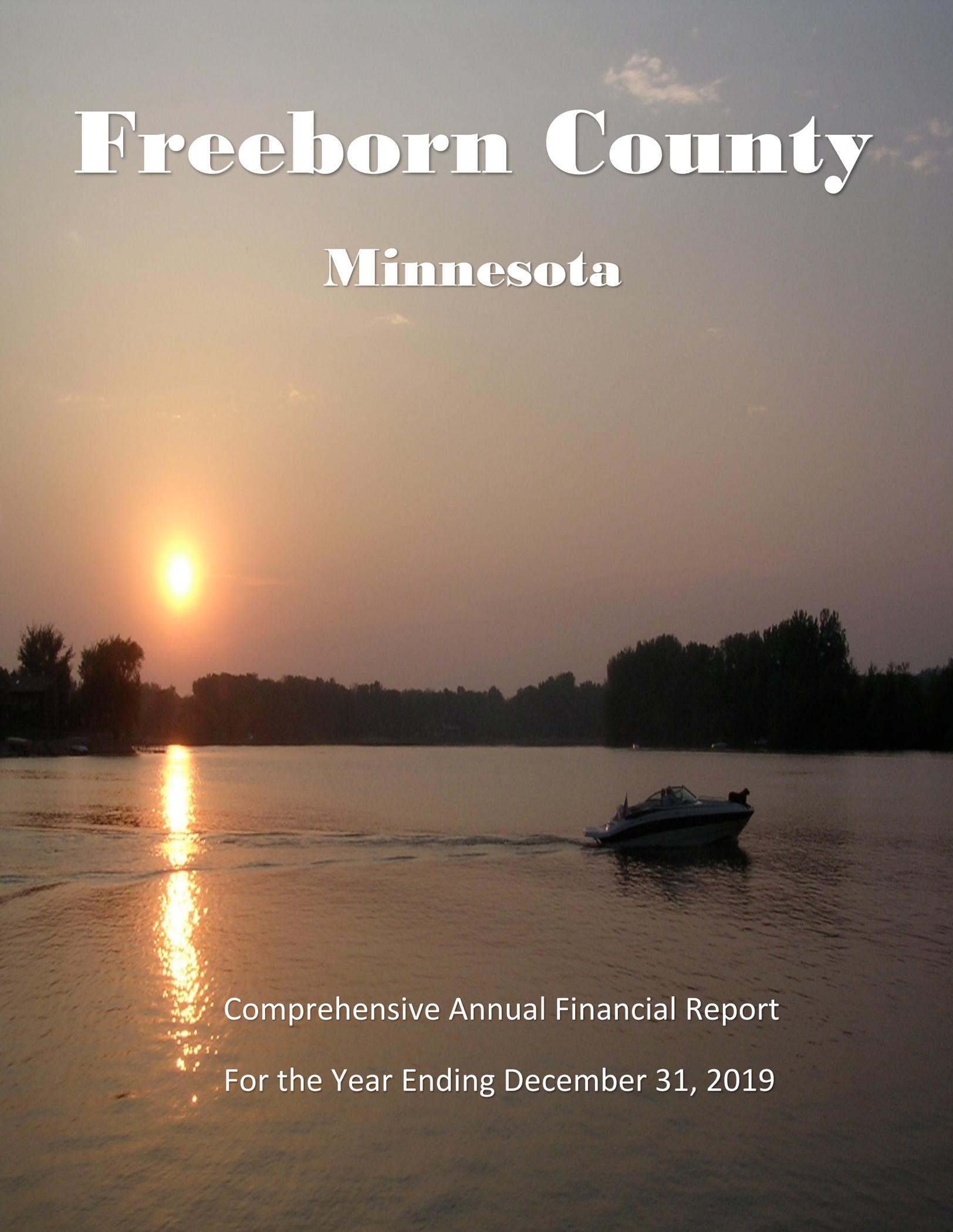


Freeborn County

Minnesota

A scenic sunset over a lake. The sun is low on the horizon, creating a bright orange glow and a long, shimmering reflection on the water. A small motorboat is visible in the lower right, moving across the water. The background shows a dark silhouette of trees along the shore.

Comprehensive Annual Financial Report

For the Year Ending December 31, 2019

FREEBORN COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019

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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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: May 19th, 2020

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, 2019. 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 auditors' 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 30,335. 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 committee.

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. Due to the County's large rural area, it is attractive to renewable energy prospects. This is apparent through companies, both wind and solar, who have decided to explore development within the County. One of the projects that has 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

Recent Past Years:

The financial health of the county is important to its Board. To uphold this financial health, the Board adopted a new fund balance policy in 2019. This policy directs that fund balances should be 50% of the next year's budgeted levy. When a fund balance exceeds 50% of the budgeted levy, Administration will recommend that the balance over 50% be transferred to Capital Outlays

for use by the County Commissioners to fund ongoing infrastructure and capital asset needs of the County.

The County has also created a Strategic Planning committee to ensure the needs of its citizens will be met over the coming years. This measure has enabled the County to upgrade its security system and re-build its fairground's grandstand without any bonding. In addition to not bonding for the grandstand, the County was able to pay back \$3,575,000 in Capital Notes to further reduce its liability. This strategic plan also included a budget audit. In 2018, the County was able to reduce its operation budget by \$1.2 million and carry that savings over into 2019.

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 over the past five years and allowed the County to sustain minimal premium increases.

The Board has also realized the importance of serving Freeborn County's citizens in the best way possible. By focusing on obtaining a competent workforce, Freeborn County attracts and retains quality employees, thus providing great service to its citizens. The employee attrition rate improved 40% in 2018. A wage study done in 2018 has led to a more competitive pay scale for its employees, giving the county improved service through qualified employees. Along with improving health insurance costs and wages, the County continues to update its dated policies to provide current and stable leadership to its employees.

For the Future:

Freeborn County sees the need to plan for the future. Careful budgeting and quality management of its strategic asset plan will continue in 2020. Providing quality service to its citizens is also an important goal for the County. The County will also be researching the possibility of using solar energy for its facilities.

The economic growth of the County as a whole is also important to Freeborn County. Freeborn County, the City of Albert Lea and Greater Jobs Inc. of Albert Lea have combined, under new leadership in several important decision making roles, to seek out new economic opportunities for the area. One such opportunity will be Invenergy LLC's new wind power development being built within the next few years in Freeborn County's rural areas.

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, planning and execution of initiatives. The Freeborn County Board of Commissioners has held the levy increase in 2018 and 2019 by 3.5% and 4.5% 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 2020. 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 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

The County has a Standard and Poor's rating of Aa2. Freeborn County currently utilizes only 7.42% 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 accounting and financial records and transactions of the County. This requirement has been complied with and the Auditor's Report has been included in this report. CliftonLarsonAllen LLP will issue a management and compliance letter covering the review, made as a part of its 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, 2018. This was the fifth 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 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. 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 Department 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, Senior



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, 2018

Christopher P. Morill

Executive Director/CEO

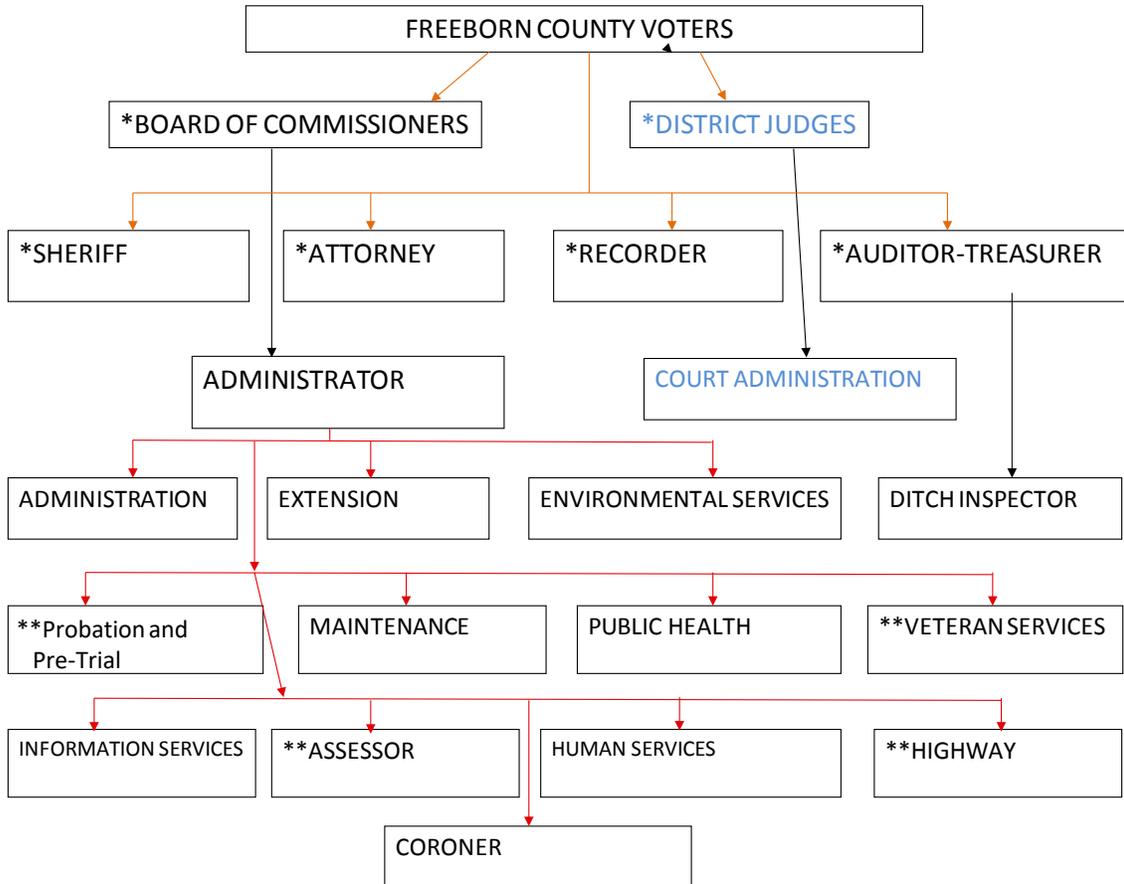
**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2019**

Office	Name	Term Expires
Board of County Commissioners		
District 1	Glen Mathiason	January 2021
District 2	Daniel Belshan	January 2023
District 3	James Nelson	January 2021
District 4	Christopher Shoff *	January 2023
District 5	Mike Lee	January 2021
County Officers		
Elected		
Attorney	David Walker	January 2023
Auditor/Treasurer	Pat Martinson	January 2023
District Judge	Ross Leuning	January 2023
District Judge	Steven Schwab	January 2023
Recorder	Kelly Callahan	January 2023
Registrar of Titles	Kelly Callahan	January 2023
Sheriff	Kurt Freitag	January 2023
Appointed		
Assessor	Ryan Rasmussen	Indefinite
Court Administrator	Becky Mittag	Indefinite
Probation and Pre-Trial	Lyndon Stinson	Indefinite
Public Works Director	Susan Miller	Indefinite
Veterans Service Officer	Brandon Servantez	Indefinite

*Chair

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
ORGANIZATIONAL CHART
2019**



* ELECTED OFFICIALS
** APPOINTED OFFICIALS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' 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 (the County), as of and for the year ended December 31, 2019, 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.

Auditors' 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 auditors' 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, 2019, 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.

Emphasis of Matter Regarding Change in Accounting Principle

During the year ended December 31, 2019, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 1.D.). Our auditors' opinion was not modified with respect to the restatement.

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 on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were 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 May 19, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Freeborn County's 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.



CliftonLarsonAllen LLP

Brainerd, Minnesota
May 19, 2020

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019.

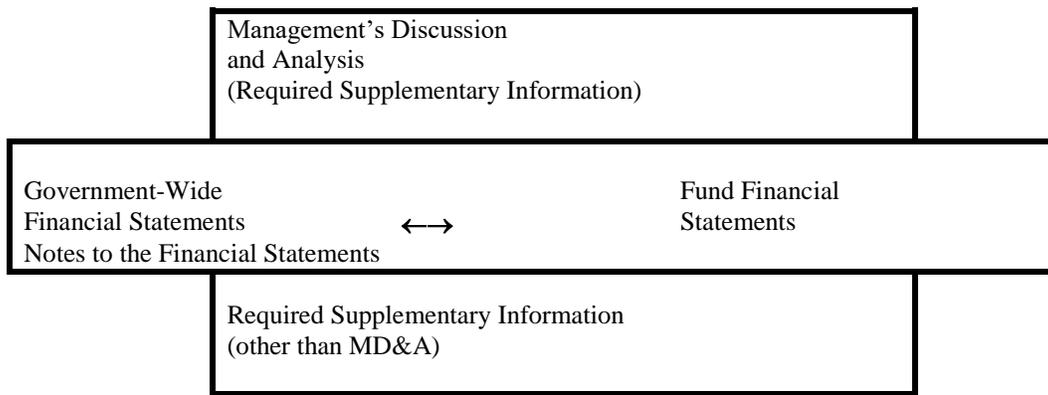
FINANCIAL HIGHLIGHTS

- At year-end 2019, Freeborn County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources by \$101.7 million (net position).
- Net position consisted of:
 - ✓ \$10.7 million, or 10.6% of total net position was *restricted* for specific purposes.
 - ✓ \$94.7 million, or 93.1% of net position, represented the County's *net investment in capital assets*.
 - ✓ \$-3.7 million, or -3.7% 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 2019, the County's net position increased by \$5.2 million. This increase is due to an increase in net investment of capital assets of \$9.0 million (debt amount is decreasing and the County increased the infrastructure and equipment items owned).
- The County's governmental funds reported ending fund balances of \$21.9 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.
 - ✓ \$1.3 million, or 5.9%, of total governmental fund balances are non-spendable and consist of advances to other funds, long-term loans/notes receivable, inventories, prepaid taxes and permanent endowments.
 - ✓ \$8.1 million, or 37.0%, of total governmental fund balances have been restricted for specific purposes such as construction of long-term assets and repayment of refunded bonds.
 - ✓ \$2.0 million, or 9.1%, of total governmental fund balances has been committed for certain necessary purposes and will be spent in future years.
 - ✓ \$5.0 million, or 22.9%, of total governmental fund balances has been assigned for certain necessary purposes and will be spent in future years.
 - ✓ \$5.5 million, or 25.2%, 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 \$10.8 million. The fund balance represents 44.6% 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.

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.

THE COUNTY AS A WHOLE

The County's combined net position increased from \$96,445,268 to \$101,701,964. 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	
	2019	2018
Assets		
Current and other assets	\$ 31.8	\$ 34.2
Capital assets	103.2	96.2
Total Assets	\$ 135.0	\$ 130.4
Deferred Outflows of Resources	\$ 3.4	\$ 4.6
Liabilities		
Long-term liabilities outstanding	\$ 25.5	\$ 28.2
Other liabilities	2.4	2.5
Total Liabilities	\$ 27.9	\$ 30.7
Deferred Inflows of Resources	\$ 8.8	\$ 7.9
Net Position		
Net investment in capital assets	\$ 94.7	\$ 85.7
Restricted	10.7	9.4
Unrestricted	(3.7)	1.3
Total Net Position	\$ 101.7	\$ 96.4

Net position of the County's governmental activities increased to (\$101.7) million compared to (\$96.4) million in the prior year. 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 \$1.3 million surplus at December 31, 2018, to a \$3.7 million deficit at the end of this year (2019). Unrestricted net position decreased due to investments in capital assets.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities	
	2019	2018
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 8.9	\$ 8.2
Operating grants and contributions	16.4	16.2
Capital grants and contributions	0.0	2.1
General revenues		
Property taxes	22.7	22.0
Grants and contributions	2.1	2.2
Other general revenues	4.2	3.3
Total Revenues	<u>\$ 54.3</u>	<u>\$ 54.0</u>
Program Expenses		
General government	\$ 9.0	\$ 9.1
Public safety	9.8	8.2
Highways and streets	12.1	10.8
Sanitation	0.6	0.6
Human services	12.0	12.0
Health	2.7	2.7
Culture and recreation	0.4	0.4
Conservation of natural resources	2.3	2.2
Interest	0.2	0.0
Total Program Expenses	<u>\$ 49.1</u>	<u>\$ 46.0</u>
Change in Net Position	5.2	8.0
Net Position – January 1	96.4	89.5
Prior period adjustment (Note 1.D.)	0.1	(1.1)
Net Position at Year End	<u>\$ 101.7</u>	<u>\$ 96.4</u>

(Unaudited)

Governmental Activities

Revenues were \$54.3 million, and expenses were \$49.1 million for the County's governmental activities. This resulted in an increase of \$5.2 million to net position in the year ended December 31, 2019.

