 11,667,653</b>	<b>\$ 10,818,218</b>	<b>\$ 849,435</b>
<b>Intergovernmental</b>				
Highways and streets	-	-	361,195	(361,195)
<b>Capital outlay</b>				
Highways and streets	-	-	478,928	(478,928)
<b>Total Expenditures</b>	<b>\$ 11,667,653</b>	<b>\$ 11,667,653</b>	<b>\$ 11,658,341</b>	<b>\$ 9,312</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 1,188,884</b>	<b>\$ 1,188,884</b>	<b>\$ 861,698</b>	<b>\$ (327,186)</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	-	15,678	15,678
<b>Net Change in Fund Balance</b>	<b>\$ 1,188,884</b>	<b>\$ 1,188,884</b>	<b>\$ 877,376</b>	<b>\$ (311,508)</b>
<b>Fund Balance - January 1</b>	<b>3,937,235</b>	<b>3,937,235</b>	<b>3,937,235</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>12,571</b>	<b>12,571</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,126,119</b>	<b>\$ 5,126,119</b>	<b>\$ 4,827,182</b>	<b>\$ (298,937)</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-4*

**BUDGETARY COMPARISON SCHEDULE  
SOCIAL SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 4,835,515	\$ 4,835,515	\$ 4,750,881	\$ (84,634)
Intergovernmental	4,510,101	4,510,101	5,568,784	1,058,683
Charges for services	435,685	435,685	512,345	76,660
Fines and forfeits	1,500	1,500	2,026	526
Gifts and contributions	-	-	2,401	2,401
Miscellaneous	279,300	279,300	678,157	398,857
<b>Total Revenues</b>	<b>\$ 10,062,101</b>	<b>\$ 10,062,101</b>	<b>\$ 11,514,594</b>	<b>\$ 1,452,493</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Public safety</b>				
Victim crisis	\$ 152,209	\$ 152,209	\$ 221,071	\$ (68,862)
<b>Human services</b>				
Income maintenance	\$ 3,213,261	\$ 3,213,261	\$ 3,306,982	\$ (93,721)
Social services	6,522,818	6,522,818	6,089,479	433,339
Mental health center	1,910,022	1,910,022	2,186,284	(276,262)
<b>Total human services</b>	<b>\$ 11,646,101</b>	<b>\$ 11,646,101</b>	<b>\$ 11,582,745</b>	<b>\$ 63,356</b>
<b>Capital outlay</b>				
Social services	\$ -	\$ -	\$ 8,995	\$ (8,995)
<b>Total Expenditures</b>	<b>\$ 11,798,310</b>	<b>\$ 11,798,310</b>	<b>\$ 11,812,811</b>	<b>\$ (14,501)</b>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>\$ (1,736,209)</b>	<b>\$ (1,736,209)</b>	<b>\$ (298,217)</b>	<b>\$ 1,437,992</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ (1,060,736)	\$ (1,060,736)
<b>Net Change in Fund Balance</b>	<b>\$ (1,736,209)</b>	<b>\$ (1,736,209)</b>	<b>\$ (1,358,953)</b>	<b>\$ 377,256</b>
<b>Fund Balance - January 1</b>	<b>7,165,337</b>	<b>7,165,337</b>	<b>7,165,337</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,429,128</b>	<b>\$ 5,429,128</b>	<b>\$ 5,806,384</b>	<b>\$ 377,256</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-5*

**BUDGETARY COMPARISON SCHEDULE  
DITCH SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 1,418,000	\$ 1,418,000	\$ 1,668,161	\$ 250,161
Intergovernmental	414,000	414,000	90,220	(323,780)
<b>Total Revenues</b>	<b>\$ 1,832,000</b>	<b>\$ 1,832,000</b>	<b>\$ 1,758,381</b>	<b>\$ (73,619)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Other	\$ 1,379,300	\$ 1,379,300	\$ 1,626,341	\$ (247,041)
<b>Debt service</b>				
Principal	\$ 290,000	\$ 290,000	\$ 281,060	\$ 8,940
Interest	31,300	31,300	36,624	(5,324)
Administrative (fiscal) charges	-	-	1,866	(1,866)
<b>Total debt service</b>	<b>\$ 321,300</b>	<b>\$ 321,300</b>	<b>\$ 319,550</b>	<b>\$ 1,750</b>
<b>Total Expenditures</b>	<b>\$ 1,700,600</b>	<b>\$ 1,700,600</b>	<b>\$ 1,945,891</b>	<b>\$ (245,291)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 131,400</b>	<b>\$ 131,400</b>	<b>\$ (187,510)</b>	<b>\$ (318,910)</b>
<b>Fund Balance - January 1</b>	<b>1,867,719</b>	<b>1,867,719</b>	<b>1,867,719</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 1,999,119</b>	<b>\$ 1,999,119</b>	<b>\$ 1,680,209</b>	<b>\$ (318,910)</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-6*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2016**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>States Proportionate Share of the Net Pension Liability Associated with Freeborn County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the States Related Share of the Net Pension Liability (Asset) (a+b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.1907%	\$ 9,883,064	\$ -	\$ 9,883,064	\$ 10,847,478	91.11%	78.19%
2016	0.1951%	15,841,152	206,746	16,047,903	11,655,413	135.91%	68.91%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The measurement date for each year is June 30.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-7*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2016**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 859,061	\$ 859,061	\$ -	\$ 11,393,614	7.50%
2016	\$ 901,248	\$ 901,248	\$ -	\$ 12,033,470	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-8*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2016**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.1450%	\$ 1,647,539	\$ 1,296,867	127.04%	86.60%
2016	0.1500%	\$ 6,019,761	\$ 1,383,290	435.18%	63.88%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-9*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2016**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 212,078	\$ 212,078	\$ -	\$ 1,309,122	16.20%
2016	\$ 238,409	\$ 238,409	\$ -	\$ 1,471,663	16.20%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The County's year-end is December 31.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-10*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2016**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.9700%	\$ 149,962	\$ 1,593,720	9.41%	96.90%
2016	0.9800%	\$ 3,580,077	\$ 1,674,009	213.86%	58.16%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-11*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2016**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 140,800	\$ 140,800	\$ -	\$ 1,609,145	8.75%
2016	\$ 149,524	\$ 149,525	\$ -	\$ 1,708,854	8.75%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The County's year-end is December 31.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

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1. Defined Benefit Pension Plans - Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2016:

General Employees Retirement Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Correctional Plan

- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.31 percent.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

2. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds other than the Revolving Loan Fund. All annual appropriations lapse at fiscal year-end.

On or before mid-June of each year, all departments and agencies submit requests for appropriations to the Freeborn County Administrator so that a budget can be prepared. Before October 31, the proposed budget is presented to the County Board for review. The Board holds public hearings, and a final budget must be prepared and adopted no later than December 31.

The appropriated budget is prepared by fund, function, and department. The County's department head may make transfers of appropriations within a department. Transfers of appropriations between departments require approval of the County Board. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the department level.

3. Excess of Expenditures Over Appropriations

See Note 3 in the notes to the financial statements for additional information regarding the County's excess of expenditures over appropriations.

4. Other Postemployment Benefits

Since the County has not irrevocably deposited funds in a trust for future health benefits, the actuarial value of the assets is zero.

See Note 10 in the notes to the financial statements for additional information regarding the County's other postemployment benefits.

**SUPPLEMENTARY INFORMATION**

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**MAJOR GOVERNMENTAL FUND**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT B-1*

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,814,500	\$ 2,814,500	\$ 2,764,979	\$ (49,521)
Special assessments	196,188	196,188	163,361	(32,827)
<b>Total Revenues</b>	<b>\$ 3,010,688</b>	<b>\$ 3,010,688</b>	<b>\$ 2,928,340</b>	<b>\$ (82,348)</b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 2,430,000	\$ 2,430,000	\$ 2,438,940	\$ (8,940)
Interest	575,287	575,287	575,086	201
Administrative (fiscal) charges	5,401	5,401	3,195	2,206
<b>Total Expenditures</b>	<b>\$ 3,010,688</b>	<b>\$ 3,010,688</b>	<b>\$ 3,017,221</b>	<b>\$ (6,533)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (88,881)</b>	<b>\$ (88,881)</b>
<b>Fund Balance - January 1</b>	<b>3,550,437</b>	<b>3,550,437</b>	<b>3,550,437</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 3,550,437</b>	<b>\$ 3,550,437</b>	<b>\$ 3,461,556</b>	<b>\$ (88,881)</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUND**

Special revenue funds account for proceeds of specific revenue sources legally restricted to expenditures for specified purposes.

The Revolving Loan Fund accounts for restricted revenue sources from the State of Minnesota's Department of Employment and Economic Development for economic development.

**PERMANENT FUND**

Permanent funds report resources legally restricted to the extent that only earnings, and not principal, may be used to support the County's programs.

The U.S. Fish and Wildlife Fund accounts for interest on the trust fund principal received from the U.S. Fish and Wildlife Service to offset any shortfall between the annual Fish and Wildlife Service share-revenue payments and the actual taxes on wetland properties.

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT C-1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

	<b>Special Revenue Revolving Loan</b>	<b>Permanent U.S. Fish and Wildlife</b>	<b>Total (Exhibit 3)</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ 68,879	\$ 203,043	\$ 271,922
Accrued interest receivable	-	72	72
	<b>\$ 68,879</b>	<b>\$ 203,115</b>	<b>\$ 271,994</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Due to other governments	\$ -	\$ 276	\$ 276
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Endowment permanent	\$ -	\$ 202,839	\$ 202,839
<b>Restricted</b>			
Future revolving loans	68,879	-	68,879
	<b>\$ 68,879</b>	<b>\$ 202,839</b>	<b>\$ 271,718</b>
<b>Total Fund Balances</b>	<b>\$ 68,879</b>	<b>\$ 202,839</b>	<b>\$ 271,718</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 68,879</b>	<b>\$ 203,115</b>	<b>\$ 271,994</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT C-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Special Revenue Revolving Loan</b>	<b>Permanent U.S. Fish and Wildlife</b>	<b>Total (Exhibit 5)</b>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 276	\$ 276
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 276</b>	<b>\$ 276</b>
<b>Expenditures</b>			
<b>Current</b>			
Conservation of natural resources	-	276	276
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance - January 1</b>	<b>68,879</b>	<b>202,839</b>	<b>271,718</b>
<b>Fund Balance - December 31</b>	<b>\$ 68,879</b>	<b>\$ 202,839</b>	<b>\$ 271,718</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS

The Agency Collections Fund accounts for the following:

The Current School Section accounts for collection of penalty and interest on property taxes and transmission tax. These taxes are distributed according to Minn. Stat. §§ 276.131 and 127A.34.