The amount that taxpayers ultimately financed for these activities through County taxes and other general sources was only \$21.7 million because some of the cost was paid by those who directly benefited from the programs (\$8.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$18.5 million). The County paid for the remaining "public benefit" portion of governmental activities with \$21.7 million in general revenues, primarily taxes including a highway sales tax of \$2.1 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)

	2019	
	Total Cost of Services	Net Cost of Services
Highway and streets	\$ 12.1	\$ 4.0
Human services	12.0	5.2
Public safety	9.8	5.9
General government	9.0	7.6
Health	2.7	0.0
Conservation of natural resources	2.4	0.4
All others	1.1	0.7
Total	<u>\$ 49.1</u>	<u>\$ 23.8</u>

(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 2019:

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	\$ 9.8	\$ 5.7	\$ 6.1	\$ 0.5	\$ 3.3	\$ 0.2	\$ 25.6
Revenues and other financing sources	25.0	16.8	11.8	1.8	2.8	-	58.2
(Less) Expenditures and other financing uses	(24.1)	(18.2)	(15.1)	(1.7)	(2.8)	-	(61.9)
Ending Fund Balance	<u>\$ 10.7</u>	<u>\$ 4.3</u>	<u>\$ 2.8</u>	<u>\$ 0.6</u>	<u>\$ 3.3</u>	<u>\$ 0.2</u>	<u>\$ 21.9</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 \$0.9 million during the year primarily due to a change in fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Road and Bridge Fund are set aside for inventories, liabilities and other fund purposes. The fund balance decreased \$1.4 million due to a change in fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Social Services Fund are set aside for liabilities and other fund purposes. The fund balance decreased \$3.3 million due to a change in fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Ditch Fund are set aside for debt and repairs and maintenance of the individual ditches. The fund balance increased by \$0.1 million. The increase was primarily due to assessing more to build up the individual ditches reserves.
- Fund balances in the Debt Service Fund are set aside for future principal and interest payments. The fund balance remained relatively unchanged.

(Unaudited)

General Fund Budgetary Highlights

The General Fund budget schedule represents the original and final budgets.

The original General Fund budgeted revenues were \$23.2 million. Actual revenues exceeded the original budget by \$0.1 million. Actual interest revenues exceeded the budgeted amount by \$0.5 million.

The original General Fund budgeted expenditures were \$23.3 million. Actual expenditures were over the original budget by \$0.8 million. Actual general government expenditures were over the original budget by \$1 million due to \$0.3 million pledged for a sewer project in previous years, \$0.1 million in increased professional service costs for union contract negotiations and lawsuits, \$0.3 million in needed IT hardware, and \$0.2 million in increased costs to maintain heating and cooling units. Public safety expenditures were under the original budget by \$0.4 million primarily due to less inmates in the jail. Highway and Streets were under the original budget by \$0.3 million due to a budgeted roof project being delayed to future years. Capital Outlay expenditures were over the original budget by \$0.8 million this was due to two projects started in previous years to be paid for with funds committed for Capital Outlay (security upgrade and grand stand repairs).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the County had \$103.2 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 \$7.0 million, or 7.3 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	
	2019	2018
Land	\$ 5.3	\$ 5.3
Land improvements	0.7	0.7
Work in progress	1.7	1.5
Buildings and improvements	20.8	21.0
Machinery, vehicles, furniture, and equipment	4.0	3.8
Infrastructure	70.7	63.9
Total	<u>\$ 103.2</u>	<u>\$ 96.2</u>

(Unaudited)

Debt

At year-end, the County had \$9.5 million in bonds and notes outstanding versus \$12.1 million last year, a decrease of 21.5 percent, as shown in Table 6. This decrease is due to \$2.6 million of principal payments on bonds in 2019.

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

	Governmental Activities	
	2019	2018
General obligation bonds	\$ 8.1	\$ 10.0
General obligation special assessment bonds	1.4	1.7
General obligation capital notes	0.0	0.4
Total	<u>\$ 9.5</u>	<u>\$ 12.1</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 2020 budget and tax rates.

- County General Fund expenditures for 2020 are budgeted to increase 7.8 percent over 2019.
- The combined budget for 2020 increased \$741,816 or 1.65 percent, over the 2019 budget.
- Property tax levies have increased 5.90 percent for 2019.
- In early 2020, Freeborn County was dealing with many challenges relating to the COVID-19 pandemic. Many staff began working from home and the full impact of the pandemic has not yet been determined.

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.

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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, 2019**

Assets

Cash and pooled investments	\$ 24,038,051
Petty cash and change funds	2,815
Taxes receivable	413,792
Special assessments receivable	
Prior	74,652
Noncurrent	2,657,398
Accounts receivable - net	1,520,965
Accrued interest receivable	183,583
Loans receivable	171,592
Due from other governments	2,408,195
Inventories	328,612
Capital assets	
Non-depreciable	7,669,955
Depreciable - net of accumulated depreciation	<u>95,494,548</u>
Total Assets	<u>\$ 134,964,158</u>

Deferred Outflows of Resources

Deferred pension outflows	<u>\$ 3,327,998</u>
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The notes to the financial statements are an integral part of this statement.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019**

Liabilities

Accounts payable	\$	900,983
Salaries payable		1,090,260
Due to other governments		161,808
Accrued interest payable		113,521
Unearned revenue		99,579
Long-term liabilities		
Due within one year		2,191,177
Due in more than one year		9,328,007
Net pension liability		13,191,815
Other postemployment benefit liability		748,813
		748,813
Total Liabilities	\$	27,825,963

Deferred Inflows of Resources

Advance Allotments	\$	2,476,469
Deferred pension inflows		6,287,760
		6,287,760
Total Deferred Inflows of Resources	\$	8,764,229

Net Position

Net investment in capital assets	\$	94,697,366
Restricted for		
General government		613,138
Public safety		510,684
Highways and streets		2,085,131
Conservation of natural resources		3,428,557
Debt service		4,087,081
Unrestricted		(3,719,993)
		(3,719,993)
Total Net Position	\$	101,701,964

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT 2

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Functions/Programs					
Primary government					
Governmental activities					
General government	\$ 8,951,212	\$ 1,183,814	\$ 175,365	\$ -	\$ (7,592,033)
Public safety	9,801,433	3,136,007	746,297	-	(5,919,129)
Highways and streets	12,111,044	235,203	7,823,092	34,092	(4,018,657)
Sanitation	598,877	518,400	-	-	(80,477)
Human services	11,983,435	1,109,744	5,661,074	-	(5,212,617)
Health	2,653,550	907,290	1,720,415	-	(25,845)
Culture and recreation	356,583	9,920	-	-	(346,663)
Conservation of natural resources	2,381,990	1,760,430	232,696	-	(388,864)
Economic development	30,500	-	-	-	(30,500)
Interest	226,986	-	-	-	(226,986)
Total Governmental Activities	\$ 49,095,610	\$ 8,860,808	\$ 16,358,939	\$ 34,092	\$ (23,841,771)
General Revenues					
Property taxes				\$ 22,681,219	
Gravel taxes				74,137	
Mortgage registry and deed tax				17,187	
Wheelage taxes				310,742	
Local sales taxes				645,132	
Local highway sales tax				2,113,705	
Payments in lieu of tax				36,620	
Grants and contributions not restricted to specific programs				2,128,365	
Unrestricted investment earnings				922,551	
Miscellaneous				43,517	
Gain on sale of capital assets				79,288	
Total general revenues				\$ 29,052,463	
Change in net position				\$ 5,210,692	
Net Position - Beginning				\$ 96,445,268	
Prior period adjustment (Note 1.D.)				46,004	
Net Position - Beginning, as restated				96,491,272	
Net Position - Ending				\$ 101,701,964	

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

FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 7,501,795	\$ 5,288,458
Petty cash and change funds	2,765	-
Taxes receivable		
Prior	413,792	-
Special assessments		
Prior	52,151	-
Noncurrent	-	-
Accounts receivable - net	209,661	1,500
Accrued interest receivable	183,272	-
Loans receivable	171,592	-
Due from other funds	1,725,317	997,518
Due from other governments	732,375	632,618
Inventories	-	328,612
Advances to other funds	1,504,467	-
	\$ 12,497,187	\$ 7,248,706

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

EXHIBIT 3
(Continued)

<u>Special Revenue Funds</u>				<u>Permanent</u>	
<u>Social</u>	<u>Ditch</u>	<u>Debt</u>		<u>Nonmajor</u>	<u>Total</u>
<u>Services</u>		<u>Service</u>		<u>U.S. Fish</u>	
				<u>and Wildlife</u>	
\$ 6,000,567	\$ 1,767,356	\$ 3,233,117	\$ 246,758	\$ 24,038,051	
50	-	-	-	2,815	
-	-	-	-	413,792	
-	15,040	7,461	-	74,652	
-	1,723,347	934,051	-	2,657,398	
806,576	-	-	-	1,017,737	
-	-	-	311	183,583	
-	-	-	-	171,592	
-	-	-	-	2,722,835	
836,926	206,276	-	-	2,408,195	
-	-	-	-	328,612	
-	-	25,973	-	1,530,440	
<u>\$ 7,644,119</u>	<u>\$ 3,712,019</u>	<u>\$ 4,200,602</u>	<u>\$ 247,069</u>	<u>\$ 35,549,702</u>	

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Road and Bridge
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 355,217	\$ 93,469
Salaries payable	673,785	114,818
Due to other funds	-	-
Due to other governments	29,653	1,565
Unearned revenue	-	-
Advances from other funds	-	-
	\$ 1,058,655	\$ 209,852
Deferred Inflows of Resources		
Advance Allotments	\$ -	\$ 2,476,469
Unavailable revenue	687,453	259,305
	\$ 687,453	\$ 2,735,774
Fund Balances		
Nonspendable		
Advances to other funds	\$ 829,402	\$ -
Long-term loans/notes receivable	139,789	-
Inventories	-	328,612
Restricted for		
Law library	73,757	-
Recorder's equipment	342,120	-
E-911	492,861	-
Attorney's forfeited property	34,642	-
Sheriff's forfeited property	17,823	-
Conservation of Natural Resources	-	-
Highway construction projects	-	1,754,856
Gravel pit postclosure	70,969	-
Ditch maintenance and repairs	-	-
Debt service	-	-
Aquatic invasive species	162,619	-
Committed		
Individual sewage treatment system	320,723	-
Capital equipment	1,417,008	-
IT Hardware	140,000	-
Administration	150,000	-
Assigned		
Road and bridge	-	2,219,612
Social services	-	-
Unassigned	6,559,366	-
	10,751,079	4,303,080
Total Fund Balances	10,751,079	4,303,080
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,497,187	\$ 7,248,706

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 funds.
 Long-term liabilities, including bonds payable and accrued interest on bonds, 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

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

EXHIBIT 3
(Continued)

<u>Special Revenue Funds</u>			<u>Permanent Nonmajor U.S. Fish and Wildlife</u>	
<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>		<u>Total</u>
\$ 371,733	\$ 80,564	\$ -	\$ -	\$ 900,983
300,594	1,063	-	-	1,090,260
2,722,835	-	-	-	2,722,835
126,861	2,599	-	1,130	161,808
-	99,579	-	-	99,579
-	1,027,212	-	-	1,027,212
\$ 3,522,023	\$ 1,211,017	\$ -	\$ 1,130	\$ 6,002,677
\$ -	\$ -	\$ -	\$ -	\$ 2,476,469
1,360,374	1,940,728	941,512	-	5,189,372
\$ 1,360,374	\$ 1,940,728	\$ 941,512	\$ -	\$ 7,665,841
\$ -	\$ -	\$ -	\$ -	\$ 829,402
-	-	-	-	139,789
-	-	-	-	328,612
-	-	-	-	73,757
-	-	-	-	342,120
-	-	-	-	492,861
-	-	-	-	34,642
-	-	-	-	17,823
-	-	-	245,939	245,939
-	-	-	-	1,754,856
-	-	-	-	70,969
-	1,608,446	-	-	1,608,446
-	-	3,259,090	-	3,259,090
-	-	-	-	162,619
-	-	-	-	320,723
-	-	-	-	1,417,008
-	-	-	-	140,000
-	-	-	-	150,000
-	-	-	-	2,219,612
2,761,722	-	-	-	2,761,722
-	(1,048,172)	-	-	5,511,194
2,761,722	560,274	3,259,090	245,939	21,881,184
\$ 7,644,119	\$ 3,712,019	\$ 4,200,602	\$ 247,069	
				103,164,503
				3,327,998
				(25,573,333)
				(6,287,760)
				5,189,372
				\$ 101,701,964

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Road and Bridge
Revenues		
Taxes	\$ 11,713,969	\$ 6,430,048
Special assessments	499,794	-
Licenses and permits	119,555	20,942
Intergovernmental	4,612,192	8,943,592
Charges for services	4,682,005	287,554
Fines and forfeits	26,895	-
Gifts and contributions	6,486	-
Investment earnings	924,836	-
Miscellaneous	628,197	94,006
	\$ 23,213,929	\$ 15,776,142
Expenditures		
Current		
General government	\$ 8,077,721	\$ -
Public safety	9,429,838	-
Highways and streets	10,376	17,746,055
Sanitation	584,417	-
Human services	3,376	-
Health	2,681,238	-
Culture and recreation	346,595	-
Conservation of natural resources	834,501	-
Economic development	30,500	-
Intergovernmental		
Highways and streets	-	416,771
Capital outlay	2,090,433	-
Debt service		
Principal	-	-
Interest	-	-
Administrative (fiscal) charges	-	-
	\$ 24,088,995	\$ 18,162,826
Excess of Revenues Over (Under) Expenditures	\$ (875,066)	\$ (2,386,684)
Other Financing Sources (Uses)		
Transfers in	\$ 1,725,317	\$ 997,518
Transfers out	-	-
Proceeds from sale of capital assets	93,310	-
	\$ 1,818,627	\$ 997,518
Net Change in Fund Balance	\$ 943,561	\$ (1,389,166)
Fund Balance - January 1	9,761,514	5,726,421
Prior period adjustment (Note 1.D.)	46,004	-
Fund Balance - January 1, as restated (Note 1.D.)	9,807,518	5,726,421
Increase (decrease) in inventories	-	(34,175)
Fund Balance - December 31	\$ 10,751,079	\$ 4,303,080

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

EXHIBIT 4

Social Services	Ditch	Debt Service	Nonmajor U.S. Fish and Wildlife	Total
\$ 5,151,664	\$ -	\$ 2,613,074	\$ -	\$ 25,908,755
-	1,690,395	119,828	-	2,310,017
-	-	-	-	140,497
5,531,025	57,299	-	-	19,144,108
771,554	-	-	-	5,741,113
1,708	-	-	-	28,603
3,993	-	-	-	10,479
-	-	-	350	925,186
291,035	3,251	886	43,100	1,060,475
\$ 11,750,979	\$ 1,750,945	\$ 2,733,788	\$ 43,450	\$ 55,269,233
\$ -	\$ -	\$ 25,179	\$ -	\$ 8,102,900
276,935	-	-	-	9,706,773
-	-	-	-	17,756,431
-	-	-	-	584,417
12,069,697	-	-	-	12,073,073
-	-	-	-	2,681,238
-	-	-	-	346,595
-	1,553,602	-	350	2,388,453
-	-	-	-	30,500
-	-	-	-	416,771
-	-	-	-	2,090,433
-	105,083	2,469,917	-	2,575,000
-	29,310	311,724	-	341,034
-	-	2,600	-	2,600
\$ 12,346,632	\$ 1,687,995	\$ 2,809,420	\$ 350	\$ 59,096,218
\$ (595,653)	\$ 62,950	\$ (75,632)	\$ 43,100	\$ (3,826,985)
\$ -	\$ -	\$ -	\$ -	\$ 2,722,835
(2,722,835)	-	-	-	(2,722,835)
-	-	-	-	93,310
\$ (2,722,835)	\$ -	\$ -	\$ -	\$ 93,310
\$ (3,318,488)	\$ 62,950	\$ (75,632)	\$ 43,100	\$ (3,733,675)
6,080,210	497,324	3,334,722	202,839	25,603,030
-	-	-	-	46,004
6,080,210	497,324	3,334,722	202,839	25,649,034
-	-	-	-	(34,175)
\$ 2,761,722	\$ 560,274	\$ 3,259,090	\$ 245,939	\$ 21,881,184

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

**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, 2019**

Net change in fund balances - total governmental funds (Exhibit 4) \$ (3,733,675)

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	\$ 5,189,372	
Unavailable revenue - January 1	(6,252,713)	(1,063,341)

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	\$ 10,695,888	
Net book value of assets disposed	(34,852)	
Current year depreciation	(3,647,062)	7,013,974

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	270,000	
Capital notes	440,000	2,575,000

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	\$ 21,921	
Change in net pension liability	(349,458)	
Change in other post employment benefits	251,132	
Change in compensated absences	139,196	
Amortization of discounts/premiums	94,727	
Change in deferred outflows of resources	(1,334,997)	
Change in deferred inflows of resources	1,630,388	
Change in inventories	(34,175)	418,734

Change in Net Position of Governmental Activities (Exhibit 2) \$ 5,210,692

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

FIDUCIARY FUNDS

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT 6

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	<u>Social Welfare Private-Purpose Trust Fund</u>	<u>Custodial Funds</u>
<u>Assets</u>		
Cash and pooled investments	\$ 21,414	\$ 1,006,060
Taxes receivable	-	667,366
Total Assets	\$ 21,414	\$ 1,673,426
<u>Liabilities</u>		
Due to other governments	-	\$ 788,849
Advances from governmental funds	-	503,228
Total Liabilities	-	\$ 1,292,077
<u>Net Position</u>		
Restricted for Individuals, organizations, other governments	\$ 21,414	\$ 381,349
Total Net Position	\$ 21,414	\$ 381,349

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT 7

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 407,447	\$ 356,907
Investment earnings:		
Net increase in fair value of investments	-	399
Interest, dividends, other	12	-
Property tax collections for other governments	-	63,336,227
Special Assessments	-	180,245
License and fees collected for State	-	11,136,739
Miscellaneous	-	1,933,534
	\$ 407,459	\$ 76,944,051
Deductions		
Beneficiary payments to individuals	\$ 424,341	\$ 359,991
Payments of property tax to other governments	-	62,332,547
Payments to state	-	11,555,389
Payments to vendors	-	1,705,750
Payments to other entities	-	947,745
	\$ 424,341	\$ 76,901,422
Change in net position	\$ (16,882)	\$ 42,629
Net Position – January 1	\$ 10,000	\$ -
Prior period adjustment (Note 1.D.)	\$ 28,296	\$ 338,720
Net Position – January 1, as restated (Note 1.D.)	\$ 38,296	\$ 338,720
Net Position – December 31	\$ 21,414	\$ 381,349

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL
STATEMENTS DECEMBER 31, 2019**

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019. 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 2019.

Component Unit	Included in Reporting Entity Because	Separate Financial Statements
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, 2019**

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
DECEMBER 31, 2019

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:

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.

Custodial funds account for resources held on behalf of special districts, retirement boards and insurance groups that use the County as a depository, for the collections received and due to the State and for the collection and distribution of property taxes to school districts, towns, and cities.

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.

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.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019. 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 2019 were \$925,186.

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 non-spendable 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: 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.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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.

Other Postemployment Benefits Liability (OPEB Liability): For purposes of measuring the OPEB liability and OPEB expense, information about the fiduciary net position of the County's Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit term.

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

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.

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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.

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:

Non-spendable - 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.

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 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
DECEMBER 31, 2019**

D. Change in Accounting Principles

During the year ended December 31, 2019, the County adopted the new accounting guidance by implementing the provisions of GASB Statement No. 84 – *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result, beginning net position has been restated to record former agency funds now reported in the General Fund.

	<u>Governmental Activities</u>	<u>General Fund</u>
Net Position, January 1, 2019, as previously reported	\$ 96,445,268	\$ 9,761,514
Change in accounting principles	<u>46,004</u>	<u>46,004</u>
Net Position, January 1, 2019, as restated	<u>\$ 96,491,272</u>	<u>\$ 9,807,518</u>
	<u>Social Welfare Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
Net Position, January 1, 2019, as previously reported	\$ 10,000	\$ -
Change in accounting principles	<u>28,296</u>	<u>338,720</u>
Net Position, January 1, 2019, as restated	<u>\$ 38,296</u>	<u>\$ 338,720</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 \$25,573,333 difference are as follows:

G.O. bonds payable	\$ 8,105,000
Plus: Issuance premium (to be amortized over life of debt)	362,138
G. O. special assessments debt payable	1,440,000
Minus: Issuance discount (to be amortized over life of debt)	(11,486)
Accrued interest payable	113,521
Net pension obligation	13,191,815
Other postemployment benefit liability	748,813
Compensated absences	<u>1,623,532</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$ 25,573,333</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

The following funds had expenditures in excess of budget for the year December 31, 2019:

	Expenditures	Budget	Excess
Ditch Fund	\$ 1,687,995	\$ 1,503,737	\$ 184,258

The excess of expenditures over budget was due to needing more ditch repairs than expected and was funded by available fund balance.

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, 19 ditches had fund deficits.

Account balances	\$ 1,608,446
Account deficits	(1,048,172)
Fund Balance - Modified Accrual Basis	\$ 560,274

Turtle Creek Watershed District Custodial Net Position: Using the full accrual basis of accounting Turtle Creek Watershed District Custodial Fund had a negative net position of \$499,681.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

4. CASH, DEPOSITS, AND INVESTMENTS

Deposits

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

Governmental activities		
Cash and pooled investments	\$	24,038,051
Petty cash and change funds		2,815
Fiduciary funds		
Cash and pooled investments		
Private-Purpose Trust Fund		21,414
Custodial funds		<u>1,006,060</u>
 Total Cash and Investments	 \$	 <u><u>25,068,340</u></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, 2019, the County’s investments were not exposed to custodial credit risk.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 County to hold them only to the extent there is Securities Investor Protection Corporation (SIPC)

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coverage and excess SIPC coverage available. Securities purchased that exceed SIPC coverage shall be transferred to the County custodian. As of December 31, 2019, 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, 2019, 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	
Negotiable certificates of deposit					
Eagle Bank & Trust Co Primary	N/A	N/A	<5%	13-Jan-20	\$ 244,998
Bankliberty 28 MO Primary	N/A	N/A	<5%	28-Jan-20	245,005
Enerbank USA Salt Lake Cty	N/A	N/A	<5%	29-Jan-20	245,015
Washington Trst	N/A	N/A	<5%	04-Feb-20	245,125
EVB/Tappahannock VA	N/A	N/A	<5%	28-Feb-20	245,218
American Chartered Bank	N/A	N/A	<5%	13-Mar-20	245,240
Investors Community Bank	N/A	N/A	<5%	14-Apr-20	245,397
Capital One Natl Assn VA	N/A	N/A	<5%	30-Sep-20	246,093
JP Morgan Chase Bk	N/A	N/A	<5%	07-Oct-20	245,032
HSBC BK USA NA	N/A	N/A	<5%	17-Nov-20	247,896
Lea Cnty St Bk Hobbs N Mex	N/A	N/A	<5%	23-Dec-20	245,017
Legends Bk Clarksville Tenn	N/A	N/A	<5%	30-Dec-20	246,338
MB Financial Bank	N/A	N/A	<5%	15-Jan-21	246,742
Summit Community Bank	N/A	N/A	<5%	15-Jan-21	246,742
Unison Bank	N/A	N/A	<5%	15-Jan-21	246,742
First Business Bk Madison WI	N/A	N/A	<5%	21-Jan-21	245,348
Lakeside Bank Primary	N/A	N/A	<5%	22-Jan-21	245,037
LCA BK Corp PK City Utah	N/A	N/A	<5%	27-Jan-21	245,480
Freedom Finl Bk	N/A	N/A	<5%	28-Jan-21	245,853
Alpine Bank & Trust Co.	N/A	N/A	<5%	29-Jan-21	245,355
Franklin Synergy Bk Franklin Prim	N/A	N/A	<5%	29-Jan-21	245,488
M Y Safra BK FSB New York N Y	N/A	N/A	<5%	08-Feb-21	245,223
Bank New Eng Salem	N/A	N/A	<5%	21-Apr-21	243,966
Sterling Bank POP BL MO	N/A	N/A	<5%	04-Jan-22	250,985
Carroll County Trust Co.	N/A	N/A	<5%	21-Jan-22	244,071
Ally Bank	N/A	N/A	<5%	14-Feb-22	250,468
First Western Bank & Trust	N/A	N/A	<5%	28-Feb-22	251,338
First Citizens National Bank	N/A	N/A	<5%	28-Feb-22	252,120
Merrick Bank	N/A	N/A	<5%	07-Mar-22	251,921
Thrd Federal Savings & Loan Association of Cleveland	N/A	N/A	<5%	30-May-22	253,903
Sallie May Bank UT US	N/A	N/A	<5%	13-Jun-22	249,324
Wells Fargo Natl Bank NV US	N/A	N/A	<5%	13-Dec-22	244,851

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Investment Type	Credit Risk		Concentration	Interest	Carrying (Fair) Value
	Credit Rating	Rating Agency	Risk Over 5% of Portfolio	Rate Risk Maturity Date	
National Cooperative Bank, N.A.	N/A	N/A	<5%	21-Dec-23	\$ 259,617
Citibank NA	N/A	N/A	<5%	26-Dec-23	260,604
Bank of Baroda	N/A	N/A	<5%	28-Dec-23	261,094
Morgan Stanley Bank, Nat Asso	N/A	N/A	<5%	10-Jan-24	259,279
Morgan Stanley Private Bank	N/A	N/A	<5%	10-Jan-24	259,279
Bank Hapoalim B.M.	N/A	N/A	<5%	23-Jan-24	257,929
Country Bank/New York	N/A	N/A	<5%	25-Jan-24	256,069
Security First Bank	N/A	N/A	<5%	25-Jan-24	245,235
First Oklahoma Bank	N/A	N/A	<5%	29-Jan-24	245,287
Capital One Bank USA NA	N/A	N/A	<5%	21-Aug-24	245,973
Wells Fargo Bank NA	N/A	N/A	<5%	17-Oct-24	245,801
State BK India NY US	N/A	N/A	<5%	27-Nov-24	246,259
Discover Bank	N/A	N/A	<5%	26-Jun-26	255,229
Total negotiable certificates of deposit					<u>\$ 11,194,986</u>
Money Markets					
Magic	N/A	N/A	N/A	N/A	\$ 3,525,438
UBS Financial Services Inc.	Aaa	Moody's	N/A	N/A	<u>5,674,891</u>
Total Money Markets					<u>\$ 9,200,329</u>
Total investments and Money Markets					<u>\$ 20,395,315</u>
Deposits					\$ 4,670,210
Petty cash					<u>2,815</u>
Total Cash and Investments					<u>\$ 25,068,340</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, 2019, the Freeborn County had the following recurring fair value measurements.

	Fair Value Measurements Using			
	December 31, 2019	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	\$ 11,194,986	\$ -	\$ 11,194,986	\$ -
Total Investments included in the Fair value hierarchy	<u>\$ 11,194,986</u>	<u>\$ -</u>	<u>\$ 11,194,986</u>	<u>\$ -</u>
Investments at Amortized Cost				
MAGIC Portfolio Money Market Fund	\$ 3,525,438			
USB Financial Services Inc. Money Market	<u>5,674,891</u>			
Total Investments at Amortized Cost	<u>\$ 9,200,329</u>			
Total investments	\$ 20,395,315			
Cash and Cash equivalents	4,673,025			
Total Cash and Investments	<u>\$ 25,068,340</u>			

Debt securities classified in Level 2 are valued using the following approach:

- Negotiable Certificates of Deposit: a market approach using quoted prices for similar securities in markets that are not active;

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.

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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 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, 2019, 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	\$ 413,792	\$ -	\$ 413,792	\$ -
Special assessments	2,732,050	-	2,732,050	2,672,438
Accounts	1,946,188	(928,451)	1,017,737	565,070
Accrued interest	183,583	-	183,583	-
Loans	171,592	-	171,592	139,789
Due from other governments	2,408,195	-	2,408,195	-
	<u>2,408,195</u>	<u>-</u>	<u>2,408,195</u>	<u>-</u>
Total Governmental Activities	<u>\$ 7,855,400</u>	<u>\$ (928,451)</u>	<u>\$ 6,926,949</u>	<u>\$ 3,377,297</u>

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 38 individual loans ranging from a low of \$417 to a high of \$15,769 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	\$ 369,617	\$ 317,836	\$ -
Road and Bridge Fund	-	259,305	-
Social Services Fund	-	1,360,374	-
Ditch Fund	1,738,387	202,341	99,579
Debt Service Fund	941,512	-	-
	<u>3,049,516</u>	<u>2,139,856</u>	<u>99,579</u>
Total	<u>\$ 3,049,516</u>	<u>\$ 2,139,856</u>	<u>\$ 99,579</u>

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6. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2019, 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
Work in process				
Buildings and improvements	1,484,404	918,563	693,787	1,709,180
Total capital assets not depreciated	<u>\$ 7,445,179</u>	<u>\$ 918,563</u>	<u>\$ 693,787</u>	<u>\$ 7,669,955</u>
Capital assets depreciated				
Buildings and improvements	\$ 32,777,659	\$ 693,787	\$ -	\$ 33,471,446
Other land improvements	219,874	-	-	219,874
Machinery, furniture, and equipment	8,769,832	1,192,482	684,914	9,277,400
Infrastructure – sewer	1,785,479	-	-	1,785,479
Infrastructure – highway	113,027,858	8,584,843	226,680	121,386,021
Total capital assets depreciated	<u>\$ 156,580,702</u>	<u>\$ 10,471,112</u>	<u>\$ 911,594</u>	<u>\$ 166,140,220</u>
Less: accumulated depreciation for				
Buildings and improvements	\$ 11,982,476	\$ 808,987	\$ -	\$ 12,791,463
Other land improvements	54,173	12,797	-	66,970
Machinery, furniture, and equipment	4,960,820	1,011,744	650,280	5,322,284
Infrastructure – sewer	362,971	34,445	-	397,416
Infrastructure – highway	50,514,912	1,779,089	226,462	52,067,539
Total accumulated depreciation	<u>\$ 67,875,352</u>	<u>\$ 3,647,062</u>	<u>\$ 876,742</u>	<u>\$ 70,645,672</u>
Total capital assets depreciated, net	<u>\$ 88,705,350</u>	<u>\$ 6,824,050</u>	<u>\$ 34,852</u>	<u>\$ 95,494,548</u>
Capital Assets, Net	<u>\$ 96,150,529</u>	<u>\$ 7,742,613</u>	<u>\$ 728,639</u>	<u>\$ 103,164,503</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 905,968
Public safety	98,473
Highways and streets, including depreciation of infrastructure assets	2,579,543
Human Services	31,154
Conservation	6,953
Culture and Recreation	9,988
Sanitation	14,983
Total Depreciation Expense - Governmental Activities	<u>\$ 3,647,062</u>