The Group Insurance Section accounts for payroll deductions for group health insurance.

The Mortgage Registry Tax Section accounts for the taxes received in registering a mortgage within the County.

The Post Placement Program Section accounts for money received by court services to help adolescents adapt to living in the community.

The Prepaid Tax Section accounts for payments received on taxes before the preparation of the tax statements or prior to January 1 of the year due.

The Refunding Section accounts for the refunding of property taxes.

The State Deed Tax Section accounts for the transfer of money to the state received from the sale of state deed stamps.

The State Revenue Section accounts for funds held pending remittance to the state.

The Stream Maintenance Agreement Section accounts for money received to help maintain area streams.

The Collaborative Fund accounts for funds associated with the Family Collaborative Joint Powers Board.

The Recorder's Agency Collections Fund accounts for funds collected by the Recorder's Department for other governments.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS  
(Continued)

The Tax Collection Fund accounts for the collection and distribution of property taxes and other amounts.

The Supplemental Insurance Fund accounts for payroll withholdings.

The Insurance Fund accounts for insurance payments.

The Motor Vehicle Fund accounts for drivers' licenses and vehicle licenses.

The Turtle Creek Watershed Fund accounts for the operations of the watershed district.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT D-1*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>AGENCY COLLECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>336,203</u>	\$ <u>5,857,287</u>	\$ <u>5,706,346</u>	\$ <u>487,144</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>336,203</u>	\$ <u>5,857,287</u>	\$ <u>5,706,346</u>	\$ <u>487,144</u>
 <b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>190,222</u>	\$ <u>289,241</u>	\$ <u>328,274</u>	\$ <u>151,189</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>190,222</u>	\$ <u>289,241</u>	\$ <u>328,274</u>	\$ <u>151,189</u>
 <b><u>RECORDER'S AGENCY COLLECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ <u>2,779</u>	\$ <u>44,698</u>	\$ <u>44,561</u>	\$ <u>2,916</u>
<b><u>Liabilities</u></b>				
Due to other governments	\$ <u>2,779</u>	\$ <u>44,698</u>	\$ <u>44,561</u>	\$ <u>2,916</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

***EXHIBIT D-1  
(Continued)***

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TAX COLLECTION</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 15,036	\$ 53,537,280	\$ 53,552,316	\$ -
Due from other governments	-	714	-	714
<b>Total Assets</b>	<b>\$ 15,036</b>	<b>\$ 53,537,994</b>	<b>\$ 53,552,316</b>	<b>\$ 714</b>
<b><u>Liabilities</u></b>				
Due to other funds	\$ -	\$ 24,219,378	\$ 24,219,378	\$ -
Due to other governments	15,036	29,317,902	29,332,938	-
Advance from governmental funds	-	714	-	714
<b>Total Liabilities</b>	<b>\$ 15,036</b>	<b>\$ 53,537,994</b>	<b>\$ 53,552,316</b>	<b>\$ 714</b>
 <b><u>SUPPLEMENTAL INSURANCE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ -	\$ 238,850	\$ 223,919	\$ 14,931
Due from other governments	21,533	40,000	21,533	40,000
<b>Total Assets</b>	<b>\$ 21,533</b>	<b>\$ 278,850</b>	<b>\$ 245,452</b>	<b>\$ 54,931</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 238,850	\$ 223,919	\$ 14,931
Advance from governmental funds	21,533	40,000	21,533	40,000
<b>Total Liabilities</b>	<b>\$ 21,533</b>	<b>\$ 278,850</b>	<b>\$ 245,452</b>	<b>\$ 54,931</b>
 <b><u>INSURANCE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	<b>\$ 141,049</b>	<b>\$ 258,913</b>	<b>\$ 141,049</b>	<b>\$ 258,913</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ -	\$ 73,913	\$ -	\$ 73,913
Advance from governmental funds	141,049	185,000	141,049	185,000
<b>Total Liabilities</b>	<b>\$ 141,049</b>	<b>\$ 258,913</b>	<b>\$ 141,049</b>	<b>\$ 258,913</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>MOTOR VEHICLE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,284	\$ 6,669,790	\$ 6,669,889	\$ 2,185
<b><u>Liabilities</u></b>				
Due to other governments	\$ 2,284	\$ 6,669,790	\$ 6,669,889	\$ 2,185
 <b><u>TURTLE CREEK WATERSHED</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 76	\$ 1,030,218	\$ 914,569	\$ 115,725
Accounts receivable	61,924	278,775	61,924	278,775
<b>Total Assets</b>	<b>\$ 62,000</b>	<b>\$ 1,308,993</b>	<b>\$ 976,493</b>	<b>\$ 394,500</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ -	\$ 914,493	\$ 914,493	\$ -
Advance from governmental funds	62,000	394,500	62,000	394,500
<b>Total Liabilities</b>	<b>\$ 62,000</b>	<b>\$ 1,308,993</b>	<b>\$ 976,493</b>	<b>\$ 394,500</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 687,649	\$ 67,926,277	\$ 67,580,923	\$ 1,033,003
Accounts receivable	61,924	278,775	61,924	278,775
Due from other governments	21,533	40,714	21,533	40,714
<b>Total Assets</b>	<b>\$ 771,106</b>	<b>\$ 68,245,766</b>	<b>\$ 67,664,380</b>	<b>\$ 1,352,492</b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 312,763	\$ 223,919	\$ 88,844
Due to other funds	-	24,219,378	24,219,378	-
Due to other governments	546,524	43,093,411	42,996,501	643,434
Advance from governmental funds	224,582	620,214	224,582	620,214
<b>Total Liabilities</b>	<b>\$ 771,106</b>	<b>\$ 68,245,766</b>	<b>\$ 67,664,380</b>	<b>\$ 1,352,492</b>

## **OTHER SCHEDULES**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT E-1**

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$	5,247,459
PERA rate reimbursement		44,126
Disparity reduction aid		44,456
Police aid		188,115
County program aid		1,232,850
Aquatic invasive species program aid		112,462
Market value credit		390,898
Enhanced 911		108,580
SCORE		89,807
		89,807

**Total shared revenue** **\$ 7,458,753**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	765,531
		765,531

**Payments**

**Local**

Local contributions	\$	83,267
Payments in lieu of taxes		28,560
		28,560

**Total payments** **\$ 111,827**

**Grants**

**State**

Minnesota Department/Board of		
Public Safety	\$	98,801
Health		294,081
Natural Resources		2,311
Human Services		2,385,580
Veterans Affairs		10,000
Corrections		203,138
Water and Soil Resources		74,314
Pollution Control Agency		225,807
Peace Officer Standards and Training Board		8,129
		8,129

**Total state** **\$ 3,302,161**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

***EXHIBIT E-1  
(Continued)***

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 511,591
Justice	122,639
Education	1,555
Health and Human Services	2,945,304
Social Security Administration	525
Homeland Security	97,043
Transportation	1,065,881

**Total federal** **\$ 4,744,538**

**Total state and federal grants** **\$ 8,046,699**

**Total Intergovernmental Revenue** **\$ 16,382,810**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT E-2**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00073	\$ 248,205
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	16162MN101S2514	241,033
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	Not Provided	<u>512</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>\$ 489,750</u></b>
<b>U.S. Department of Justice</b>			
Direct			
State Criminal Alien Assistance Program	16.606		\$ 7,537
Bulletproof Vest Partnership Program	16.607		397
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	Not Provided	<u>114,705</u>
<b>Total U.S. Department of Justice</b>			<b><u>\$ 122,639</u></b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00024	<b><u>\$ 1,065,881</u></b>
<b>U.S. Department of Education</b>			
Passed Through Minnesota Department of Employment and Economic Development Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	Not Provided	\$ 105
Passed Through Albert Lea School District #241 Special Education-Grants for Infants and Families	84.181	Not Provided	<u>1,450</u>
<b>Total U.S. Department of Education</b>			<b><u>\$ 1,555</u></b>
<b>U.S. Department of Health and Human Services</b>			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	12-700-00073	\$ 49,003
Universal Newborn Hearing Screening	93.251	12-700-00073	450
Immunization Cooperative Agreements	93.268	12-700-00073	3,085
Temporary Assistance for Needy Families	93.558	12-700-00073	33,199
(Total Temporary Assistance for Needy Families 93.558 \$437,102)			
Money Follows the Person Rebalancing Demonstration	93.791	12-700-00073	4,319
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00073	41,258

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT E-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services (Continued)</b>			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	1601MNRCA	10,639
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$437,102)	93.558	1602MNTANF	403,903
Child Support Enforcement	93.563	1604MNCEST	527,795
Refugee and Entrant Assistance_State Administered Programs	93.566	1601MNRCA	574
Child Care and Development Block Grant	93.575	G1601MNCCDF	10,637
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFPRG	14,513
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	5,960
Foster Care_Title IV-E	93.658	1601MNFOST	232,891
Social Services Block Grant	93.667	1601MNSOSR	198,252
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	3,962
Medical Assistance Program	93.778	05-1605MN5ADM	1,212,089
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 2,752,529</b>
<b>U.S. Social Security Administration</b>			
Passed Through Minnesota Department of Human Services			
Social Security_Disability Insurance	96.001	Not Provided	<b>\$ 525</b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	047-99047-01	216,887
Emergency Management Performance Grants	97.042	Not Provided	19,000
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 235,887</b>
<b>Total Federal Awards</b>			<b>\$ 4,668,766</b>

During 2016, the County did not pass any federal money to subrecipients

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Freeborn County. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Freeborn County under programs of the federal government for the year ended December 31, 2016. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) from the Office of Management and Budget (OMB). Because the schedule presents only a selected portion of the operations of Freeborn County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Freeborn County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on a modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Freeborn County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	4,744,538
Unavailable in 2015, recognized as revenue in 2016		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)		(52,303)
Temporary Assistance for Needy Families (CFDA #93.558)		(160,445)
Child Support Enforcement (CFDA #93.563)		(73,679)
Refugee and Entrant Assistance - State-Administered Programs (CFDA #93.566)		(50)
Foster Care - Title IV-E (CFDA #93.658)		(28,645)
Medical Assistance Program (CFDA #93.778)		(174,365)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)		(196,931)
Collaborative grants (receipted into agency fund):		
Foster Care - Title IV-E (CFDA #93.658)		36,485
Medical Assistance Program (CFDA #93.778)		85,880
Grants received more than 45 days after year-end, unavailable in 2016		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)		30,462
Promoting Safe and Stable Families (CFDA #93.556)		1,296
Temporary Assistance for Needy Families (CFDA #93.558)		96,380
Child Support Enforcement (CFDA #93.563)		21,087
Stephanie Tubbs Jones Child Welfare Services Program (CFDA #93.645)		854
Chaffee Foster Care Independence Program (CFDA #93.674)		2,427
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)		335,775
		335,775
Expenditures per Schedule of Expenditures of Federal Awards	\$	4,668,766

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**STATISTICAL SECTION (UNAUDITED)**

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## **STATISTICAL SECTION (UNAUDITED)**

This part of Freeborn County'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 Freeborn County's overall financial health.

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016
Governmental Activities	\$ 54,299,393	\$ 54,877,456	\$ 57,788,446	\$ 54,564,938	\$ 55,735,038	\$ 57,967,546	\$ 61,821,070	\$ 63,259,574	\$ 67,044,403	\$ 70,598,432
Net Investments in Capital Assets	6,123,446	5,119,553	4,972,742	5,037,551	13,563,329	6,921,109	11,147,528	8,283,014	9,900,452	8,696,772
Restricted	10,375,716	10,785,738	13,219,721	13,832,287	8,946,106	18,402,056	13,574,553	8,389,282	6,195,523	6,614,367
Unrestricted	\$ 70,798,555	\$ 70,782,747	\$ 75,980,909	\$ 73,434,776	\$ 78,244,473	\$ 83,290,711	\$ 86,543,151	\$ 79,931,870	\$ 83,140,378	\$ 85,909,571
Total Governmental Activities										

Source: Freeborn County's Yearly Financial Statements

(1) See Note Changes in Accounting Restatement

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(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
General Government	\$ 5,671,365	\$ 5,682,175	\$ 4,517,111	\$ 4,409,570	\$ 4,862,792	\$ 7,177,110	\$ 6,922,425	\$ 7,047,344	\$ 7,602,191	\$ 8,202,415
Public Safety	5,155,801	5,595,363	6,074,484	9,607,279	8,096,946	6,315,878	6,469,525	7,126,489	7,632,105	10,258,704
Highways and Streets	6,946,106	8,137,598	9,783,266	10,430,230	7,781,427	9,525,421	11,371,372	11,468,587	9,883,628	9,723,394
Sanitation	376,826	428,622	408,694	397,808	366,181	371,488	404,776	496,413	511,389	576,287
Human Services	9,766,567	9,855,640	8,045,315	7,292,340	7,673,360	7,620,459	9,204,595	9,567,868	11,032,285	12,123,000
Health	2,629,543	3,472,671	3,390,253	3,345,068	3,318,388	3,165,890	1,539,475	1,791,079	2,069,495	2,344,957
Culture and Recreation	355,454	346,859	399,260	561,488	378,002	321,489	388,287	320,811	378,127	336,666
Conservation of Natural Resources	1,955,914	2,111,470	1,431,238	1,641,086	2,106,960	1,099,583	4,011,503	1,901,209	1,888,375	2,333,311
Economic Development	104,792	118,207	35,000	17,942	15,000	400,000	50,963	698,203	11,500	12,647
Interest on Long-Term Debt	1,321,797	1,217,757	1,113,919	1,241,791	1,295,440	705,080	914,091	668,092	614,147	592,930
Total Governmental Activities Expenses	\$ 34,284,165	\$ 36,966,362	\$ 35,193,540	\$ 38,944,602	\$ 35,894,496	\$ 36,702,398	\$ 41,277,012	\$ 40,744,095	\$ 41,623,242	\$ 46,504,311
<b>Program Revenues</b>										
Charges for Services	\$ 747,646	\$ 733,713	\$ 860,546	\$ 850,865	\$ 811,161	\$ 907,321	\$ 944,388	\$ 1,351,213	\$ 1,071,249	\$ 1,014,402
General Government	590,701	2,175,384	1,686,943	2,489,412	2,447,262	2,401,345	1,924,810	1,965,755	2,233,899	2,931,845
Public Safety	77,381	179,430	148,153	73,333	92,212	177,802	248,135	65,545	221,754	49,854
Highways and Streets	3,230	1,140	1,785	3,188	381,347	4,319	-	406,340	381,253	429,102
Sanitation	472,278	544,885	989,438	462,245	585,738	341,349	603,130	362,900	890,412	1,249,098
Human Services	938,532	1,040,025	761,065	1,099,792	723,528	1,032,223	431,983	692,535	330,537	361,276
Health	13,509	9,872	19,635	56,681	24,884	13,240	1,149	-	26	148
Culture and Recreation	170,971	93,398	382,545	63,797	141,233	89,890	65,550	1,641,115	1,441,825	1,663,978
Conservation of Natural Resources	468,388	467,294	464,400	-	-	-	-	-	-	-
Economic Development	155,876	276,366	202,354	98,836	203,143	193,811	243,425	361,181	180,206	245,220
Operating Grants and Contributions	593,924	728,328	740,569	693,472	1,600,359	1,500,782	552,713	486,814	701,778	814,384
General Government	1,882,526	4,745,527	4,616,625	5,456,426	4,554,340	5,629,421	6,939,180	6,103,421	5,863,482	6,229,049
Public Safety	343,912	353,842	357,238	370,663	23,446	362,961	393,379	-	-	-
Highways and Streets	4,200,277	3,951,455	3,579,259	3,415,990	3,434,776	3,381,837	4,079,179	4,459,479	4,711,913	5,183,890
Sanitation	896,269	1,501,386	1,395,382	1,751,141	1,756,507	1,450,562	830,602	652,169	1,475,226	1,435,570
Human Services	1,036,100	1,496,839	1,647,653	1,263,069	1,233,115	961,434	4,031,465	621,962	263,911	684,436
Health	-	-	-	-	-	400,000	-	-	-	-
Culture and Recreation	198,238	-	-	-	-	-	-	-	1,940,278	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	2,531,417	-	4,679,024	186,587	1,047,763	1,747,638	1,467,744	3,359,833	114,775	1,120,690
Capital Grants and Contributions	26,956	17,958	8,038	26	-	-	-	54,804	-	-
General Government	\$ 15,348,111	\$ 18,383,154	\$ 22,604,243	\$ 18,399,086	\$ 19,098,952	\$ 20,684,923	\$ 22,756,832	\$ 22,605,066	\$ 21,937,475	\$ 23,413,042
Public Safety	-	-	-	-	-	-	-	-	-	-
Highways and Streets	-	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-	-	-	-
Conservation of Natural Resources	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	\$ 15,348,111	\$ 18,383,154	\$ 22,604,243	\$ 18,399,086	\$ 19,098,952	\$ 20,684,923	\$ 22,756,832	\$ 22,605,066	\$ 21,937,475	\$ 23,413,042

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense) Revenue</b>										
General Government	\$ (4,569,605)	\$ (4,672,096)	\$ (3,454,211)	\$ (3,459,869)	\$ (3,848,488)	\$ (6,075,978)	\$ (5,734,612)	\$ (5,334,950)	\$ (4,410,458)	\$ (6,942,793)
Public Safety	(3,971,176)	(2,691,651)	(3,646,972)	(6,424,395)	(4,049,325)	(2,413,751)	(3,992,002)	(4,673,920)	(4,681,477)	(6,512,475)
Highways and Streets	(2,454,782)	(3,212,641)	(339,464)	(4,713,884)	(2,087,112)	(1,970,560)	(2,716,313)	(1,939,788)	(3,583,617)	(2,323,801)
Sanitation	(29,684)	(73,640)	(49,671)	(23,957)	38,612	(4,208)	(11,397)	(90,073)	(130,136)	(147,185)
Human Services	(5,094,012)	(5,359,300)	(3,476,618)	(3,414,105)	(3,652,846)	(3,897,273)	(4,522,286)	(4,745,489)	(5,429,960)	(5,689,912)
Health	(794,742)	(931,260)	(1,233,806)	(494,135)	(836,353)	(683,105)	(276,890)	(386,375)	(263,732)	(548,111)
Culture and Recreation	(341,945)	(270,675)	(316,034)	(441,244)	(314,980)	(219,261)	(387,136)	(320,811)	(378,101)	(336,518)
Conservation of Natural Resources	(721,907)	(503,275)	606,998	(314,194)	(732,612)	(48,259)	85,512	416,672	(182,639)	15,103
Economic Development	363,596	349,087	429,400	(17,942)	(15,000)	-	(50,963)	(366,203)	(11,500)	(12,647)
Interest on Long-Term Debt	(1,321,797)	(1,217,757)	(1,113,919)	(1,241,791)	(1,295,440)	(705,080)	(914,091)	(698,092)	(614,147)	(592,930)
<b>Total Governmental Activities Net (Expense) Revenue</b>	<b>\$ (18,936,054)</b>	<b>\$ (18,583,208)</b>	<b>\$ (12,594,297)</b>	<b>\$ (20,545,516)</b>	<b>\$ (16,795,544)</b>	<b>\$ (16,017,475)</b>	<b>\$ (18,520,180)</b>	<b>\$ (18,139,029)</b>	<b>\$ (19,685,767)</b>	<b>\$ (23,091,269)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes	\$ 13,674,158	\$ 14,775,706	\$ 14,270,659	\$ 15,077,709	\$ 17,370,342	\$ 18,884,863	\$ 20,175,011	\$ 20,084,107	\$ 20,915,483	\$ 23,651,372
Payment in Lieu of Taxes	50,114	35,324	15,672	34,323	50,343	53,110	2,828	31,597	97,317	28,560
Unrestricted Grants and Contributions	3,318,573	3,024,053	3,277,584	2,580,137	2,630,103	1,682,574	1,459,818	1,625,409	1,543,235	1,712,330
Investment Earnings	796,804	534,835	176,194	143,512	172,524	192,679	102,769	132,089	245,464	432,665
Miscellaneous	2,846	53,931	47,445	108,849	1,368,024	143,579	28,616	50,000	18,228	-
Gain on Sale of Capital Assets	-	143,551	4,905	54,853	13,905	106,908	3,578	-	74,548	35,535
<b>Total Governmental Activities</b>	<b>\$ 17,842,495</b>	<b>\$ 18,567,400</b>	<b>\$ 17,792,459</b>	<b>\$ 17,999,383</b>	<b>\$ 21,605,244</b>	<b>\$ 21,063,715</b>	<b>\$ 21,772,620</b>	<b>\$ 21,923,212</b>	<b>\$ 22,894,275</b>	<b>\$ 25,860,462</b>
<b>Change in Net Position</b>	<b>\$ (1,093,559)</b>	<b>\$ (15,808)</b>	<b>\$ 5,198,162</b>	<b>\$ (2,546,133)</b>	<b>\$ 4,809,697</b>	<b>\$ 5,046,238</b>	<b>\$ 3,252,440</b>	<b>\$ 3,784,183</b>	<b>\$ 3,208,508</b>	<b>\$ 2,769,193</b>