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7. INTERFUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of December 31, 2019, is as follows:

Interfund Transfers Major Governmental Funds		
Transfers	Description	Amount
Transfers to General Fund from Social Services Special Revenue Fund	Move excess fund balance	\$ 1,725,317
Transfers to Road and Bridge Special Revenue Fund from Social Services Special Revenue Fund	Move excess fund balance	997,518
Total Transfers In		<u>\$ 2,722,835</u>
Due To/From Other Funds		
Due To	Description	Amount
Due To General Fund from Social Services Special Revenue Fund	Excess Fund Balance	\$ 1,725,317
Due to Road and Bridge Fund from Social Services Special Revenue Fund	Excess Fund Balance	997,518
Total Due To/From Other Funds		<u>\$ 2,722,835</u>
Advances From/To Other Funds		
From	To	Amount
General Fund	Ditch Special Revenue Fund	\$ 1,027,212
General Fund	Turtle Creek Watershed Custodial Fund	477,255
Debt Service Fund	Turtle Creek Watershed Custodial Fund	25,973
Total Advances To/From Other Funds		<u>\$ 1,530,440</u>

Advances were made to cover shortfalls/timing differences between payments and receipts. \$569,402 is expected to be long term. The rest, \$961,038, 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, 2019
<u>General Obligation Bonds</u>					
2013B G.O. Capital Improvement Bonds	2023	\$335,000 - \$395,000	3.00	\$ 3,300,000	\$ 1,530,000
2017A G.O. Refunding Bonds	2023	\$1,060,000 - \$1,225,000	3.00 - 4.00	5,760,000	4,700,000
2017B G.O. Refunding Bonds	2023	\$440,000 - \$490,000	1.00 - 3.00	<u>2,315,000</u>	<u>1,875,000</u>
Total General Obligation Bonds				<u>\$ 11,375,000</u>	\$ 8,105,000
Plus: Unamortized Premium					<u>362,138</u>
Total General Obligation Bonds, net:					<u>\$ 8,467,138</u>
<u>Special Assessment Bonds</u>					
Watershed Series 2013A G.O. Special Assessment Bonds	2028	\$145,000 - \$165,000	0.30 - 2.30	<u>2,400,000</u>	<u>1,440,000</u>
Total Special Assessment Bonds				<u>\$ 2,400,000</u>	\$ 1,440,000
Plus: Unamortized Discount					<u>(11,486)</u>
Total Special Assessment Bonds, net:					<u>\$ 1,428,514</u>

Debt service requirements at December 31, 2019, were as follows:

Year Ending December 31	General Obligation Bonds		Special Assessment Ditch Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 1,950,000	\$ 221,475	\$ 160,000	\$ 25,040
2021	2,000,000	166,500	160,000	22,960
2022	2,045,000	99,900	160,000	20,560
2023	2,110,000	31,650	160,000	17,880
2024	-	-	160,000	15,000
2025 - 2028	-	-	<u>640,000</u>	<u>27,880</u>
Total	<u>\$ 8,105,000</u>	<u>\$ 519,525</u>	<u>\$ 1,440,000</u>	<u>\$ 129,320</u>

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Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 9,970,000	\$ -	\$ 1,865,000	\$ 8,105,000	\$ 1,950,000
Plus unamortized premium	458,181	-	96,013	362,138	-
General obligation bonds net	<u>\$ 10,428,181</u>	<u>\$ -</u>	<u>\$ 1,961,013</u>	<u>\$ 8,467,138</u>	<u>\$ 1,950,000</u>
Special assessment bonds	1,710,000	-	270,000	1,440,000	160,000
Less unamortized discount	(12,762)	-	(1,276)	(11,486)	-
Special assessment bonds net	<u>\$ 1,697,238</u>	<u>\$ -</u>	<u>\$ 268,724</u>	<u>\$ 1,428,514</u>	<u>\$ 160,000</u>
Total bonds payable	<u>\$ 12,125,389</u>	<u>\$ -</u>	<u>\$ 2,229,737</u>	<u>\$ 9,895,652</u>	<u>\$ 2,110,000</u>
Capital notes payable	440,000	-	440,000	-	-
Compensated absences	<u>1,762,718</u>	<u>1,677,030</u>	<u>1,816,216</u>	<u>1,623,532</u>	<u>81,177</u>
Long-Term Liabilities	<u><u>\$ 14,328,107</u></u>	<u><u>\$ 1,677,030</u></u>	<u><u>\$ 4,485,953</u></u>	<u><u>\$ 11,519,184</u></u>	<u><u>\$ 2,191,177</u></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 and pension liabilities are generally liquidated by the General Fund, Road and Bridge Fund, and Social Services Fund.

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9. FUND BALANCES

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

General Fund	\$6,559,366
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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 50 percent of General Fund proceeding years tax levy. This amount will provide adequate funds until the next property tax revenues' are received.

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10. POST-EMPLOYMENT BENEFITS

Employee Retirement Systems and Pension Plan

Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

Local Government Correctional Plan

The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

Benefits Provided

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

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General Employees Plan Benefits

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

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that

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have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Correctional Plan Benefits

Benefits for Correctional Plan members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 100 percent of the COLA announced by SSA, with a minimum increase of at least 1 percent and a maximum of 2.5 percent. If the plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.5 percent to 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the Freeborn County was required to contribute 7.50 percent for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2019, were \$1,104,053. The County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The County's contributions to the Police and Fire Fund for the year ended December 31, 2019, were

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\$315,484. The County’s contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Plan members were required to contribute 5.83 percent of their annual covered salary and the Freeborn County was required to contribute 8.75 percent of pay for plan members in fiscal year 2019. The County’s contributions to the Correctional Fund for the year ended December 31, 2019, were \$184,182. The County’s contributions were equal to the required contributions as set by state statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the Freeborn County reported a liability of \$11,173,656 for its proportionate share of the General Employees Fund’s net pension liability. The County’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the Freeborn County totaled \$26,011. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the County’s proportionate share was .2021 percent which was an increase of .0050 percent from its proportionate share measured as of June 30, 2018.

County's proportionate share of the net pension liability	\$ 11,173,656
State of Minnesota's proportionate of the net pension liability	26,011
Total	\$ 11,199,667

For the year ended December 31, 2019, the County recognized pension expense of \$1,530,445 for its proportionate share of General Employees Plan’s pension expense. In addition, the County recognized an additional \$26,011 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

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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 Outflow of Resources	Deferred Inflow of Resources
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 309,662	\$ -
Difference between projected and actual investment earnings	-	1,132,581
Changes in actuarial assumptions	-	878,256
Changes in proportion	267,341	67,354
Contributions paid to PERA subsequent to the measurement date	<u>509,048</u>	<u>-</u>
 Total	 <u>\$ 1,086,051</u>	 <u>\$ 2,078,191</u>

A total of \$509,048 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, 2020. 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
<u> </u>	<u> </u>
2020	\$ (492,663)
2021	(855,306)
2022	(171,224)
2023	<u>18,005</u>
 Total	 <u>\$ (1,501,188)</u>

FREEBORN COUNTY
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Police and Fire Fund Pension Costs

At December 31, 2019, the Freeborn County reported a liability of \$1,882,215 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the County's proportionate share was .1768 percent which was an increase of .0130 percent from its proportionate share measured as of June 30, 2018.

The County also recognized \$23,868 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the Freeborn County recognized pension expense of \$467,824 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, the Freeborn County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 79,917	\$ 286,493
Difference between projected and actual investment earnings	-	392,023
Changes in actuarial assumptions	1,561,940	2,113,151
Changes in proportion	348,424	7,200
Contributions paid to PERA subsequent to the measurement date	145,431	-
Total	\$ 2,135,712	\$ 2,798,867

A total of \$145,431 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, 2020. 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
2020	\$ (48,701)
2021	(181,417)
2022	(671,710)
2023	56,883
2024	36,359
Total	\$ (808,586)

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Correctional Plan Pension Costs

At December 31, 2019, the Freeborn County reported a liability of \$135,944 for its proportionate share of the Correctional Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the County’s proportionate share was .9819 percent which was an decrease of .0038 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the Freeborn County recognized pension expense of \$185,939 for its proportionate share of the Correctional Plan’s pension expense.

At December 31, 2019, the Freeborn County reported its proportionate share of the Correctional Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 4,998	\$ 22,220
Difference between projected and actual investment earnings	-	174,925
Changes in actuarial assumptions	-	1,206,944
Changes in proportion	14,570	6,613
Contributions paid to PERA subsequent to the measurement date	86,667	-
Total	\$ 106,235	\$ 1,410,702

**FREEBORN COUNTY
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A total of \$86,667 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, 2020. 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
2020	\$ (722,484)
2021	(626,128)
2022	(43,844)
2023	1,322
Total	\$ (1,391,134)

Total Pension Expense

Total pension expense for all plans recognized by the County for the year ended December 31, 2019, was \$2,236,230.

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	GERF	PEPFP	PECF
Inflation	2.50 Percent per Year	2.50 Percent per Year	2.50 Percent per Year
Active Member Payroll Growth	3.25 Percent per Year	3.25 Percent per Year	3.25 Percent per Year
Investment Rate of Return	7.50 Percent	7.50 Percent	7.50 Percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan, 1.0 percent per year for the Police and Fire Plan, and 2.0 percent per year for The Correctional Plan.

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Actuarial assumptions used in the June 30, 2019 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 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Correctional Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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

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The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	<u>2.0%</u>	0.00%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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)

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>		<u>Correctional Fund</u>	
1% Lower	6.50%	\$18,368,889	6.50%	\$4,114,171	6.50%	\$1,448,882
Current Discount Rate	7.50%	11,173,656	7.50%	1,882,215	7.50%	135,944
1% Higher	8.50%	5,232,561	8.50%	36	8.50%	(914,620)

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.

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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, 2019, were:

	Employee	Employer
Contribution amount	\$ 4,713	\$ 4,713
Percentage of covered payroll	5%	5%

Other Post Employment Benefits

Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County’s contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (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. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost, each eligible retiree receives \$113.02 each

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month towards that premium as long as they take the Counties insurance. As of December 31, 2019, there were 47 retirees receiving health benefits from the County’s health plan and 9 active employees that are eligible for this benefit. As of December 31, 2019 there were 19 retirees receiving life insurance benefits of \$1.90 per month.

Funding Policy

The County’s OPEB plan is financed on a pay-as-you-go basis and currently has no assets that have been deposited into an irrevocable trust for future health benefits. Therefore, the actuarial value of assets is zero. Separate stand-alone financial statements are not issued for the plan.

Actuarial Methods and Assumptions

The County’s OPEB liability was measured as of December 31, 2019, and the total OPEB liability was determined by using the alternative measurement method.

The total OPEB liability was determined by using the alternative measurement method, which is allowed for small government employers with fewer than 100 employees (active and inactive) that are eligible for the OPEB plan at the beginning of the measurement method. The following assumptions were used and are applied to all periods included in the measurement, unless otherwise specified:

Inflation	0.0%
Salary	0.0%
Health Care Trend Rates	0.0%

Mortality rates were based on the mortality tables from the “Social Security On-Line” statistics. The 2019 Trustee Report Cohort Life Tables V.A4 for Males and for Females was used.

The discount rate used to measure the total OPEB liability was 3.3%. The discount rate is equal to the 20-Year Municipal Bond Yield.

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Changes in total OPEB liability

	<u>Total OPEB liability</u>
Balance as of January 1, 2019	\$ 999,945
Changes for the Year:	
Service Cost	(186,389)
Interest	-
Benefit Payments	(64,743)
Net Change in Total OPEB Liability	(251,132)
Balance as of December 31, 2019	\$ 748,813

The following presents the total OPEB liability of the County, as well as what the County's total OPEB 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:

	1% Decrease (2.30%)	Discount Rate (3.30%)	1% Increase (4.30%)
Total OPEB Liability	\$ 756,133	\$ 748,813	\$ 741,633

The

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

<u>Medical Trend Rate</u>	1% Decrease	Current Trend Fixed Rate	1% Increase
Total OPEB Liability \$	741,325 \$	748,813 \$	756,301

For the year ended December 31, 2019, the County recognized OPEB expense of \$64,743. At December 31, 2019, the County reported no deferred inflows or outflows of resources.

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11. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

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 2019 and \$500,000 in 2020. 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.

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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 outcomes of these lawsuits are 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.

During 2019, counties were notified by the Minnesota Department of Human Services (DHS) that DHS made errors in the calculation of Substance Use Disorder (SUD) for Institutes of Mental Disease (IMD) claims from January 2014 to June 2019. Based on these errors, DHS is requesting Minnesota counties repay \$8.8 million back to DHS. Freeborn County's share of the \$8.8 million is \$77,989. Minnesota counties have raised concerns over how the amount was calculated, the accuracy of the calculations and whether DHS has the legal/statutory authority to require the counties to repay the amounts. The Association of Minnesota Counties (AMC) has recommended counties to not repay this amount until these concerns have been addressed and after the conclusion of the 2020 Minnesota Legislative Session in hopes this matter is resolved by other means. Therefore, this amount has not been booked as a payable.

Subsequent Event

Subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Agency is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year end and are still developing.

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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 1240.23. 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 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 2019, 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 Waylon Welvaert, 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 serves Steele, Freeborn, Waseca, and Faribault Counties. The major cities represented are Owatonna, Albert Lea, Waseca, and Blue Earth. It was established to provide drug investigation services to these counties. The SCDIU Board consists of chief law enforcement officers from each of the represented agencies. During the year, Freeborn County expended \$6,500 on the Drug Investigation Unit. This unit does not have its own financial statements.

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 (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

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financial activities of the Board are accounted for by Olmsted County as fiscal agent. Current financial statements can be obtained at MN-ECB's website, www.mnecb.org. During the year, the County paid \$6,000 to the Southeast Minnesota Emergency Communications Board.

Southeastern Minnesota Workforce Development, Inc. (MWD)

Southeastern Minnesota Workforce Development, Inc. is an independent, non-profit agency that provides various job training services for member organizations. The Joint Powers Board is made up of County Commissioners from the ten counties in Workforce Service Area #8 (Dodge, Fillmore Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele and Wabasha). The Joint Powers Board provides oversight and policy formulation for Workforce Development, Inc. Current financial statements can be obtained by accessing its website, www.workforcedevelopmentinc.org. During the year, Freeborn County made no payments to 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 \$158,211 to the Cooperative.

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 2017, 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. Freeborn County expended \$2,500 to the Rural Minnesota Energy Board in 2019.

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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 expended \$5,000 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 \$275,400 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.

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

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.

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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 2019.