Source: Freeborn County's Yearly Financial Statements

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
FUND BALANCES  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 2,165,953	\$ 493,557	\$ 443,805	\$ 618,818	\$ 341,917	\$ 385,419
Restricted (Reserved 2002-2010)	1,177,049	2,082,742	1,446,035	-	413,087	365,224	383,366	762,262	715,509	998,176
Committed	-	-	-	1,687,121	-	224,846	261,128	356,228	408,633	3,049,860
Assigned (Designated 2002-2010)	3,464,945	3,476,270	4,083,787	4,099,768	148,645	388,657	1,357,696	1,632,890	-	-
Unassigned (Undesignated 2002-2010)	-	-	549,027	2,223,391	7,719,849	10,818,868	9,940,813	8,623,639	10,034,644	8,212,526
<b>Total General Fund</b>	<b>\$ 4,641,994</b>	<b>\$ 5,559,012</b>	<b>\$ 6,078,849</b>	<b>\$ 8,010,280</b>	<b>\$ 10,447,534</b>	<b>\$ 12,291,152</b>	<b>\$ 12,386,828</b>	<b>\$ 11,993,637</b>	<b>\$ 11,500,703</b>	<b>\$ 12,645,981</b>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 2,836	\$ 970	\$ 256	\$ -	\$ 434,263	\$ 570,706	\$ 525,371	\$ 462,228	\$ 461,542	\$ 707,005
Restricted	2,010,753	1,028,608	1,052,047	1,128,396	66,551	1,127,344	9,514,658	5,703,717	5,705,943	6,258,286
<b>Assigned</b>										
Road and Bridge	2,280,059	2,203,144	1,843,770	2,828,566	2,511,201	3,053,068	1,271,550	3,107,310	3,678,532	3,674,377
Debt Service Fund	2,030,038	1,849,797	2,009,360	1,992,995	8,510,291	2,910,321	-	-	-	-
Human Service	1,639,904	2,745,059	2,750,023	2,764,097	6,586,152	7,570,104	7,989,595	8,381,777	7,165,337	5,806,384
Unassigned (Undesignated 2002-2010)	3,077,381	410,950	2,585,902	2,912,980	(1,697)	(480,746)	(511,259)	(437,868)	(218,908)	(399,003)
<b>Total All Other Governmental Funds</b>	<b>\$ 11,040,971</b>	<b>\$ 8,238,528</b>	<b>\$ 10,241,358</b>	<b>\$ 11,627,034</b>	<b>\$ 18,106,761</b>	<b>\$ 14,750,797</b>	<b>\$ 18,789,915</b>	<b>\$ 17,217,164</b>	<b>\$ 16,792,446</b>	<b>\$ 16,047,049</b>
<b>All Governmental Funds</b>										
Nonspendable	\$ 2,836	\$ 970	\$ 256	\$ -	\$ 2,600,216	\$ 1,064,263	\$ 969,176	\$ 1,081,046	\$ 803,459	\$ 1,092,424
Restricted (Reserved 2002-2010)	3,187,802	3,111,350	2,498,082	1,128,396	479,638	1,492,568	9,898,044	6,465,979	6,421,452	7,256,462
Committed	-	-	-	1,687,121	-	224,846	261,128	356,228	408,633	3,049,860
Assigned (Designated 2002-2010)	9,414,946	10,274,270	10,686,940	11,685,426	17,756,289	13,922,150	10,618,841	13,121,977	10,843,869	9,480,761
Unassigned (Undesignated 2002-2010)	3,077,381	410,950	3,134,929	5,136,371	7,718,152	10,338,122	9,429,554	8,185,771	9,815,736	7,813,523
<b>Total All Governmental Funds</b>	<b>\$ 15,682,965</b>	<b>\$ 13,797,540</b>	<b>\$ 16,320,207</b>	<b>\$ 19,637,314</b>	<b>\$ 28,554,295</b>	<b>\$ 27,041,949</b>	<b>\$ 31,176,743</b>	<b>\$ 29,211,001</b>	<b>\$ 28,293,149</b>	<b>\$ 28,693,030</b>

Source: Freeborn County's Financial Statements

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

CHANGES IN FUND BALANCES  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Taxes	\$ 12,258,854	\$ 14,149,912	\$ 15,080,750	\$ 17,396,373	\$ 19,005,885	\$ 20,187,009	\$ 20,080,378	\$ 20,878,781	\$ 23,715,974	
Special Assessments	1,424,601	1,686,572	2,037,641	1,572,932	1,462,512	2,283,803	2,088,263	2,172,363	2,245,972	
Licenses and Permits	82,215	100,784	126,841	138,561	104,291	134,192	118,079	106,821	164,509	
Intergovernmental	13,746,390	14,777,139	15,952,106	14,145,031	14,080,209	17,815,054	17,768,440	15,826,392	16,382,810	
Charges for Services	3,485,701	2,612,983	3,225,241	4,249,626	3,813,994	4,156,976	3,647,235	3,765,702	3,975,878	
Fines and Forfeits	33,802	37,064	34,690	39,329	37,709	26,436	29,756	64,065	34,772	
Gifts and Contributions	57,439	46,940	71,092	51,258	50,636	12,242	12,242	6,553	13,019	
Investment Income	886,510	534,835	176,194	143,512	172,524	184,419	111,029	132,099	245,464	
Miscellaneous	970,715	1,498,612	1,796,825	947,218	2,779,387	1,142,182	1,374,589	1,006,351	982,627	
<b>Total Revenues</b>	<b>\$ 32,946,227</b>	<b>\$ 37,570,542</b>	<b>\$ 36,368,217</b>	<b>\$ 39,897,635</b>	<b>\$ 44,165,749</b>	<b>\$ 43,484,338</b>	<b>\$ 44,840,019</b>	<b>\$ 44,032,833</b>	<b>\$ 48,328,706</b>	
<b>Expenditures</b>										
<b>Current</b>										
General Government	\$ 4,808,020	\$ 6,190,611	\$ 5,056,887	\$ 4,909,011	\$ 5,281,337	\$ 6,340,666	\$ 6,067,026	\$ 6,191,688	\$ 6,643,520	\$ 6,984,439
Public Safety	5,077,239	5,383,171	5,945,299	9,536,984	7,988,624	13,639,438	6,335,469	6,949,396	7,437,235	8,389,229
Highways and Streets	6,826,693	7,786,142	9,774,352	6,871,241	8,161,703	11,016,683	13,866,152	14,180,809	9,396,052	10,818,218
Sanitation	376,826	428,622	393,711	382,825	351,197	356,505	389,793	481,430	495,023	555,980
Social Services	8,752,766	10,136,796	7,748,168	7,807,237	7,684,378	7,066,046	9,166,814	9,551,357	10,865,074	11,582,745
Health	2,617,090	3,469,911	3,380,118	3,351,695	3,325,377	3,159,918	1,524,573	1,703,256	2,030,585	2,197,002
Culture and Recreation	355,454	346,859	399,260	561,488	378,002	321,489	388,287	320,811	378,127	336,666
Conservation of Natural Resources	1,955,252	2,110,616	1,419,444	1,646,871	2,104,149	1,095,605	1,637,650	1,896,751	1,883,629	2,291,269
Economic Development	104,792	118,207	35,000	17,942	15,000	400,000	397,409	19,757	11,500	12,647
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Highways and Streets	-	-	-	-	-	308,595	318,877	330,135	348,751	361,195
Conservation of Natural Resources	-	-	-	-	-	2,364,690	764,263	-	-	-
Capital Outlay	100,337	160,352	165,498	763,522	558,160	805,285	999,715	2,100,910	1,124,568	
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal Retirement	996,860	1,312,307	1,314,319	875,451	7,436,439	1,267,547	2,122,159	3,295,000	2,725,000	2,720,000
Interest	527,147	523,475	454,315	517,435	516,056	649,036	707,994	767,088	688,016	611,710
Bond Issuance Costs	-	-	-	21,663	177,534	89,790	-	-	-	-
Administrative (fiscal) charges	26,587	3,511	2,961	20,456	26,368	29,839	5,893	5,425	3,525	5,061
<b>Total Expenditures</b>	<b>\$ 32,525,063</b>	<b>\$ 37,970,580</b>	<b>\$ 36,089,332</b>	<b>\$ 37,283,821</b>	<b>\$ 44,004,324</b>	<b>\$ 46,996,652</b>	<b>\$ 46,146,839</b>	<b>\$ 46,692,618</b>	<b>\$ 45,006,947</b>	<b>\$ 47,990,729</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 421,164</b>	<b>\$ (2,007,239)</b>	<b>\$ 1,481,210</b>	<b>\$ (915,604)</b>	<b>\$ (4,106,689)</b>	<b>\$ (2,830,903)</b>	<b>\$ (2,662,501)</b>	<b>\$ (1,852,599)</b>	<b>\$ (974,114)</b>	<b>\$ 337,977</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	\$ 69,622	\$ 90,250	\$ -	\$ 92,619	\$ 6,260,956	\$ 7,697,008	\$ -	\$ -	\$ -	\$ 1,060,736
Transfers Out	(69,622)	(90,250)	-	(92,619)	(11,076,546)	(6,624,421)	-	-	-	(1,060,736)
Bonds and Notes Issued	-	-	1,060,000	4,100,000	-	-	6,680,000	-	-	-
Refunding Bond Issued	-	-	-	-	17,120,000	-	-	-	-	-
Premium on Bond Issuance	-	-	-	-	645,912	-	178,196	-	-	-
Discount on Bond Issuance	-	-	(8,480)	-	-	-	(19,144)	-	-	-
Proceeds from Sale of Assets	-	149,700	4,905	61,065	13,905	109,527	3,578	-	74,548	49,333
Loans Issued	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 149,700</b>	<b>\$ 1,056,425</b>	<b>\$ 4,161,065</b>	<b>\$ 4,161,065</b>	<b>\$ 12,964,227</b>	<b>\$ 1,182,111</b>	<b>\$ 6,842,630</b>	<b>\$ (1,852,599)</b>	<b>\$ 74,548</b>	<b>\$ 49,333</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,857,539)</b>	<b>\$ 2,537,635</b>	<b>\$ 3,245,461</b>	<b>\$ 8,857,538</b>	<b>\$ (1,648,789)</b>	<b>\$ (1,648,789)</b>	<b>\$ 4,180,129</b>	<b>\$ (1,852,599)</b>	<b>\$ (899,566)</b>	<b>\$ 387,310</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>4.78%</b>	<b>4.86%</b>	<b>4.93%</b>	<b>3.93%</b>	<b>18.77%</b>	<b>4.21%</b>	<b>7.43%</b>	<b>10.06%</b>	<b>8.35%</b>	<b>7.74%</b>

Source: Freeborn County's Financial Statements

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

PROPERTY TAX AND SPECIAL ASSESSMENT LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year	Net Tax Levy	Current Tax Collections	Percent of Levy Collected	(1) Delinquent Tax Collections	Total Tax Collections	Total Collections		Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Delinquent Assessments
						as a Percent of Current Levy (2)	Assessments Collected				
2007	13,435,516	13,183,337	98.1	252,179	13,435,516	100.0	1,391,408	1,424,936	97.6	33,528	
2008	14,518,759	14,205,333	97.8	313,426	14,518,759	100.0	1,689,642	1,723,182	98.1	33,540	
2009	15,494,969	15,091,901	97.4	400,918	15,492,819	100.0	1,789,400	1,829,465	97.8	40,065	
2010	16,141,902	15,821,203	98.0	308,299	16,129,502	99.9	1,524,698	1,562,857	97.6	38,159	
2011	17,122,478	16,823,011	98.3	279,164	17,102,175	99.9	1,453,049	1,494,807	97.2	41,758	
2012	18,917,961	18,615,152	98.4	266,509	18,881,661	99.8	1,665,565	1,704,339	97.7	38,774	
2013	19,211,499	18,971,938	98.8	186,371	19,158,309	99.7	1,676,037	1,707,166	98.2	31,129	
2014	19,219,518	19,036,870	99.0	85,493	19,122,363	99.5	1,948,884	1,979,342	98.5	30,458	
2015	19,846,355	19,605,075	98.8	-	19,605,075	98.8	2,120,400	2,134,718	99.3	14,318	
2016	20,703,982	20,513,131	99.1	-	20,513,131	99.1	2,260,738	2,269,156	99.6	8,418	

Note: (1) Does not include interest and penalties.

(2) Includes collection of current year taxes and delinquent tax collections.

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)  
LAST TEN FISCAL YEARS

Assessment Year	Payable Year	Real Property		Personal Property		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2006	2007	\$ 24,803,901	\$ 2,571,393,600	\$ 1,518,646	\$ 76,405,500	\$ 26,322,547	59.0970	\$ 2,647,799,100	1.0 %
2007	2008	26,519,210	2,745,715,400	1,462,966	73,575,700	27,982,176	59.0860	2,819,291,100	1.0
2008	2009	27,447,943	2,866,187,600	1,485,457	74,681,500	28,933,400	60.5230	2,940,869,100	1.0
2009	2010	29,401,437	3,105,484,200	1,551,388	77,996,700	30,952,825	58.3190	3,183,480,900	1.0
2010	2011	30,551,347	3,247,798,600	1,653,738	83,119,600	32,205,085	58.9290	3,330,918,200	1.0
2011	2012	28,404,803	3,313,361,500	2,028,290	102,438,400	30,433,093	64.0570	3,415,799,900	0.9
2012	2013	30,448,369	3,552,900,800	2,054,524	103,764,300	32,502,893	60.8620	3,656,665,100	0.9
2013	2014	37,480,081	4,328,050,000	2,279,255	114,488,500	39,759,336	49.7350	4,442,538,500	0.9
2014	2015	39,040,934	4,591,440,800	2,343,838	117,665,700	41,384,772	49.6600	4,709,106,500	0.9
2015	2016	36,342,933	4,305,573,100	2,557,017	128,344,800	38,899,950	55.0660	4,433,917,900	0.9

Note: (1) Does not include reductions for tax increment districts.

Source: Freeborn County Auditor/Treasurer -Abstract of Assessment of Real and Personal Property for 2015

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2007			2016		
		Taxable Capacity Value	Rank	Percentage of Total County Capacity Value	Taxable Capacity Value	Rank	Percentage of Total County Capacity Value
Northern Natural Gas Co	Utilities	\$ 350,286	3	1.3 %	\$ 788,035	1	2.0 %
Alliance Pipeline LP	Utilities	820,326	1	3.1	680,376	2	1.8
ITC Midwest, LLC	Utilities	-	-	-	550,406	3	1.4
Interstate Power & Light Co	Utilities	430,560	2	1.6	530,411	4	1.4
Dairyland Power Cooperative	Utilities	95,494	6	0.4	204,916	5	0.5
Union Pacific Corporation	Commercial	-	-	-	178,564	6	0.5
ITC Midwest, LLC	Utilities	-	-	-	151,417	7	0.4
Wal-Mart Real Estate Business	Commercial	104,374	4	0.4	148,013	8	0.4
Steven P & Leann Anderson	Agriculture	-	-	-	137,654	9	0.4
O. Dale Larson Trust	Industrial	-	-	-	127,290	10	0.3
Swenson Goveland Farms, LLC	Agriculture	-	-	-	-	-	-
MCB Properties LTD Partnership	Industrial	99,804	5	0.4	-	-	-
Carrington Family Trust	Commercial	90,478	7	0.3	-	-	-
Agra Resources Coop	Agriculture	90,295	8	0.3	-	-	-
Home Depot U.S.A., Inc	Commercial	65,686	10	0.3	-	-	-
Albert Lea Port Authority	Industrial	66,774	9	0.3	-	-	-
All Others		23,932,232		91.5	35,284,039		90.9
		<u>\$ 26,146,309</u>		<u>100.0 %</u>	<u>\$ 38,781,121</u>		<u>100.0 %</u>