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 \$350 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 \$5,000 to SEMCAC.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT A-1

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED
RATIOS, AND NOTES
LAST TEN FISCAL YEARS
DECEMBER 31, 2019

	Measurement Date December 31, 2018	Measurement Date December 31, 2019
Total OPEB Liability		
Difference Between Estimated and Actual Benefit Payments	\$ (29,748)	\$ (186,389)
Net Change in Total OPEB Liability	(75,208)	(64,743)
Total OPEB Liability - Beginning	(104,956)	(251,132)
Total OPEB Liability - Ending	1,104,901	999,945
	<u>\$ 999,945</u>	<u>\$ 748,813</u>
 Covered Employee Payroll	 \$ 715,355	 \$ 647,333
 County's OPEB Liability as a Percentage of Covered Employee Payroll	 140%	 116%

Note 1: The County implemented GASB Statement No. 75 in 2018, the above table will be expanded to ten years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 11,951,097	\$ 11,951,097	\$ 11,713,969	\$ (237,128)
Special assessments	634,444	634,444	499,794	(134,650)
Licenses and permits	106,825	106,825	119,555	12,730
Intergovernmental	4,879,121	4,879,121	4,612,192	(266,929)
Charges for services	4,844,830	4,844,830	4,682,005	(162,825)
Fines and forfeits	18,800	18,800	26,895	8,095
Gifts and contributions	7,700	7,700	6,486	(1,214)
Investment earnings	350,600	350,600	924,836	574,236
Miscellaneous	404,553	404,553	628,197	223,644
Total Revenues	\$ 23,197,970	\$ 23,197,970	\$ 23,213,929	\$ 15,959
Expenditures				
Current				
General government				
Commissioners	\$ 217,509	\$ 539,509	\$ 538,978	\$ 531
Courts	136,243	225,243	224,865	378
County administration	1,641,617	1,773,617	1,748,329	25,288
County auditor-treasurer	730,338	648,338	648,102	236
License bureau	374,715	382,315	382,240	75
County assessor	559,997	557,997	557,879	118
Elections	19,000	19,600	19,571	29
Data processing	600,449	903,449	902,591	858
Attorney	823,636	848,136	848,051	85
Law library	17,900	27,400	27,239	161
Recorder	379,806	483,806	483,536	270
Surveyor	25,000	500	-	500
Planning and zoning	418,985	274,985	273,425	1,560
Buildings and plant	998,360	1,234,360	1,234,126	234
Veterans service officer	184,148	188,848	188,789	59
Total general government	\$ 7,127,703	\$ 8,108,103	\$ 8,077,721	\$ 30,382

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,339,340	\$ 3,369,440	\$ 3,369,355	\$ 85
Boat and water safety	2,150	3,350	3,305	45
Coroner	49,431	89,931	89,840	91
E-911 system	110,500	38,500	37,619	881
County jail	4,203,893	3,839,093	3,838,988	105
Community corrections	1,297,084	1,206,084	1,205,198	886
Dispatch	728,428	705,428	705,165	263
Sheriff's contingent	6,500	27,500	27,220	280
Civil defense	115,178	144,178	144,061	117
Other public safety	21,600	9,200	9,087	113
Total public safety	\$ 9,874,104	\$ 9,432,704	\$ 9,429,838	\$ 2,866
Highways and streets				
Administration	\$ 301,000	\$ 11,000	\$ 10,376	\$ 624
Sanitation				
Solid waste	\$ 21,500	\$ 27,300	\$ 27,267	\$ 33
Recycling	560,458	557,458	557,150	308
Total sanitation	\$ 581,958	\$ 584,758	\$ 584,417	\$ 341
Human services				
Income maintenance	\$ 2,000	\$ 2,000	\$ 844	\$ 1,156
Social services	2,000	2,000	844	1,156
Mental health center	2,000	2,000	1,688	312
Total human services	\$ 6,000	\$ 6,000	\$ 3,376	\$ 2,624
Health				
Community health	\$ 788,414	\$ 734,714	\$ 734,689	\$ 25
Administration	438,778	445,778	445,278	500
Health education	3,000	4,700	4,665	35
WIC	298,315	279,315	278,578	737
Maternal and child health	132,011	143,011	142,687	324
Bioterrorism	38,014	36,014	35,131	883
Disease prevention	34,641	40,141	39,793	348
Child and teen checkups	76,147	84,647	84,534	113
Home health	956,351	916,651	915,883	768
Total health	\$ 2,765,671	\$ 2,684,971	\$ 2,681,238	\$ 3,733

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Culture and recreation				
Parks	\$ 138,300	\$ 39,300	\$ 38,170	\$ 1,130
Museum	36,100	31,900	31,725	175
County/regional library	275,400	275,400	275,400	-
Other culture and recreation	1,275	1,300	1,300	-
Total culture and recreation	\$ 451,075	\$ 347,900	\$ 346,595	\$ 1,305
Conservation of natural resources				
County extension	\$ 199,329	\$ 193,339	\$ 192,620	\$ 719
Soil and water conservation	183,000	183,000	183,000	-
Agricultural inspection	20,014	20,024	20,022	2
Agricultural society/County fair	115,000	67,200	66,482	718
Water planning	254,297	154,297	153,161	1,136
Water quality	89,964	82,974	82,117	857
Environmental services	27,134	137,134	137,099	35
Total conservation of natural resources	\$ 888,738	\$ 837,968	\$ 834,501	\$ 3,467
Economic development				
Community development	\$ 16,336	\$ 16,336	\$ 15,000	\$ 1,336
Other economic development	15,500	15,500	15,500	-
Total economic development	\$ 31,836	\$ 31,836	\$ 30,500	\$ 1,336
Capital outlay				
General government	\$ 240,000	\$ 802,000	\$ 801,941	\$ 59
Public safety	35,000	45,800	45,076	724
Highways and streets	975,000	982,000	981,778	222
Human Services	25,000	29,000	28,461	539
Conservation of natural resources	-	233,200	233,177	23
Total capital outlay	\$ 1,275,000	\$ 2,092,000	\$ 2,090,433	\$ 1,567
Total Expenditures	\$ 23,303,085	\$ 24,137,240	\$ 24,088,995	\$ 48,245
Excess of Revenues Over (Under) Expenditures	\$ (105,115)	\$ (939,270)	\$ (875,066)	\$ 64,204

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2
(Continued)*

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 1,725,317	\$ 1,725,317
Proceeds from sale of capital assets	25,000	25,000	93,310	68,310
Total Other Financing Sources (Uses)	\$ 25,000	\$ 25,000	\$ 1,818,627	\$ 1,793,627
Net Change in Fund Balance	\$ (80,115)	\$ (914,270)	\$ 943,561	\$ 1,857,831
Fund Balance - January 1	9,761,514	9,761,514	9,761,514	-
Prior period adjustment	-	-	46,004	46,004
Fund Balance - January 1, as restated	\$ 9,761,514	\$ 9,761,514	\$ 9,807,518	\$ 46,004
Fund Balance - December 31	\$ 9,681,399	\$ 8,847,244	\$ 10,751,079	\$ 1,903,835

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-3

**BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 6,283,470	\$ 6,573,470	\$ 6,430,048	\$ (143,422)
Licenses and permits	9,000	9,000	20,942	11,942
Intergovernmental	11,145,000	8,945,000	8,943,592	(1,408)
Charges for services	29,250	291,250	287,554	(3,696)
Miscellaneous	6,500	93,000	94,006	1,006
Total Revenues	\$ 17,473,220	\$ 15,911,720	\$ 15,776,142	\$ (135,578)
Expenditures				
Current				
Highways and streets				
Administration	\$ 597,393	\$ 588,393	\$ 549,701	\$ 38,692
Maintenance	4,062,452	5,225,852	5,225,611	241
Construction	11,224,167	11,004,167	11,003,997	170
Equipment maintenance and shop	964,208	966,808	966,746	62
Total highways and streets	\$ 16,848,220	\$ 17,785,220	\$ 17,746,055	\$ 39,165
Intergovernmental				
Highways and streets	425,000	425,000	416,771	8,229
Total Expenditures	\$ 17,273,220	\$ 18,210,220	\$ 18,162,826	\$ 47,394
Net Change in Fund Balance	\$ 200,000	\$ (2,298,500)	\$ (1,389,166)	\$ 909,334
Fund Balance - January 1	5,726,421	5,726,421	5,726,421	-
Increase (decrease) in inventories	-	-	(34,175)	(34,175)
Fund Balance - December 31	\$ 5,926,421	\$ 3,427,921	\$ 4,303,080	\$ 875,159

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-4

**BUDGETARY COMPARISON SCHEDULE
SOCIAL SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 5,322,520	\$ 5,322,520	\$ 5,151,664	\$ (170,856)
Intergovernmental	5,964,624	5,964,624	5,531,025	(433,599)
Charges for services	612,240	612,240	771,554	159,314
Fines and forfeits	1,768	1,768	1,708	(60)
Gifts and contributions	-	-	3,993	3,993
Miscellaneous	258,767	258,767	291,035	32,268
Total Revenues	\$ 12,159,919	\$ 12,159,919	\$ 11,750,979	\$ (408,940)
Expenditures				
Current				
Public safety				
Victim crisis	\$ 305,211	\$ 277,211	\$ 276,935	\$ 276
Human services				
Income maintenance	\$ 3,166,813	\$ 3,142,813	\$ 3,142,686	\$ 127
Social services	6,234,123	6,376,423	6,375,881	542
Mental health center	2,454,272	2,551,272	2,551,130	142
Total human services	\$ 11,855,208	\$ 12,070,508	\$ 12,069,697	\$ 811
Total Expenditures	\$ 12,160,419	\$ 12,347,719	\$ 12,346,632	\$ 1,087
Excess of Revenues Over (Under) Expenditures	\$ (500)	\$ (187,800)	\$ (595,653)	\$ (407,853)
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (2,722,835)	\$ (2,722,835)
Net Change in Fund Balance	\$ (500)	\$ (187,800)	\$ (3,318,488)	\$ (3,130,688)
Fund Balance - January 1	6,080,210	6,080,210	6,080,210	-
Fund Balance - December 31	\$ 6,079,710	\$ 5,892,410	\$ 2,761,722	\$ (3,130,688)

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-5

**BUDGETARY COMPARISON SCHEDULE
DITCH SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special assessments	\$ 1,751,110	\$ 1,751,110	\$ 1,690,395	\$ (60,715)
Intergovernmental	-	-	57,299	57,299
Miscellaneous	-	-	3,251	3,251
Total Revenues	\$ 1,751,110	\$ 1,751,110	\$ 1,750,945	\$ (165)
Expenditures				
Current				
Conservation of natural resources				
Other	\$ 1,353,277	\$ 1,353,277	\$ 1,553,602	\$ (200,325)
Debt service				
Principal	\$ 135,656	\$ 121,056	\$ 105,083	\$ 15,973
Interest	14,804	29,404	29,310	94
Total debt service	\$ 150,460	\$ 150,460	\$ 134,393	\$ 16,067
Total Expenditures	\$ 1,503,737	\$ 1,503,737	\$ 1,687,995	\$ (184,258)
Net Change in Fund Balance	\$ 247,373	\$ 247,373	\$ 62,950	\$ (184,423)
Fund Balance - January 1	497,324	497,324	497,324	-
Fund Balance - December 31	\$ 744,697	\$ 744,697	\$ 560,274	\$ (184,423)

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

EXHIBIT A-6

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	States Proportionate Share of the Net Pension Liability Associated with Freeborn County (b)	Employer's Proportionate Share of the Net Pension Liability and the States Related Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1907%	\$ 9,883,064	-	\$ 9,883,064	\$ 10,847,478	91.11%	78.19%
2016	0.1951%	\$ 15,841,152	\$ 206,746	\$ 16,047,898	\$ 11,655,413	135.91%	68.91%
2017	0.1993%	\$ 12,723,180	\$ 159,980	\$ 12,883,160	\$ 13,080,160	97.27%	75.90%
2018	0.1971%	\$ 10,934,300	\$ 31,536	\$ 10,965,836	\$ 13,020,361	83.98%	79.50%
2019	0.2021%	\$ 11,173,656	\$ 26,011	\$ 11,199,667	\$ 14,653,208	76.25%	80.23%

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.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 859,061	\$ 859,061	\$ -	\$ 11,454,147	7.50%
2016	\$ 901,248	\$ 901,248	\$ -	\$ 12,016,640	7.50%
2017	\$ 981,012	\$ 981,012	\$ -	\$ 13,080,160	7.50%
2018	\$ 963,462	\$ 963,462	\$ -	\$ 12,846,160	7.50%
2019	\$ 1,104,053	\$ 1,104,053	\$ -	\$ 14,720,707	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.

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

**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, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2017	0.1570%	\$ 2,119,687	\$ 1,599,732	132.50%	63.88%
2018	0.1638%	\$ 1,745,939	\$ 1,745,653	100.02%	88.80%
2019	0.1768%	\$ 1,882,215	\$ 1,888,076	99.69%	89.26%

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.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 212,078	\$ 212,078	\$ -	\$ 1,309,122	16.20%
2016	\$ 238,409	\$ 238,409	\$ -	\$ 1,471,663	16.20%
2017	\$ 279,030	\$ 279,030	\$ -	\$ 1,722,407	16.20%
2018	\$ 279,739	\$ 279,739	\$ -	\$ 1,726,784	16.20%
2019	\$ 315,484	\$ 315,484	\$ -	\$ 1,861,263	16.95%

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.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2019**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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%
2017	0.9700%	\$ 2,764,510	\$ 2,021,977	136.72%	67.89%
2018	0.9857%	\$ 162,118	\$ 1,925,928	8.42%	97.60%
2019	0.9819%	\$ 135,944	\$ 2,109,312	6.44%	98.17%

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.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-11

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2019**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 140,800	\$ 140,800	\$ -	\$ 1,609,145	8.75%
2016	\$ 149,524	\$ 149,525	\$ -	\$ 1,708,854	8.75%
2017	\$ 176,923	\$ 176,923	\$ -	\$ 2,021,977	8.75%
2018	\$ 176,154	\$ 176,154	\$ -	\$ 2,013,189	8.75%
2019	\$ 184,182	\$ 184,182	\$ -	\$ 2,104,937	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.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019:

General Employees Fund

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

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2016 Changes

Changes in Actuarial Assumptions:

- 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 per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- 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 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Police and Fire Fund

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier. - Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020,

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. -Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The Single Discount Rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes

Changes in Actuarial Assumptions:

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

2015 Changes

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Correctional Fund

2019 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes:

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The morality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50 percent per year to 2.00 percent per year.

2017 Changes

Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members. The CSA has been changed to 35 percent for vested members and 1 percent for non-vested members.
- The Single Discount Rate was changed from 5.31 percent per annum to 5.96 percent per annum.

2016 Changes

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

Changes in Actuarial Assumptions:

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

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. 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.

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SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUND

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,678,126	\$ 2,678,126	\$ 2,613,074	\$ (65,052)
Special assessments	350,528	350,528	119,828	(230,700)
Miscellaneous	-	-	886	886
Total Revenues	\$ 3,028,654	\$ 3,028,654	\$ 2,733,788	\$ (294,866)
Expenditures				
Current				
General government				
Other general government	\$ -	\$ 25,180	\$ 25,179	\$ 1
Debt service				
Principal	\$ 2,552,933	\$ 2,552,933	\$ 2,469,917	\$ 83,016
Interest	387,470	362,290	311,724	50,566
Administrative (fiscal) charges	5,228	5,228	2,600	2,628
Total debt service	\$ 2,945,631	\$ 2,920,451	\$ 2,784,241	\$ 136,210
Total Expenditures	\$ 2,945,631	\$ 2,945,631	\$ 2,809,420	\$ 136,211
Net Change in Fund Balance	\$ 83,023	\$ 83,023	\$ (75,632)	\$ (158,655)
Fund Balance - January 1	3,334,722	3,334,722	3,334,722	-
Fund Balance - December 31	\$ 3,417,745	\$ 3,417,745	\$ 3,259,090	\$ (158,655)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

FIDUCIARY FUNDS

CUSTODIAL FUNDS

The Taxes and Penalties Fund accounts for the collection and distribution of property taxes and other amounts.