Source: Freeborn County Auditor-Treasurer

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN ASSESSMENT YEARS

Unit of Government	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Freeborn County</b>										
General	19.6800	21.1360	22.1540	21.0830	20.4620	21.6640	21.0590	16.3390	16.5030	19.2720
Road and Bridge	9.7050	9.9150	9.5920	9.1740	10.3630	11.9310	12.0750	9.8790	9.8870	10.5130
Social Services	17.2070	16.1010	17.2370	17.4870	16.7600	17.7410	15.8070	12.7250	11.8080	12.5550
Waste	-	-	-	-	-	0.2310	0.2160	0.1770	0.1700	0.1590
Capital Improvements	2.3740	2.3910	2.3140	2.1530	1.8280	3.1560	2.9550	2.4170	2.3160	2.8940
Library	1.5690	1.5330	1.4860	1.3270	1.2350	1.2030	1.1330	0.8760	0.8560	0.9320
Capital Equipment	-	-	-	-	-	-	-	-	-	-
Capital Bond	-	-	-	-	-	-	-	1.0880	1.0430	1.1320
2011A	-	-	-	-	-	2.3420	2.1940	1.7960	1.6170	1.7170
2011B	-	-	-	-	-	1.8470	1.7300	1.4160	1.2750	1.3640
2011C	-	-	-	-	-	2.3750	2.2250	1.8210	1.6460	1.7220
Armony	0.1350	0.1270	0.1220	-	-	-	-	-	-	-
37 Jail	2.9300	2.7410	2.6430	2.4650	2.3630	-	-	-	-	-
38 HRA	2.2930	2.1450	2.0750	1.9310	1.8510	-	-	-	-	-
39 HRA	3.2040	2.9970	2.9000	2.6990	2.5860	-	-	-	-	-
Radio	-	-	-	-	1.4810	1.5670	1.4680	1.2010	1.1520	1.1630
Public Health	-	-	-	-	-	-	-	-	1.3870	1.6430
Total Freeborn County	59.0970	59.0860	60.5230	58.3190	58.9290	64.0570	60.8620	49.7350	49.6600	55.0660
<b>Townships</b>										
Albert Lea	18.4210	17.5000	18.9560	17.1020	19.6670	22.1650	20.7970	16.4310	15.6260	16.3100
Alden	10.9050	10.3940	9.3630	8.0620	8.5610	9.5810	9.0230	6.4850	6.1470	7.1320
Bancroft	14.8820	13.5060	13.8640	13.0300	12.6190	13.3220	12.3080	10.5110	10.0850	11.5060
Bath	9.0860	9.6380	12.2270	11.8170	10.9880	11.0700	10.6340	8.2930	7.9060	8.5860
Carlston	10.6460	10.3410	11.5400	10.9610	10.0150	11.6630	13.2080	10.0060	9.7610	10.9200
Freeborn	16.2340	15.3150	16.2710	13.9300	12.7380	13.7750	14.1210	10.2660	9.1040	9.7430
Freeman	8.7880	9.2870	8.0190	7.7870	7.4450	7.8820	7.8940	6.7020	6.7590	8.1090
Geneva	18.3010	17.3960	16.8600	14.3930	13.5500	13.5660	11.9460	8.8770	8.3430	9.2040
Hartland	10.4930	10.0270	9.6750	9.6240	9.2630	9.3090	8.1930	5.9960	5.6300	6.2760
Hayward	13.4560	16.5180	17.6540	16.5040	15.4860	14.7720	13.3610	10.0520	9.3600	9.4620
London	11.8060	14.8230	14.9130	17.0630	16.4620	16.2340	14.4740	10.0950	9.4730	10.7060
Manchester	10.0340	9.4350	10.1250	8.9030	9.1900	8.8800	7.8440	6.0770	5.6650	6.0120
Mansfield	13.9070	14.2710	15.4720	13.2120	12.8100	13.2050	11.6570	8.2710	8.4920	9.7050
Moscow	18.1470	16.9520	19.5820	17.2030	16.2060	17.2140	15.8810	12.4950	11.7540	12.9230
Newry	15.7440	15.8940	15.3190	12.1390	11.1330	11.1830	11.0100	8.4420	8.5020	9.4390
Nunda	12.4720	12.7970	15.3450	14.2450	10.8160	14.7580	13.1340	9.9350	9.1870	10.0000
Oakland	12.0630	11.3570	11.4320	10.4460	10.5960	11.4640	11.2600	9.1840	9.3510	10.2590
Pickere Lake	10.0160	9.5060	9.5600	8.8730	8.5790	7.4530	7.0740	5.8350	5.9100	6.3160
Riceland	13.4440	12.8840	12.6640	12.4300	11.5670	12.0970	10.7220	8.1190	7.6160	8.2930
Shell Rock	12.1890	11.0410	11.5510	10.0460	9.8960	9.3600	8.3880	6.1020	5.6420	6.1730
<b>Cities</b>										
Albert Lea	41.0880	43.1440	44.1790	46.0590	49.1630	57.1250	60.6320	62.0500	63.2160	64.3220
Alden	69.9800	65.8230	64.7480	64.3510	68.8150	87.4770	89.6730	89.0060	100.4690	99.7370
Clarks Grove	28.6500	29.4140	31.4830	30.3220	31.7390	39.9950	43.0910	44.1710	52.8210	54.6880
Conger	84.1420	87.7350	91.7220	94.6160	100.7930	134.8240	155.3090	136.2020	139.3750	143.8460
Emmons	92.1380	96.4050	91.5350	93.4200	96.9720	136.2420	134.7630	145.2370	146.6990	145.4870
Freeborn	87.2120	84.7540	87.7970	93.7980	100.5350	143.2810	147.4650	151.5210	155.4240	159.6660
Geneve	33.4930	34.6050	33.0790	34.5410	34.9410	41.0740	45.2780	45.3850	49.8020	50.4430
Glenville	57.1580	56.5190	58.7820	59.1030	59.1180	50.2860	50.7820	51.5010	45.8360	45.8920
Hartland	89.6780	81.6310	86.6280	97.7580	105.0440	131.4280	133.9210	138.0870	140.2610	146.5790
Hayward	116.9240	103.6950	102.6800	102.5920	103.7320	133.1350	149.6770	165.2590	164.5510	155.5250
Hollandale	91.9740	95.0360	88.4660	86.5930	87.9480	111.7950	116.2920	117.3300	114.6910	114.7110
Manchester	37.6100	47.7950	49.1310	56.0080	64.6870	81.3670	86.6390	95.7060	104.6640	109.0210
Myrtle	38.6008	37.2350	38.1550	37.6030	37.7450	56.9500	62.0160	69.2000	69.3400	68.9850
Twin Lakes	32.2500	30.9190	31.0080	30.7390	30.6410	15.9950	16.4760	15.8540	15.9450	16.2940
<b>School Districts</b>										
SD 241	23.9830	25.5560	25.7000	24.5770	25.9440	29.0580	28.8770	25.1790	25.1970	25.0870
SD 242	25.8160	28.5040	29.0900	24.7810	23.5820	26.9030	21.4490	15.0250	14.9850	20.6190
SD 492	20.5240	21.2680	22.3320	21.4720	21.6600	32.2050	29.0950	27.5920	28.3740	27.4910
SD 497	47.3800	48.2320	37.9210	33.0260	32.9290	37.4720	28.3020	20.5760	21.8200	26.9350
SD 756	10.3640	26.2070	24.7550	25.4610	23.7980	21.5150	21.6450	24.3790	19.8120	23.6980
SD 2134	9.4030	6.9250	7.2240	8.4240	7.3220	7.5360	25.8080	18.1620	18.0700	22.1450
SD 2168	15.7740	15.1230	18.5710	16.9340	17.1690	17.5590	16.3550	16.6160	8.5410	8.6990
SD 2886	4.6000	7.3680	7.4890	5.6680	4.7940	4.2550	3.4240	3.4560	3.2790	3.4200

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

TAX CAPACITY BY CLASSIFICATION  
LAST TEN FISCAL YEARS

Payable Year % of Total	Agriculture	Residential	Commercial	Industrial	Utilities	Personal Property	Tax Increment	Net Tax Capacity
2007 % of Total	9,690,332 37%	10,907,192 42%	2,344,904 9%	1,121,502 4%	739,971 3%	1,518,646 6%	(279,469) -1%	26,043,078
2008 % of Total	10,345,877 37%	11,768,034 43%	2,447,310 9%	1,275,368 5%	682,621 2%	1,462,966 5%	(322,474) -1%	27,659,702
2009 % of Total	10,740,600 38%	11,846,090 41%	2,763,828 10%	1,450,799 5%	646,626 2%	1,485,457 5%	(313,893) -1%	28,619,507
2010 % of Total	12,695,506 42%	11,739,137 38%	2,797,222 9%	1,482,667 5%	678,311 2%	1,551,388 5%	(169,698) -1%	30,774,533
2011 % of Total	13,848,537 42%	11,459,581 36%	2,797,456 9%	1,487,576 5%	958,197 3%	1,653,738 5%	(123,343) 0%	32,081,742
2012 % of Total	14,148,293 46%	9,378,519 30%	2,666,839 9%	1,406,420 5%	804,732 3%	2,028,290 7%	(114,763) 0%	30,318,330
2013 % of Total	16,412,219 51%	9,092,224 28%	2,663,690 8%	1,407,655 4%	839,959 3%	2,054,524 6%	(141,250) 0%	32,329,021
2014 % of Total	23,078,678 59%	8,758,029 22%	3,031,284 8%	1,696,880 4%	915,210 2%	2,279,255 6%	(224,141) -1%	\$39,535,195
2015 % of Total	24,711,441 60%	8,770,777 21%	3,001,570 7%	1,672,736 4%	884,410 2%	2,343,838 6%	(138,126) 0%	\$41,246,646
2016 % of Total	21,762,538 56%	8,856,814 23%	3,016,707 8%	1,622,741 4%	1,084,133 3%	2,557,017 7%	(118,829) 0%	\$38,781,121

Source: Freeborn County Auditor/Treasurer Abstract of Assessment of Real and Personal Property for 2015

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Market Valuation of Taxable Property (1)	\$ 2,647,799,100	\$ 2,819,291,100	\$ 2,940,869,100	\$ 3,183,480,900	\$ 3,330,918,200	\$ 3,415,799,900	\$ 3,656,665,100	\$ 4,442,538,500	\$ 4,709,106,500	\$ 4,433,917,900
Legal Debt Percentage Allowed (2)	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Legal Debt Limit	52,955,982	84,578,733	88,226,073	95,504,427	99,927,546	102,473,997	109,699,953	133,276,155	141,273,195	133,017,537
Amount of Debt Applicable to Debt Limit										
General Obligation Debt	27,171,635	25,263,157	24,354,678	21,387,419	23,985,000	22,755,000	27,345,000	24,050,000	21,325,000	18,605,000
Less: Amount Available in Debt Service Funds	2,074,698	1,849,797	2,009,360	1,992,895	2,150,569	2,910,321	5,100,159	4,493,278	4,284,934	4,261,379
Total Debt Applicable to Limit	25,096,937	23,413,360	22,345,318	19,394,424	21,834,431	19,844,679	22,244,841	19,556,722	17,040,066	14,343,621
Unused Margin of Indebtedness	\$ 27,859,045	\$ 61,165,373	\$ 65,880,755	\$ 76,110,003	\$ 78,093,115	\$ 82,629,318	\$ 87,455,112	\$ 113,719,433	\$ 124,233,129	\$ 118,673,916
Percent of Legal Debt Incurred	51.31%	29.87%	27.60%	22.39%	24.00%	22.21%	24.93%	18.05%	15.09%	13.99%

(1) Source: Freeborn County Auditor/Treasurer

(2) Minnesota Statute Section 475.53, subd. 1 LIMIT ON NET DEBT except as otherwise provided in sections 475.51 to 475.74, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of two percent of the market value of taxable property therein prior to 2008. In 2008, this percentage became three percent of the market value of taxable property therein.

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

Fiscal Year	General		Loans	Capital Notes	Special		Lease Revenue Bonds (1)	Total Outstanding Debt	Percentage of Personal Income (2)	Population (3)	Debt per Capita
	Obligation Bonds				Assessment Bonds	Assessment Refunding Bonds					
2007	\$ 9,125,000	\$ 209,134	\$ -	\$ -	\$ 3,020,000	\$ 325,000	\$ 14,701,635	\$ 27,380,769	2.64%	31,492	\$ 869
2008	8,315,000	175,827	-	-	2,695,000	215,000	14,038,157	25,438,984	2.30%	31,187	816
2009	7,470,000	141,508	-	-	3,430,000	105,000	13,349,678	24,496,186	2.22%	31,035	789
2010	7,585,000	106,145	-	3,575,000	3,105,000	-	12,636,200	27,007,345	2.35%	31,255	864
2011	18,040,000	69,706	-	3,205,000	2,740,000	-	7,045,428	31,100,134	2.52%	31,160	998
2012	17,555,000	32,159	-	2,830,000	2,370,000	-	-	22,787,159	1.79%	31,027	734
2013	19,485,000	-	-	2,450,000	5,410,000	-	-	27,345,000	2.23%	30,917	884
2014	18,040,000	-	-	2,065,000	3,945,000	-	-	24,050,000	1.93%	30,831	780
2015	16,230,000	-	-	1,675,000	3,420,000	-	-	21,325,000	1.68%	30,642	696
2016	14,365,000	-	-	1,275,000	2,965,000	-	-	18,605,000	N/A	N/A	N/A

Governmental Activities:

(1) Presented net of original issuance discounts and premiums  
(2) Personal income is disclosed on page 163  
(3) United States Census Bureau

Source: Freeborn County Financial Statements.

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

RATIO OF NET BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income		Estimated Actual Value	Assessed Value	(1) Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Debt Per Capita		Actual Valuation		Assessed Valuation		Debt to Personal Income	
		Freeborn County	County						Total	Net	Total %	Net %	Total %	Net %	Total %	Net %
2007	31,492	\$ 1,038,484,000	\$ 2,647,799,100	\$ 26,332,547	\$ 23,826,635	\$ 1,621,148	\$ 22,205,487	\$ 756.59	\$ 705.12	0.9 %	0.8	90.5 %	84.3 %	2.3 %	2.1 %	
2008	31,187	1,109,293,000	2,819,291,100	27,982,176	22,353,157	1,587,947	20,765,210	716.75	665.83	0.8	0.7	79.9	74.2	2.0	1.9	
2009	31,035	1,105,401,000	2,940,869,100	28,933,400	20,819,678	1,634,520	19,185,158	670.85	618.18	0.7	0.7	72.0	66.3	1.9	1.7	
2010	31,255	1,151,565,000	3,183,480,900	30,952,825	23,796,200	1,656,190	22,140,010	761.36	708.37	0.7	0.7	76.9	71.5	2.1	1.9	
2011	31,160	1,232,138,000	3,330,918,200	32,205,085	28,290,428	7,975,383	20,315,045	907.91	651.96	0.8	0.6	87.8	63.1	2.3	1.6	
2012	31,027	1,273,548,000	3,415,799,900	30,433,093	20,385,000	1,745,190	18,639,810	657.01	600.76	0.6	0.5	67.0	61.2	1.6	1.5	
2013	30,917	1,224,806,000	3,656,665,100	32,502,893	21,935,000	2,029,446	19,905,554	709.48	643.84	0.6	0.5	67.5	61.2	1.8	1.6	
2014	30,831	1,245,146,000	4,442,538,500	39,759,336	20,105,000	2,482,523	17,622,477	652.10	571.58	0.5	0.4	50.6	44.3	1.6	1.4	
2015	30,642	1,266,479,000	4,591,440,800	39,040,934	17,905,000	2,446,394	15,458,606	584.33	504.49	0.4	0.3	45.9	39.6	1.4	1.2	
2016	n/a	n/a	4,305,573,100	36,342,933	15,640,000	2,400,494	13,239,506	n/a	n/a	0.4	0.3	43.0	36.4	n/a	n/a	

Source: Freeborn County Administration except for Population, which is from the State Demographer prior to and after 2010, the U.S. Census Bureau for 2010, and Personal Income, which is from the Bureau of Economic Analysis.

(1) Includes all General Obligation debt of the County including refunded bonds.  
n/a=not available

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**COMPUTATION OF UNDERLYING, OVERLAPPING, AND DIRECT DEBT  
DECEMBER, 31 2016**

	Net G.O. Debt Outstanding	Applicable to Freeborn County	
		Percent (1)	Amount
<b>Cities</b>			
City of Alden	\$ 94,000	100.0	\$ 94,000
City of Conger	587,363	100.0	587,363
City of Freeborn	1,175,000	100.0	1,175,000
City of Glenville	152,500	100.0	152,500
City of Hartland	1,644,535	100.0	1,644,535
City of Hayward	353,805	100.0	353,805
City of Manchester	112,000	100.0	112,000
City of Albert Lea	22,680,000	100.0	22,680,000
<b>Total Cities</b>	<u>26,799,203</u>		<u>26,799,203</u>
<b>Independent School Districts</b>			
No. 241	28,006,491	100.0	28,006,491
No. 242	10,220,000	99.3	10,148,460
No. 492	40,061,476	6.4	2,563,934
No. 497	6,265,000	13.8	864,570
No. 756	11,085,000	25.0	2,771,250
No. 2134	27,385,000	23.8	6,517,630
No. 2168	2,850,000	29.5	840,750
No. 2886	838,556	100.0	838,556
<b>Total Independent School Districts</b>	<u>126,711,523</u>		<u>52,551,641</u>
<b>Freeborn County</b>	<u>18,605,000</u>	100.0	<u>18,605,000</u>
<b>Totals</b>	<u>\$ 172,115,726</u>		<u>\$ 97,955,844</u>

Source: Freeborn County Auditor/Treasurer

Note: (1) Determined by the portion of property subject to taxation by Freeborn County.

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NEW CONSTRUCTION AND BANK DEPOSITS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>(1) Farm</u>	<u>(1) Residential</u>	<u>(1) Commercial Industrial</u>	<u>(1) Total</u>	<u>(2) Bank Deposits</u>
2007	\$ 3,523,300	\$ 17,526,400	\$ 4,456,300	\$ 25,506,000	\$ 481,000,000
2008	3,695,800	11,053,200	14,585,800	29,334,800	493,000,000
2009	4,200,600	7,519,400	3,818,100	15,538,100	536,000,000
2010	3,056,300	6,868,000	2,467,900	12,392,200	537,000,000
2011	4,811,700	8,105,800	987,300	13,904,800	563,000,000
2012	6,530,600	6,072,700	1,990,600	14,593,900	567,000,000
2013	5,602,500	5,461,500	5,512,600	16,576,600	587,000,000
2014	3,497,700	7,499,100	4,534,600	15,531,400	588,000,000
2015	3,759,500	6,359,300	2,580,800	12,699,600	590,000,000
2016	1,584,500	10,808,800	2,159,200	14,552,500	618,000,000

(1) Source: Freeborn County Assessor

(2) Source: FDIC Summary of Deposits for Freeborn County

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**COUNTY EMPLOYEES BY DEPARTMENT**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Courts	2.00	1.50	1.50	1.50	1.00	2.00	1.00	1.00	1.00	1.00
Administration (1)	8.00	8.50	4.50	4.50	5.50	5.00	5.00	6.00	6.00	6.00
Auditor/Treasurer	7.50	8.50	7.50	8.00	8.50	8.50	10.00	8.50	7.00	6.00
Assessor	7.00	8.00	7.00	7.50	7.50	7.50	7.00	7.00	7.00	7.00
Motor Vehicle	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.50	5.00	5.00
Information Technology (1)	-	-	4.50	4.00	4.00	5.00	5.00	5.00	6.00	6.00
Attorney	6.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	7.00	7.00
Recorder	5.00	5.00	5.00	5.00	5.00	5.00	6.00	5.00	5.00	5.00
Maintenance	6.50	7.00	7.00	7.50	6.50	7.00	6.50	7.50	6.50	6.50
Veterans Service	2.00	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.50	2.50
Medical Death Investigators	-	-	-	-	-	-	6.00	5.00	4.00	4.00
Coroner (2)	1.00	1.00	-	-	-	-	-	-	-	-
Sheriff (3)	29.00	27.00	31.50	34.00	35.00	33.50	33.50	26.50	23.00	21.00
Dispatch (4)	-	-	-	-	-	-	-	-	9.00	8.00
Boat and Water Safety	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-
Transport Deputies (3)	-	-	-	-	-	-	-	6.00	3.00	8.00
Detention Center	34.00	31.00	42.00	45.00	41.00	38.00	36.00	38.00	33.00	35.00
Court Services	9.50	8.50	8.50	8.50	8.50	9.00	10.00	9.00	11.00	9.00
Emergency Management	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Public Health	22.50	24.00	22.00	23.00	23.00	26.00	25.50	26.00	25.00	24.00
Public Works	-	-	-	1.00	1.00	1.00	-	-	-	-
Extension	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Environmental Services	8.00	7.00	7.50	9.00	7.50	7.50	7.50	9.00	6.00	6.00
<b>Total General Fund</b>	<b>159.50</b>	<b>157.50</b>	<b>169.00</b>	<b>179.00</b>	<b>174.50</b>	<b>175.50</b>	<b>182.50</b>	<b>183.50</b>	<b>174.00</b>	<b>174.00</b>
<b>Road and Bridge Fund</b>										
Road and Bridge	31.00	31.50	29.00	29.50	30.00	32.50	33.50	34.00	34.00	35.00
<b>Social Services Fund</b>										
Social Services	92.50	87.00	82.00	82.00	82.50	79.00	80.00	81.50	84.00	91.00
<b>Ditch Fund</b>										
Ditch	0.50	0.50	0.50	0.50	0.50	0.50	1.00	0.50	0.50	1.00
<b>Total Employees</b>	<b>283.50</b>	<b>276.50</b>	<b>280.50</b>	<b>291.00</b>	<b>287.50</b>	<b>287.50</b>	<b>297.00</b>	<b>299.50</b>	<b>292.50</b>	<b>301.00</b>

The above numbers represent full time employee equivalents

- (1) Administration and Information Technology seperated into two departments in 2009
- (2) Freeborn County began outsourcing it's Coroner's services in 2009
- (3) Transport Deputies and Sheriff split into two departments in 2014
- (4) City turned 911 Dispatch Center over to the County in 2015