The Turtle Creek Watershed Fund accounts for the funds received and expended for the activities of the watershed district.

The Jail Canteen Fund accounts for the deposits and withdrawals of funds into the individual inmate accounts.

The Motor Vehicle Fund accounts for the state's portion of fees related to drivers' licenses and vehicle licenses.

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

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

The Custodial 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 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.

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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 Cemetery Fund accounts for investment of funds received for cemetery upkeep.

The Child Support Fund accounts for child support payments received by the County and remitted to the state.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT C-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2019**

	Custodial Funds				
	Taxes and Penalties	Turtle Creek Watershed	Jail Canteen	Motor Vehicle	Recorders Clearing
<u>Assets</u>					
Cash and pooled investments	\$ 314,675	\$ 3,547	\$ 58,696	\$ 7,890	\$ 2,802
Taxes receivable	667,366	-	-	-	-
Total Assets	\$ 982,041	\$ 3,547	\$ 58,696	\$ 7,890	\$ 2,802
<u>Liabilities</u>					
Due to other governments	\$ 314,675	\$ -	\$ -	\$ 7,890	\$ 2,802
Advances from governmental funds	-	503,228	-	-	-
Total Liabilities	\$ 314,675	\$ 503,228	\$ -	\$ 7,890	\$ 2,802
<u>Net Position</u>					
Restricted for Individuals, organizations, other governments	\$ 667,366	\$ (499,681)	\$ 58,696	\$ -	\$ -

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

EXHIBIT C-1
(Continued)

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2019

Custodial Funds				Total Other Custodial Funds
Family Service Collaborative	Other Custodial	Cemetery Fund	Child Support	
\$ 444,597	\$ 163,720	\$ 10,133	\$ -	\$ 1,006,060
-	-	-	-	667,366
<u>\$ 444,597</u>	<u>\$ 163,720</u>	<u>\$ 10,133</u>	<u>\$ -</u>	<u>\$ 1,673,426</u>
\$ 444,597	\$ 18,885	\$ -	\$ -	\$ 788,849
-	-	-	-	503,228
<u>\$ 444,597</u>	<u>\$ 18,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,292,077</u>
<u>\$ -</u>	<u>\$ 144,835</u>	<u>\$ 10,133</u>	<u>\$ -</u>	<u>\$ 381,349</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT C-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2019**

	<u>Custodial Funds</u>				
	<u>Taxes and Penalties</u>	<u>Turtle Creek Watershed</u>	<u>Jail Canteen</u>	<u>Motor Vehicle</u>	<u>Recorders Clearing</u>
Additions					
Contributions:					
Individuals	\$ -	\$ -	\$ 356,907	\$ -	\$ -
Investment earnings:					
Interest, dividends, other	-	-	-	-	-
Property tax collections for other governments	62,398,717	-	-	-	-
Special Assessments	-	180,245	-	-	-
License and fees collected for State	-	-	-	7,109,190	45,501
Miscellaneous	-	-	-	-	-
Total Additions	\$ 62,398,717	\$ 180,245	\$ 356,907	\$ 7,109,190	\$ 45,501
Deductions					
Beneficiary payments to individuals	\$ -	\$ -	\$ 359,991	\$ -	\$ -
Payments of property tax to other governments	62,332,547	-	-	-	-
Payments to state	-	-	-	7,112,784	44,626
Payments to vendors	-	295,632	-	-	-
Payments to other entities	-	-	-	-	-
Total Deductions	\$ 62,332,547	\$ 295,632	\$ 359,991	\$ 7,112,784	\$ 44,626
Change in net position	\$ 66,170	\$ (115,387)	\$ (3,084)	\$ (3,594)	\$ 875
Net Position – January 1	-	-	-	-	-
Prior period adjustment (Note 1.D.)	601,196	(384,294)	61,780	3,594	(875)
Net Position – January 1, as restated (Note 1.D.)	601,196	(384,294)	61,780	3,594	(875)
Net Position – December 31	\$ 667,366	\$ (499,681)	\$ 58,696	\$ -	\$ -

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

*EXHIBIT C-2
(Continued)*

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2019**

Custodial Funds				Total Other Custodial Funds
Family Service Collaborative	Other Custodial	Cemetery Fund	Child Support	
\$ -	\$ -	\$ -	\$ -	\$ 356,907
325	-	74	-	399
-	937,510	-	-	63,336,227
-	-	-	-	180,245
-	3,952,195	-	29,853	11,136,739
554,358	1,379,176	-	-	1,933,534
\$ 554,683	\$ 6,268,881	\$ 74	\$ 29,853	\$ 76,944,051
\$ -	\$ -	\$ -	\$ -	\$ 359,991
-	-	-	-	62,332,547
432,218	3,935,908	-	29,853	11,555,389
-	1,410,118	-	-	1,705,750
-	947,745	-	-	947,745
\$ 432,218	\$ 6,293,771	\$ -	\$ 29,853	\$ 76,901,422
\$ 122,465	\$ (24,890)	\$ 74	\$ -	\$ 42,629
-	-	-	-	-
(122,465)	169,725	10,059	-	338,720
(122,465)	169,725	10,059	-	338,720
\$ -	\$ 144,835	\$ 10,133	\$ -	\$ 381,349

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OTHER SCHEDULES

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Appropriations and Shared Revenue

State

Highway users tax	\$	8,943,592
PERA rate reimbursement		44,126
Disparity reduction aid		45,846
Out of Home Placement		55
Police aid		228,225
County program aid		1,657,332
Aquatic invasive species program aid		53,016
Market value credit		381,006
State financing revenue		4,269
Enhanced 911		108,580
SCORE		88,841
		88,841

Total shared revenue **\$ 11,554,888**

Reimbursement for Services

State

Minnesota Department of Human Services	\$	913,105
		913,105

Payments

Local

Local contributions	\$	25,250
Payments in lieu of taxes		36,620
		36,620

Total payments **\$ 61,870**

Grants

State

Minnesota Department/Board of		
Public Safety	\$	144,066
Health		511,633
Natural Resources		4,422
Human Services		2,355,219
Revenue		300
Veterans Affairs		10,000
Corrections		198,125
Water and Soil Resources		83,637
Pollution Control Agency		4,200
		4,200

Total state **\$ 3,311,602**

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 486,455
Justice	122,195
Education	648
Health and Human Services	2,636,254
Homeland Security	57,091
	<hr/>

Total federal **\$ 3,302,643**

Total state and federal grants **\$ 6,614,245**

Total Intergovernmental Revenue **\$ 19,144,108**

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Expenditures	Passed Though to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00073	\$ 292,182	-
Passed Through Minnesota Department of Human Services SNAP Cluster State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	19172MN101S2514	240,264	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	Not Provided	491	-
Total U.S. Department of Agriculture			\$ 532,937	-
U.S. Department of Justice				
Direct State Criminal Alien Assistance Program	16.606	Not Provided	\$ 22,058	-
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	Not Provided	74,386	-
Total U.S. Department of Justice			\$ 96,444	-
U.S. Department of Education				
Passed Through Albert Lea School District #241 and Minnesota Department of Education Special Education-Grants for Infants and Families	84.181	Not Provided	\$ 648	-
Total U.S. Department of Education			\$ 648	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	12-700-00073	\$ 33,462	-
Universal Newborn Hearing Screening	93.251	12-700-00073	300	-
Immunization Cooperative Agreements	93.268	12-700-00073	300	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance TANF Cluster	93.283	12-700-00073	1,550	-
Temporary Assistance for Needy Families (Part of TANF Cluster & 93.558 \$388,021)	93.558	12-700-00073	44,266	-
Medicaid Cluster Medical Assistance Program (Part of Medicaid Cluster & 93.778 \$1,295,866)	93.778	12-700-00073	190,665	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-00073	38,289	-

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Expenditures	Passed Though to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families TANF Cluster	93.556	1901MNRCA	\$ 5,617	-
Temporary Assistance for Needy Families (Part of TANF Cluster & 93.558 \$388,021)	93.558	1902MNTANF	343,755	-
Child Support Enforcement	93.563	1904MNCEST	582,552	-
Refugee and Entrant Assistance_State Administered Programs	93.566	1701MNRCA	262	-
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	G1901MNCCDF	13,245	-
Community-Based Child Abuse Prevention Grants	93.590	G-1902MNFPRG	8,467	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1901MNCWSS	3,424	-
Foster Care - Title IV-E	93.658	1901MNFOST	392,878	-
Social Services Block Grant	93.667	1901MNSOSR	208,708	-
Children's Health Insurance Program	93.767	1905MN5021	248	-
Medicaid Cluster				
Medical Assistance Program (Part of Medicaid Cluster & 93.778 \$1,295,866)	93.778	05-1905MN5ADM	1,105,201	-
Total U.S. Department of Health and Human Services			\$ 2,973,189	-
Total Federal Awards			\$ 3,603,218	-
Totals by Cluster				
Total expenditures for SNAP Cluster			\$ 240,264	
Total expenditures for TANF Cluster			388,021	
Total expenditures for Medicaid Cluster			1,295,866	
Total expenditures for Child Care and Development Block Grant Cluster			13,245	

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, 2019

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, 2019. The information in the schedule is presented in accordance with the requirements 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). 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 or changes in net position of Freeborn County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the 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 (Exhibit D-1)	\$ 3,302,643
Unavailable in 2018, recognized as revenue in 2019	
Crime Victim Assistance Grant (CFDA #16.575)	(25,751)
Highway Planning and Construction (CFDA #20.205)	(890)
Temporary Assistance for Needy Families (CFDA #93.558)	(96,446)
Child Support Enforcement (CFDA #93.563)	(2,378)
Stephanie Tubbs Jones Child Welfare Services Program (#93.645)	(865)
Chafee Foster Care Independence Program (CFDA #93.674)	(1,875)
Medical Assistance Program (CFDA #93.778)	(9,572)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	(167,210)
Emergency Management Performance Grant (CFDA #97.042)	(24,252)
 Grants received more than 60 days after year-end, unavailable in 2018	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #16.575)	46,482
Centers for Disease Control and Prevention – Investigations and Technical Assistance (CFDA #93.283)	375
Temporary Assistance for Needy Families (CFDA #93.558)	115,223
Child Support Enforcement (CFDA #93.563)	49,960
Child Care and Development Block Grant (CFDA #93.575)	996
Foster Care Title IV-E (#93.658)	83,128
Children’s Health Insurance Program (CFDA #93.767)	39
Medical Assistance Program (CFDA #93.778)	189,668
Maternal and Child Health Services Block Grant to States (CFDA #93.994)	9,572
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	134,371
 Expenditures per Schedule of Expenditures of Federal Awards (Exhibit D-2)	
	\$ 3,603,218

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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.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013
Governmental Activities				
Net Investments in Capital Assets	\$ 54,564,938	\$ 55,735,038	\$ 57,967,546	\$ 61,821,070
Restricted	5,037,551	13,563,329	6,921,109	11,147,528
Unrestricted	13,832,287	8,946,106	18,402,056	13,574,553
Total Governmental Activities	<u>\$ 73,434,776</u>	<u>\$ 78,244,473</u>	<u>\$ 83,290,711</u>	<u>\$ 86,543,151</u>

Source: Freeborn County's Yearly Financial Statements

(1) See Note Changes in Accounting Restatement

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 63,259,574	\$ 67,044,403	\$ 70,598,432	\$ 76,357,232	\$ 85,725,655	\$ 94,697,366
8,283,014	9,900,452	8,696,772	8,015,434	9,440,791	10,724,591
8,389,282	6,195,523	6,614,367	5,092,491	1,278,822	(3,719,993)
<u>\$ 79,931,870</u>	<u>\$ 83,140,378</u>	<u>\$ 85,909,571</u>	<u>\$ 89,465,157</u>	<u>\$ 96,445,268</u>	<u>\$ 101,701,964</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013
Expenses				
General Government	\$ 4,409,570	\$ 4,862,792	\$ 7,177,110	\$ 6,922,425
Public Safety	9,607,279	8,096,946	6,315,878	6,469,525
Highways and Streets	10,430,230	7,781,427	9,525,421	11,371,372
Sanitation	397,808	366,181	371,488	404,776
Human Services	7,292,340	7,673,360	7,620,459	9,204,595
Health	3,345,068	3,318,388	3,165,890	1,539,475
Culture and Recreation	561,488	378,002	321,489	388,287
Conservation of Natural Resources	1,641,086	2,106,960	1,099,583	4,011,503
Economic Development	17,942	15,000	400,000	50,963
Interest on Long-Term Debt	1,241,791	1,295,440	705,080	914,091
Total Governmental Activities Expenses	<u>\$ 38,944,602</u>	<u>\$ 35,894,496</u>	<u>\$ 36,702,398</u>	<u>\$ 41,277,012</u>
Program Revenues				
Charges for Services				
General Government	\$ 850,865	\$ 811,161	\$ 907,321	\$ 944,388
Public Safety	2,489,412	2,447,262	2,401,345	1,924,810
Highways and Streets	73,333	92,212	177,802	248,135
Sanitation	3,188	381,347	4,319	-
Human Services	462,245	585,738	341,349	603,130
Health	1,099,792	723,528	1,032,223	431,983
Culture and Recreation	56,681	24,884	13,240	1,149
Conservation of Natural Resources	63,797	141,233	89,890	65,550
Operating Grants and Contributions				
General Government	98,836	203,143	193,811	243,425
Public Safety	693,472	1,600,359	1,500,782	552,713
Highways and Streets	5,456,426	4,554,340	5,629,421	6,939,180
Sanitation	370,663	23,446	362,961	393,379
Human Services	3,415,990	3,434,776	3,381,837	4,079,179
Health	1,751,141	1,756,507	1,450,562	830,602
Culture and Recreation	63,563	38,138	88,988	-
Conservation of Natural Resources	1,263,069	1,233,115	961,434	4,031,465
Economic Development	-	-	400,000	-
Capital Grants and Contributions				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	186,587	1,047,763	1,747,638	1,467,744
Conservation of Natural Resources	26	-	-	-
Total Governmental Activities Program Revenues	<u>\$ 18,399,086</u>	<u>\$ 19,098,952</u>	<u>\$ 20,684,923</u>	<u>\$ 22,756,832</u>

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

2014	2015	2016	2017	2018	2019
\$ 7,047,344	\$ 7,602,191	\$ 8,202,415	\$ 8,400,796	\$ 9,138,428	\$ 8,951,212
7,126,489	7,632,105	10,258,704	10,716,975	8,242,136	9,801,433
11,468,587	9,883,628	9,723,394	12,125,094	10,789,903	12,111,044
496,413	511,389	576,287	587,424	565,969	598,877
9,587,868	11,032,285	12,123,000	11,879,425	12,043,061	11,983,435
1,731,079	2,069,495	2,344,957	2,497,723	2,652,578	2,653,550
320,811	378,127	336,666	396,611	367,370	356,583
1,901,209	1,888,375	2,333,311	3,291,533	2,165,526	2,381,990
366,203	11,500	12,647	25,000	39,276	30,500
698,092	614,147	592,930	438,249	37,973	226,986
<u>\$ 40,744,095</u>	<u>\$ 41,623,242</u>	<u>\$ 46,504,311</u>	<u>\$ 50,358,830</u>	<u>\$ 46,042,220</u>	<u>\$ 49,095,610</u>
\$ 1,351,213	\$ 1,071,249	\$ 1,014,402	\$ 944,287	\$ 921,256	\$ 1,183,814
1,965,755	2,233,899	2,931,845	3,670,889	3,805,659	3,136,007
65,545	221,754	49,854	170,664	290,099	235,203
406,340	381,253	429,102	430,754	443,013	518,400
382,900	890,412	1,249,098	914,573	806,297	1,109,744
692,535	330,537	361,276	290,664	415,470	907,290
-	26	148	22,964	29,234	9,920
1,641,115	1,441,825	1,663,978	1,490,401	1,516,143	1,760,430
361,181	180,206	245,220	128,353	127,020	175,365
486,814	701,778	814,384	869,301	727,677	746,297
6,103,421	5,963,482	6,229,049	6,747,665	7,808,073	7,823,092
-	-	-	-	-	-
4,459,479	4,711,913	5,183,990	5,610,581	5,344,443	5,661,129
652,169	1,475,226	1,435,570	1,423,389	1,723,750	1,720,415
-	-	-	-	447,543	-
621,962	263,911	684,436	790,941	-	232,696
-	-	-	-	-	-
-	1,940,278	-	-	74,321	-
-	14,951	-	-	-	-
3,359,833	114,775	1,120,690	3,579,484	1,992,021	34,092
54,804	-	-	492,000	-	-
<u>\$ 22,605,066</u>	<u>\$ 21,937,475</u>	<u>\$ 23,413,042</u>	<u>\$ 27,576,910</u>	<u>\$ 26,472,019</u>	<u>\$ 25,253,894</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Continued)**