Source: Freeborn County Administration

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**LABOR AGREEMENTS**

<b>Union</b>	<b>Number of Employees (1)</b>	<b>Contract Term</b>
American Federation of State, County and Municipal Employees, AFL-CIO Council 65, Local 1018A	77	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional Officers)	38	1.1.17 - 12.31.17
Minnesota Public Employees Association (Patrol Deputies)	11	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional sergeants)	4	1.1.17 - 12.31.17
Minnesota Public Employees' Association (Patrol Sergeants)	3	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Dispatch)	8	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Transport)	8	1.1.17 - 12.31.17
<b>Non Union</b>	152	
<b>Total</b>	301	

(1) As of 1-1-17 and includes part-time and full-time employees

Source: County Administration

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**TEN LARGEST EMPLOYERS  
CURRENT AND NINE YEARS AGO**

Employer	Business/Service	2016			2007		
		Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
Mayo Clinic Health Systems	Medical Services	1,014	1	6.6 %	1230	1	7.9 %
Albert Lea Area Schools	Education	670	2	4.4	480	2	3.1
Albert Lea Select Foods	Meat Processing	487	3	3.2	308	5	2.0
Innovance (Lou-Rich & Almco)	Metal Fabrication	347	4	2.3	385	3	2.5
Freeborn County	Local Government	310	5	2.0	-	-	-
Riverland College	Education	296	6	1.9	-	-	-
Hy-Vee	Food Retailer	276	7	1.8	-	-	-
Cargill Value Added Meats	Meat Processing	250	8	1.6	-	-	-
Wal-Mart	Retailer	245	9	1.6	-	-	-
Good Samaritan Center	Outpatient Care Center	210	10	1.4	308	6	2.0
Schweigert Foods	Other Food Manufacturing	-	-	-	365	4	2.4
Streater Store Fixtures	Lumber & Other Const Materials Wholesaler	-	-	-	305	7	2.0
St. John's Lutheran Home	Nursing Care Facilities	-	-	-	289	8	1.9
Ventura Foods LLC	Food Processor	-	-	-	185	9	1.2
Trails Travel Center	Automotive	-	-	-	135	10	0.9
All Other Employees		<u>11,231</u>		<u>73.2</u>	<u>11,521</u>		<u>74.1</u>
Total Employees		<u>15,336</u>		<u>100.0 %</u>	<u>15,511</u>		<u>100.0 %</u>

Source: Minnesota Department of Employment and Economic Development, most current information available

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**POPULATION GROWTH COMPARISONS  
LAST TEN FISCAL YEARS**

Year	Freeborn County			State of Minnesota		
	Population	Percent Increase (Decrease)	Households	Percent Increase (Decrease)	Population	Percent Increase (Decrease)
2007	31,492	(1.3)%	13,444	(0.1)%	5,263,493	1.1 %
2008	31,187	(1.0)	13,393	(0.4)	5,287,976	0.5
2009	31,035	(0.5)	13,374	(0.1)	5,300,942	0.2
2010	31,255	0.7	13,177	(1.5)	5,303,925	0.1
2011	31,160	0.3	13,195	0.1	5,332,246	0.5
2012	31,027	0.4	13,179	(0.1)	5,368,972	0.7
2013	30,917	0.4	13,143	(0.3)	5,417,838	0.9
2014	30,831	(0.2)	13,123	(0.2)	5,489,594	1.3
2015	30,642	(0.6)	13,071	(0.4)	5,490,216	0.0
2016	N/A	N/A	N/A	N/A	5,485,238	-

Source: State Demographer

2010 U.S. Census Bureau

N/A - This information is not yet available.

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**PERCENTAGE OF REGISTERED VOTERS VOTING  
LAST TEN ELECTIONS**

Primary Elections				General Election			
Date	Total			Date	Total		
	Registered Voters	Number Voting	Percentage Voting		Registered Voters	Number Voting	Percentage Voting
Sept. 15, 1998	18,529	4,655	25.1	Nov. 3, 1998	18,606	14,029	75.4
Sept. 12, 2000	18,050	5,740	31.8	Nov. 7, 2000	18,340	16,331	89.0
Sept. 10, 2002	18,236	7,525	41.3	Nov. 5, 2002	18,512	15,987	86.4
Sept. 14, 2004	18,659	4,219	22.6	Nov. 2, 2004	18,918	17,775	94.0
Sept. 12, 2006	19,264	3,861	20.0	Nov. 7, 2006	19,378	15,252	78.7
Sept. 09, 2008	19,189	4,081	21.3	Nov. 4, 2008	19,376	17,369	89.6
Aug. 10, 2010	18,627	5,841	31.4	Nov. 2, 2010	18,716	13,564	72.5
Aug. 14, 2012	17,714	2,813	15.9	Nov. 6, 2012	17,946	16,817	93.7
Aug. 12, 2014	17,563	3,889	22.1	Nov. 4, 2014	17,709	12,528	70.7
Aug. 10, 2016	17,282	1,421	8.2	Nov. 8, 2016	17,920	16,195	90.4

Source: Freeborn County Auditor/Treasurer

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**UNEMPLOYMENT, INCOME AND ECONOMIC VITALITY  
LAST TEN FISCAL YEARS**

Year	Unemployment Percentages (1)			Personal	Per Capita Personal Income (2)		
	Freeborn County	State of Minnesota	United States	Income (2) Freeborn County	Freeborn County	State of Minnesota	United States
2007	4.9 %	4.6 %	4.6 %	\$ 1,038,484,000	\$ 32,956	\$ 41,596	\$ 39,804
2008	5.7	5.5	5.8	1,109,293,000	35,475	43,074	40,873
2009	8.4	7.8	9.3	1,105,401,000	35,302	41,230	39,379
2010	7.7	7.3	9.6	1,151,565,000	36,897	42,572	40,144
2011	6.6	6.4	8.9	1,232,138,000	39,605	45,220	42,332
2012	5.8	5.5	8.1	1,273,548,000	40,998	47,377	44,200
2013	5.0	4.8	7.4	1,224,806,000	39,576	47,500	44,765
2014	4.2	4.0	6.2	1,245,146,000	40,374	48,711	46,129
2015	3.7	3.7	4.8	1,266,479,000	41,371	50,541	47,669
2016	4.4	4.1	4.5	N/A	N/A	50,871	48,112

(1) Minnesota Department of Economic Security

(2) Per Bureau of Economic Analysis

N/A - This information is not yet available.

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
OPERATING INDICATORS BY FUNCTION  
LAST SEVEN FISCAL YEARS**

Function/Program	Fiscal Year						
	2010	2011	2012	2013	2014	2015	2016
<b>General Government</b>							
New Hires (Regular Employees)	16	15	19	29	33	51	42
New Hires (Temporary/Seasonal)	-	-	2	3	10	12	3
Total Employees Supported	291	288	288	297	300	292	301
Number of Parcels in County	22,805	22,855	22,943	22,989	23,010	23,060	23,024
Number of Permits in County	405	286	305	270	267	248	244
Adult Felony	205	157	197	273	305	286	300
Juvenile Felony	12	25	16	21	35	19	28
Adult GM	160	164	127	114	151	177	194
Juvenile GM	3	9	16	13	15	14	9
Adult Misdemeanor	410	377	358	340	419	380	319
Juvenile Misdemeanor	237	228	170	162	154	124	123
Chips	-	-	62	54	66	85	82
Number of Technology Requests Completed	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of GIS External Services Provided	N/A	N/A	N/A	N/A	N/A	N/A	95
Office Visits - Veterans Services	N/A	N/A	2,341	2,082	2,222	2,183	2,278
Letters - Veterans Services	N/A	N/A	N/A	N/A	N/A	816	1,429
Phone Calls - Veterans Services	N/A	N/A	N/A	N/A	N/A	5,402	5,491
Transported Veterans to VA Medical Center	N/A	N/A	1,061	1,022	949	786	800
Deceased Veterans	N/A	N/A	86	63	76	134	93
New Veterans	N/A	N/A	N/A	N/A	N/A	N/A	115
<b>Public Safety</b>							
Adults on Supervision at End of Year	741	760	705	717	922	710	604
Juveniles on Supervision at End of Year	175	186	226	220	255	133	154
Community Service Hours Done by Offenders	9,126	8,020	8,274	8,645	6,538	7,034	7,226
Investigations (Pre-Sentence, Pre-Trial, Pre-Release)	539	492	366	316	348	438	320
<b>Social Services</b>							
Minnesota Healthcare Cases	2,092	2,113	2,492	2,618	2,362	2,593	3,723
<b>Health</b>							
Number of Children Enrolled in Infant Follow-Along Program	N/A	766	721	318	319	301	282
Number of Emergency Preparedness Exercises	N/A	N/A	3	4	8	6	3
Number of Youth Participated in Public Health Sponsored Smoking Cessation Classes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Conservation Of Natural Resources</b>							
Extension Services Volunteers	N/A	132	180	130	131	137	153
Extension Services 4-H Enrollment	N/A	553	405	570	413	625	526
Extension Services 4-H Participants	N/A	2,891	4,444	2,138	2,531	2,464	2,292
Extension Services Nutrition Direct Participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Extension Services Nutrition Direct Contacts	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Environmental Services</b>							
Landfill Tons	25,688	24,770	21,241	21,217	17,065	19,333	20,593
Demolition	-	-	8,256	4,379	8,648	9,751	9,127
Recycling Tons	14,625	17,080	17,415	16,628	15,716	17,601	18,285

Note: Ten years of data will be reported going forward as accurate information becomes available.

N/A - No data available.

Source: Various County Departments

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government buildings	3	3	3	3	3	3	3	3	3	3
Highways:										
Miles	634	634	634	634	634	634	634	634	634	634
Buildings	9	9	9	9	9	9	9	9	10	10
Culture and Recreation:										
Parks acreage	256	256	256	256	256	256	256	256	256	256
Miles	-	-	-	-	-	-	-	-	13	13
County parks	4	4	4	4	4	4	4	4	4	4

Source: Freeborn County Highway and Administration Departments