	2010	2011	2012	2013
Net (Expense) Revenue				
General Government	\$ (3,459,869)	\$ (3,848,488)	\$ (6,075,978)	\$ (5,734,612)
Public Safety	(6,424,395)	(4,049,325)	(2,413,751)	(3,992,002)
Highways and Streets	(4,713,884)	(2,087,112)	(1,970,560)	(2,716,313)
Sanitation	(23,957)	38,612	(4,208)	(11,397)
Human Services	(3,414,105)	(3,652,846)	(3,897,273)	(4,522,286)
Health	(494,135)	(838,353)	(683,105)	(276,890)
Culture and Recreation	(441,244)	(314,980)	(219,261)	(387,138)
Conservation of Natural Resources	(314,194)	(732,612)	(48,259)	85,512
Economic Development	(17,942)	(15,000)	-	(50,963)
Interest on Long-Term Debt	(1,241,791)	(1,295,440)	(705,080)	(914,091)
Total Governmental Activities Net (Expense) Revenue	<u>\$ (20,545,516)</u>	<u>\$ (16,795,544)</u>	<u>\$ (16,017,475)</u>	<u>\$ (18,520,180)</u>
General Revenues and Other Changes in Net Position				
Taxes	\$ 15,077,709	\$ 17,370,342	\$ 18,884,863	\$ 20,175,011
Payment in Lieu of Taxes	34,323	50,343	53,110	2,828
Unrestricted Grants and Contributions	2,580,137	2,630,103	1,682,574	1,459,818
Investment Earnings	143,512	172,524	192,679	102,769
Miscellaneous	108,849	1,368,024	143,579	28,616
Gain on Sale of Capital Assets	54,853	13,905	106,908	3,578
Total Governmental Activities	<u>\$ 17,999,383</u>	<u>\$ 21,605,241</u>	<u>\$ 21,063,713</u>	<u>\$ 21,772,620</u>
Change in Net Position	<u>\$ (2,546,133)</u>	<u>\$ 4,809,697</u>	<u>\$ 5,046,238</u>	<u>\$ 3,252,440</u>

Source: Freeborn County's Yearly Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Continued)**

2014	2015	2016	2017	2018	2019
\$ (5,334,950)	\$ (4,410,458)	\$ (6,942,793)	\$ (7,328,156)	\$ (8,015,831)	\$ (7,592,033)
(4,673,920)	(4,681,477)	(6,512,475)	(6,176,785)	(3,708,800)	(5,919,129)
(1,939,788)	(3,583,617)	(2,323,801)	(1,627,281)	(699,710)	(4,018,657)
(90,073)	(130,136)	(147,185)	(156,670)	(122,956)	(80,477)
(4,745,489)	(5,429,960)	(5,689,912)	(5,354,271)	(5,892,321)	(5,212,617)
(386,375)	(263,732)	(548,111)	(783,670)	(513,358)	(25,845)
(320,811)	(378,101)	(336,518)	(373,647)	(338,136)	(346,663)
416,672	(182,639)	15,103	(518,191)	(201,840)	(388,864)
(366,203)	(11,500)	(12,647)	(25,000)	(39,276)	(30,500)
(698,092)	(614,147)	(592,930)	(438,249)	(37,973)	(226,986)
<u>\$ (18,139,029)</u>	<u>\$ (19,685,767)</u>	<u>\$ (23,091,269)</u>	<u>\$ (22,781,920)</u>	<u>\$ (19,570,201)</u>	<u>\$ (23,841,771)</u>
\$ 20,084,107	\$ 20,915,483	\$ 23,651,372	\$ 24,064,810	\$ 24,893,116	\$ 25,842,122
31,597	97,317	28,560	35,247	35,309	36,620
1,625,409	1,543,235	1,712,330	2,023,587	2,180,739	2,128,365
132,099	245,464	432,665	213,862	483,486	922,551
50,000	18,228	-	-	384	43,517
-	74,548	35,535	-	62,179	79,288
<u>\$ 21,923,212</u>	<u>\$ 22,894,275</u>	<u>\$ 25,860,462</u>	<u>\$ 26,337,506</u>	<u>\$ 27,655,213</u>	<u>\$ 29,052,463</u>
<u>\$ 3,784,183</u>	<u>\$ 3,208,508</u>	<u>\$ 2,769,193</u>	<u>\$ 3,555,586</u>	<u>\$ 8,085,012</u>	<u>\$ 5,210,692</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013
General Fund				
Nonspendable	\$ -	\$ 2,165,953	\$ 493,557	\$ 443,805
Restricted (Reserved 2008-2010)	-	413,087	365,224	383,386
Committed	1,687,121	-	224,846	261,128
Assigned (Designated 2008-2010)	4,099,768	148,645	388,657	1,357,696
Unassigned (Undesignated 2008-2010)	2,223,391	7,719,849	10,818,868	9,940,813
Total General Fund	\$ 8,010,280	\$ 10,447,534	\$ 12,291,152	\$ 12,386,828
All Other Governmental Funds				
Nonspendable	\$ -	\$ 434,263	\$ 570,706	\$ 525,371
Restricted	1,128,396	66,551	1,127,344	9,514,658
Assigned				
Road and Bridge	2,828,566	2,511,201	3,053,068	1,271,550
Debt Service Fund	1,992,995	8,510,291	2,910,321	-
Human Service	2,764,097	6,586,152	7,570,104	7,989,595
Unassigned (Undesignated 2008-2010)	2,912,980	(1,697)	(480,746)	(511,259)
Total All Other Governmental Funds	\$ 11,627,034	\$ 18,106,761	\$ 14,750,797	\$ 18,789,915
All Governmental Funds				
Nonspendable	\$ -	\$ 2,600,216	\$ 1,064,263	\$ 969,176
Restricted (Reserved 2008-2010)	1,128,396	479,638	1,492,568	9,898,044
Committed	1,687,121	-	224,846	261,128
Assigned (Designated 2008-2010)	11,685,426	17,756,289	13,922,150	10,618,841
Unassigned (Undesignated 2008-2010)	5,136,371	7,718,152	10,338,122	9,429,554
Total All Governmental Funds	\$ 19,637,314	\$ 28,554,295	\$ 27,041,949	\$ 31,176,743

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 618,818	\$ 341,917	\$ 385,419	\$ 935,925	\$ 1,142,742	\$ 969,191
762,262	715,509	998,176	1,040,571	1,185,045	1,194,791
356,228	408,633	3,049,860	2,817,127	2,294,572	2,027,731
1,632,890	-	-	-	-	-
8,623,639	10,034,644	8,212,526	6,795,893	5,139,155	6,559,366
<u>\$ 11,993,837</u>	<u>\$ 11,500,703</u>	<u>\$ 12,645,981</u>	<u>\$ 11,589,516</u>	<u>\$ 9,761,514</u>	<u>\$ 10,751,079</u>
\$ 462,228	\$ 461,542	\$ 707,005	\$ 433,751	\$ 362,787	\$ 328,612
5,703,717	5,705,943	6,258,286	15,047,024	6,910,033	6,868,331
3,107,310	3,678,532	3,674,377	3,432,531	3,985,411	2,219,612
-	-	-	-	-	-
8,381,777	7,165,337	5,806,384	5,795,221	6,080,210	2,761,722
(437,868)	(218,908)	(399,003)	(1,058,116)	(1,496,925)	(1,048,172)
<u>\$ 17,217,164</u>	<u>\$ 16,792,446</u>	<u>\$ 16,047,049</u>	<u>\$ 23,650,411</u>	<u>\$ 15,841,516</u>	<u>\$ 11,130,105</u>
\$ 1,081,046	\$ 803,459	\$ 1,092,424	\$ 1,369,676	\$ 1,505,529	\$ 1,297,803
6,465,979	6,421,452	7,256,462	16,087,595	8,095,078	8,063,122
356,228	408,633	3,049,860	2,817,127	2,294,572	2,027,731
13,121,977	10,843,869	9,480,761	9,227,752	10,065,621	4,981,334
8,185,771	9,815,736	7,813,523	5,737,777	3,642,230	5,511,194
<u>\$ 29,211,001</u>	<u>\$ 28,293,149</u>	<u>\$ 28,693,030</u>	<u>\$ 35,239,927</u>	<u>\$ 25,603,030</u>	<u>\$ 21,881,184</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**CHANGES IN GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013
Revenues				
Taxes	\$ 15,080,750	\$ 17,396,373	\$ 19,005,885	\$ 20,187,009
Special Assessments	1,572,932	1,462,512	1,670,999	2,283,803
Licenses and Permits	138,561	104,291	134,192	121,255
Intergovernmental	14,145,031	14,080,209	17,815,054	15,717,420
Charges for Services	4,249,626	3,813,994	4,156,976	3,647,235
Fines and Forfeits	39,329	37,709	26,436	29,756
Gifts and Contributions	51,258	50,636	29,606	12,242
Investment Income	143,512	172,524	184,419	111,029
Miscellaneous	947,218	2,779,387	1,142,182	1,374,589
Total Revenues	\$ 36,368,217	\$ 39,897,635	\$ 44,165,749	\$ 43,484,338
Expenditures				
Current				
General Government	\$ 4,909,011	\$ 5,281,337	\$ 6,340,666	\$ 6,067,026
Public Safety	9,536,984	7,988,624	13,639,438	6,335,469
Highways and Streets	6,871,241	8,161,703	11,016,683	13,866,152
Sanitation	382,825	351,197	356,505	389,793
Social Services	7,807,237	7,684,378	7,606,046	9,166,814
Health	3,351,695	3,325,377	3,159,918	1,524,573
Culture and Recreation	561,488	378,002	321,489	388,287
Conservation of Natural Resources	1,646,871	2,104,149	1,095,605	1,637,650
Economic Development	17,942	15,000	400,000	397,409
Intergovernmental				
Highways and Streets	-	-	308,595	318,877
Conservation of Natural Resources	-	-	-	2,364,690
Capital Outlay	763,522	558,160	805,285	764,263
Debt Service				
Principal Retirement	875,451	7,436,439	1,267,547	2,122,159
Interest	517,435	516,056	649,036	707,994
Bond Issuance Costs	21,663	177,534	-	89,790
Administrative (fiscal) charges	20,456	26,368	29,839	5,893
Total Expenditures	\$ 37,283,821	\$ 44,004,324	\$ 46,996,652	\$ 46,146,839
Revenues Over (Under) Expenditures	\$ (915,604)	\$ (4,106,689)	\$ (2,830,903)	(2,662,501)
Other Financing Sources (Uses)				
Transfers In	\$ 92,619	\$ 6,260,956	\$ 7,697,008	\$ -
Transfers Out	(92,619)	(11,076,546)	(6,624,421)	-
Bonds and Notes Issued	4,100,000	-	-	6,680,000
Refunding Bond Issued	-	17,120,000	-	-
Premium on Bond Issuance	-	645,912	-	178,196
Discount on Bond Issuance	-	-	-	(19,144)
Proceeds from Sale of Assets	61,065	13,905	109,527	3,578
Total Other Financing Sources (Uses)	4,161,065	12,964,227	1,182,114	6,842,630
Net Change in Fund Balance	\$ 3,245,461	\$ 8,857,538	\$ (1,648,789)	\$ 4,180,129
Debt Service as a Percentage of Noncapital Expenditures	3.93%	18.77%	4.21%	6.45%

Source: Freeborn County's Financial Statements

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

CHANGES IN GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019
\$	20,090,378	\$ 20,878,781	\$ 23,715,974	\$ 24,075,507	\$ 24,784,395	\$ 25,908,755
	2,088,263	2,172,363	2,245,972	2,046,830	2,002,200	2,310,017
	118,079	106,821	164,509	103,349	169,869	140,497
	17,768,440	15,826,392	16,382,810	19,767,495	21,798,448	19,144,108
	3,565,791	3,765,702	3,975,878	4,841,541	4,897,859	5,741,113
	64,065	41,664	34,772	32,329	23,995	28,603
	6,553	13,019	23,099	37,382	6,545	10,479
	132,099	245,464	432,665	214,560	485,030	925,186
	1,006,351	982,627	1,353,027	1,104,929	954,934	1,060,475
\$	<u>44,840,019</u>	<u>\$ 44,032,833</u>	<u>\$ 48,328,706</u>	<u>\$ 52,223,922</u>	<u>\$ 55,123,275</u>	<u>\$ 55,269,233</u>
\$	6,191,688	\$ 6,643,520	\$ 6,984,439	\$ 7,247,743	\$ 7,821,352	\$ 8,102,900
	6,949,396	7,437,235	8,389,229	9,247,492	9,523,826	9,706,773
	14,180,809	9,396,052	10,818,218	14,298,508	15,569,703	17,756,431
	481,430	495,023	555,980	568,068	542,980	584,417
	9,551,357	10,865,074	11,582,745	11,467,816	11,295,964	12,073,073
	1,703,256	2,030,585	2,197,002	2,367,095	2,421,019	2,681,238
	320,811	378,127	336,666	396,611	367,370	346,595
	1,896,751	1,883,629	2,291,269	3,257,725	2,082,175	2,388,453
	19,757	11,500	12,647	25,000	39,276	30,500
	330,135	348,751	361,195	360,068	421,073	416,771
	-	-	-	-	-	-
	999,715	2,100,910	1,124,568	1,542,415	2,584,837	2,090,433
	3,295,000	2,725,000	2,720,000	2,770,000	11,790,000	2,575,000
	767,088	688,016	611,710	540,424	502,090	341,034
	-	-	-	67,002	-	-
	5,425	3,525	5,061	6,425	6,150	2,600
\$	<u>46,692,618</u>	<u>\$ 45,006,947</u>	<u>\$ 47,990,729</u>	<u>\$ 54,162,392</u>	<u>\$ 64,967,815</u>	<u>\$ 59,096,218</u>
	<u>(1,852,599)</u>	<u>(974,114)</u>	<u>\$ 337,977</u>	<u>\$ (1,938,470)</u>	<u>\$ (9,844,540)</u>	<u>\$ (3,826,985)</u>
\$	-	\$ -	\$ 1,060,736	\$ 513,534	\$ 299,378	\$ 2,722,835
	-	-	(1,060,736)	(513,534)	(299,378)	(2,722,835)
	-	-	-	-	-	-
	-	-	-	8,075,000	-	-
	-	-	-	450,729	-	-
	-	-	-	-	-	-
	-	74,548	49,333	-	75,768	93,310
	-	<u>74,548</u>	<u>49,333</u>	<u>8,525,729</u>	<u>75,768</u>	<u>93,310</u>
\$	<u>(1,852,599)</u>	<u>\$ (899,566)</u>	<u>\$ 387,310</u>	<u>\$ 6,587,259</u>	<u>\$ (9,768,772)</u>	<u>\$ (3,733,675)</u>
	8.90%	7.96%	7.12%	6.43%	19.71%	6.03%

**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
2010	\$ 16,141,902	\$ 15,821,203	98.0 %	\$ 320,302	\$ 16,141,505
2011	17,122,478	16,823,011	98.3	297,484	17,120,495
2012	18,917,961	18,615,152	98.4	300,678	18,915,830
2013	19,211,499	18,971,938	98.8	238,214	19,210,152
2014	19,219,518	19,036,870	99.0	179,947	19,216,817
2015	19,846,355	19,605,075	98.8	230,921	19,835,996
2016	20,703,982	20,513,131	99.1	157,848	20,670,979
2017	21,135,172	20,885,092	98.8	216,792	21,101,884
2018	21,901,150	21,597,973	98.6	192,922	21,790,895
2019	22,891,000	22,610,578	98.8	-	22,610,578

(1) Does not include interest and penalties.

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

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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

Total Collections as a Percent of Current Levy (2)	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Delinquent Assessments
100.0 %	\$ 1,562,857	\$ 1,524,698	97.6 %	\$ 38,159
100.0	1,494,807	1,453,049	97.2	41,758
100.0	1,704,339	1,665,565	97.7	38,774
100.0	1,707,166	1,676,037	98.2	31,129
100.0	1,979,342	1,948,884	98.5	30,458
99.9	2,134,718	2,120,400	99.3	14,318
99.8	2,269,156	2,260,738	99.6	8,418
99.8	2,035,207	2,019,183	99.2	16,024
99.5	1,894,009	1,865,414	98.5	28,595
98.8	2,329,861	2,308,489	99.1	21,372

**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	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	2010	\$ 29,401,437	\$ 3,105,484,200	\$1,551,388	\$ 77,996,700
2010	2011	30,551,347	3,247,798,600	1,653,738	83,119,600
2011	2012	28,404,803	3,313,361,500	2,028,290	102,438,400
2012	2013	30,448,369	3,552,900,800	2,054,524	103,764,300
2013	2014	37,480,081	4,328,050,000	2,279,255	114,488,500
2014	2015	39,040,934	4,591,440,800	2,343,838	117,665,700
2015	2016	36,342,933	4,305,573,100	2,557,017	128,344,800
2016	2017	36,037,263	4,219,103,400	2,762,326	138,558,900
2017	2018	35,151,133	4,068,935,600	2,351,610	117,979,800
2018	2019	36,339,950	4,164,064,700	2,458,030	123,303,300

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

Source: Freeborn County Auditor/Treasurer -Abstract of Assessment of Real and Personal Property for 2019

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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

Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
\$ 30,952,825	5.14	\$ 3,183,480,900	1.0
32,205,085	5.54	3,330,918,200	1.0
30,433,093	5.25	3,415,799,900	0.9
32,502,893	4.33	3,656,665,100	0.9
39,759,336	4.21	4,442,538,500	0.9
41,384,772	4.67	4,709,106,500	0.9
38,899,950	-	4,433,917,900	0.9
38,799,589	-	4,357,662,300	0.9
37,502,743	-	4,186,915,400	0.9
38,797,980	-	4,287,368,000	0.9

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Type of Business	2010			2019		
		Taxable Capacity Value	Rank	Percentage of Total County Capacity Value	Taxable Capacity Value	Rank	Percentage of Total County Capacity Value
ITC Midwest, LLC	Utilities	\$ 388,346	4	1.21%	\$ 848,582	1	2.21%
Northern Natural Gas Co	Utilities	688,690	2	2.15%	795,956	2	2.07%
Alliance Pipeline LP	Utilities	708,602	1	2.21%	749,206	3	1.95%
Dairyland Power Cooperative	Utilities	124,084	6	0.39%	221,010	4	0.57%
ITC Midwest, LLC	Utilities				215,116	5	0.56%
Minnesota Energy Resources Cor	Utilities				204,006	6	0.53%
Freeborn Mower Electric Coop	Utilities				188,466	7	0.49%
Union Pacific Corporation	Commercial				156,598	8	0.41%
Kinder Morgan Cochin LLC	Utilities				137,030	9	0.36%
Wal-Mart Real Estate Business	Commercial	109,981	7	0.34%	126,089	10	0.33%
Interstate Power & Light Co	Utilities	492,197	3	1.53%			
Dale Laraon Trust	Commercial	147,732	5	0.46%			
Agra Resources Coop	Agriculture	109,432	8	0.34%			
Continental Albert Lea LLP	Commercial	109,322	9	0.34%			
MCB Properties LTD Ptshp	Commercial	108,452	10	0.34%			
All Others		29,117,047		90.69%	34,835,675		90.52%
		<u>\$ 32,103,885</u>		<u>100.0%</u>	<u>\$ 38,477,734</u>		<u>100.00%</u>

Source: Freeborn County Auditor-Treasurer

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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

Unit of Government	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Freeborn County										
General	21.0830	20.4620	21.6640	21.0590	16.3390	16.5030	19.2720	20.1280	22.3540	25.6180
Road and Bridge	9.1740	10.3630	11.9310	12.0750	9.8790	9.8870	10.5130	8.9680	9.4640	10.6730
Social Services	17.4870	16.7600	17.7410	15.8070	12.7250	11.8080	12.5550	14.1500	14.5130	13.8330
Waste	-	-	0.2310	0.2160	0.1770	0.1700	0.1590	0.1480	0.1510	-
Capital Improvements	2.1530	1.8280	3.1560	2.9550	2.4170	2.3160	2.8940	3.1020	3.2580	1.6340
Library	1.3270	1.2350	1.2030	1.1330	0.8760	0.8560	0.9320	0.9450	1.0030	0.9740
Capital Bond	-	-	-	-	1.0880	1.0430	1.1320	1.1140	1.1400	1.0870
2011A	-	-	2.3420	2.1940	1.7960	1.6170	1.7170	1.7420	1.8010	3.3530
2011B	-	-	1.8470	1.7300	1.4160	1.2750	1.3640	1.3670	1.4090	1.3370
2011C	-	-	2.3750	2.2250	1.8210	1.6460	1.7220	1.7320	1.7770	-
37 Jail	2.4650	2.3630	-	-	-	-	-	-	-	-
38 HRA	1.9310	1.8510	-	-	-	-	-	-	-	-
39 HRA	2.6990	2.5860	-	-	-	-	-	-	-	-
Radio	-	1.4810	1.5670	1.4680	1.2010	1.1520	1.1630	1.1710	1.2210	1.1840
Public Health	-	-	-	-	-	1.3870	1.6430	1.6580	2.1680	1.1680
Total Freeborn County	58.3190	58.9290	64.0570	60.8620	49.7350	49.6600	55.0660	56.2250	60.2590	60.8610
Townships										
Albert Lea	17.1020	19.6670	22.1650	20.7970	16.4310	15.6260	16.3100	16.4730	17.3990	16.4420
Alden	8.0620	8.5610	9.5810	9.0230	6.4850	6.1470	7.1320	7.5090	7.6730	7.4000
Bancroft	13.0300	12.6190	13.3220	12.3080	10.5110	10.0850	11.5060	11.4210	11.6080	11.4000
Bath	11.8170	10.9880	11.0700	10.6340	8.2930	7.9060	8.5860	8.7480	7.8420	7.6940
Carlston	10.9610	10.0150	11.6630	13.2080	10.0060	9.7610	10.9200	10.6020	11.0390	10.7730
Freeborn	13.9300	12.7380	13.7750	14.1210	10.2660	9.1040	9.7430	9.5140	9.1730	8.9250
Freeman	7.7870	7.4450	7.8820	7.8940	6.7020	6.7590	8.1090	8.3360	8.6370	8.3630
Geneva	14.3930	13.5500	13.5660	11.9460	8.8770	8.3430	9.2040	9.4730	10.0170	9.7560
Hartland	9.6240	9.2630	9.3090	8.1930	5.9960	5.6300	6.2760	6.4730	6.4070	6.0190
Hayward	16.5040	15.4860	14.7720	13.3610	10.0520	9.3600	9.4620	9.0080	8.6810	7.6210
London	17.0630	16.4620	16.2340	14.4740	10.0950	9.4730	10.7060	11.0290	11.7050	11.5360
Manchester	8.9030	9.1900	8.8800	7.8440	6.0770	5.6650	6.0120	5.4060	5.2750	4.7400
Mansfield	13.2120	12.8100	13.2050	11.6570	8.2710	8.4920	9.7050	10.0710	10.6950	10.8920
Moscow	17.2030	16.2060	17.2140	15.8810	12.4950	11.7540	12.9230	13.4940	14.6480	15.6280
Newry	12.1390	11.1330	11.1830	11.0100	8.4420	8.5020	9.4390	9.7350	10.3470	10.1090
Nunda	14.2450	10.8160	14.7580	13.1340	9.9350	9.1870	10.0000	10.1990	10.7440	10.6340
Oakland	10.4460	10.5960	11.4640	11.2600	9.1840	9.3510	10.2590	10.4380	11.3280	10.9550
Pickereel Lake	8.8730	8.5790	7.4530	7.0740	5.8350	5.9100	6.3160	6.5020	8.0010	7.9580
Riceland	12.4300	11.5670	12.0970	10.7220	8.1190	7.6160	8.2930	8.4430	8.8090	8.4760
Shell Rock	10.0460	9.8960	9.3600	8.3880	6.1020	5.6420	6.1730	6.2650	6.5520	6.7730
Cities										
Albert Lea	46.0590	49.1630	57.1250	60.6320	62.0500	63.2160	64.3220	63.0870	64.8660	61.9080
Alden	64.3510	68.8150	87.4770	89.6730	89.0060	100.4690	99.7370	93.6570	96.4220	92.1160
Clarks Grove	30.3220	31.7390	39.9950	43.0910	44.1710	52.8210	54.6880	55.0710	50.5920	48.5550
Conger	94.6160	100.7930	134.8240	155.3090	136.2020	139.3750	143.8460	143.6260	152.3350	144.8970
Emmons	93.4200	96.9720	136.2420	134.7630	145.2370	146.6990	145.4870	144.3780	148.8740	141.7510
Freeborn	93.7980	100.5350	143.2810	147.4650	151.5210	155.4240	159.6660	162.2870	174.9180	175.9070
Geneva	34.5410	34.9410	41.0740	45.2780	45.3850	49.8020	50.4430	48.2690	46.0090	49.1090
Glenville	59.1030	59.1180	50.2860	50.7820	51.5010	45.8360	45.8920	46.7430	46.9740	42.3450
Hartland	97.7580	105.0440	131.4280	133.9210	138.0870	140.2610	146.5790	147.6840	133.6010	116.7040
Hayward	102.5920	103.7320	133.1350	149.6770	165.2590	164.5510	155.5250	154.2900	156.5940	154.8140
Hollandale	86.5930	87.9480	111.7950	116.2920	117.3300	114.6910	114.7110	107.1110	105.5660	102.8650
Manchester	56.0080	64.6870	81.3670	86.6390	95.7060	104.6640	109.0210	134.0360	143.8850	160.9420
Myrtle	37.6030	37.7450	56.9500	62.0160	69.2000	69.3400	68.9850	75.0470	77.6580	76.8680
Twin Lakes	30.7390	30.6410	15.9950	16.4760	15.8540	15.9450	16.2940	15.8910	17.7600	18.2970
School Districts										
SD 241	24.5770	25.9440	29.0580	28.8770	25.1790	25.1970	25.0870	25.4820	27.3570	27.6050
SD 242	24.7810	23.5820	26.9030	21.4490	15.0250	14.9850	20.6190	24.5390	26.6240	25.7200
SD 492	21.4720	21.6600	32.2050	29.0950	27.5920	28.3740	27.4910	26.8870	27.1450	27.2630
SD 497	33.0260	32.9290	37.4720	28.3020	20.5760	21.8200	26.9350	24.0810	23.3740	26.8120
SD 756	25.4610	23.7980	21.5150	21.6450	24.3790	19.8120	23.6980	23.2860	22.2710	21.6530
SD 2134	8.4240	7.3220	7.5360	25.8080	18.1620	18.0700	22.1450	18.6450	18.8850	20.0170
SD 2168	16.9340	17.1690	17.5590	16.3550	16.6160	8.5410	8.6990	7.3980	7.0170	6.9110
SD 2886	5.6680	4.7940	4.2550	3.4240	3.4560	3.2790	3.4200	3.7400	3.9350	3.7570

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

TAX CAPACITY BY CLASSIFICATION
LAST TEN FISCAL YEARS

Payable Year	Agriculture	Residential	Commercial	Industrial	Utilities	Personal Property	Tax Increment	Net Tax Capacity
2010	12,695,506	11,739,137	2,797,222	1,482,667	678,311	1,551,388	(169,698)	\$30,774,533
% of Total	42%	38%	9%	5%	2%	5%	-1%	
2011	13,848,537	11,459,581	2,797,456	1,487,576	958,197	1,653,738	(123,343)	\$32,081,742
% of Total	42%	36%	9%	5%	3%	5%	0%	
2012	14,148,293	9,378,519	2,666,839	1,406,420	804,732	2,028,290	(114,763)	\$30,318,330
% of Total	46%	30%	9%	5%	3%	7%	0%	
2013	16,412,219	9,092,224	2,663,690	1,407,655	839,959	2,054,524	(141,250)	\$32,329,021
% of Total	51%	28%	8%	4%	3%	6%	0%	
2014	23,078,678	8,758,029	3,031,284	1,696,880	915,210	2,279,255	(224,141)	\$39,535,195
% of Total	59%	22%	8%	4%	2%	6%	-1%	
2015	24,711,441	8,770,777	3,001,570	1,672,736	884,410	2,343,838	(138,126)	\$41,246,646
% of Total	60%	21%	7%	4%	2%	6%	0%	
2016	21,762,538	8,856,814	3,016,707	1,622,741	1,084,133	2,557,017	(118,829)	\$38,781,121
% of Total	56%	23%	8%	4%	3%	7%	0%	
2017	20,785,418	9,421,729	3,039,218	1,623,251	1,167,647	2,762,326	(289,401)	\$38,510,188
% of Total	54%	24%	8%	4%	3%	7%	-1%	
2018	19,517,474	9,575,479	3,053,961	1,640,243	1,363,976	2,351,610	(310,491)	\$37,192,252
% of Total	52%	26%	8%	4%	4%	6%	-1%	
2019	19,430,074	10,739,149	3,004,086	1,747,345	1,419,322	2,458,004	(320,246)	\$38,477,734
% of Total	50%	28%	8%	5%	4%	6%	-1%	

Source: Freeborn County Auditor/Treasurer Abstract of Assessment of Real and Personal Property for 2018

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2010	2011	2012	2013
Market Valuation of Taxable Property (1)	\$ 3,183,480,900	\$ 3,330,918,200	\$ 3,415,799,900	\$ 3,656,665,100
Legal Debt Percentage Allowed (2)	3.00%	3.00%	3.00%	3.00%
Legal Debt Limit	95,504,427	99,927,546	102,473,997	109,699,953
Amount of Debt Applicable to Debt Limit				
General Obligation Debt	21,387,419	23,985,000	22,755,000	27,345,000
Less: Amount Available in Debt Service Funds	1,992,995	2,150,569	2,910,321	5,100,159
Total Debt Applicable to Limit	19,394,424	21,834,431	19,844,679	22,244,841
Unused Margin of Indebtedness	<u>\$ 76,110,003</u>	<u>\$ 78,093,115</u>	<u>\$ 82,629,318</u>	<u>\$ 87,455,112</u>
Percent of Legal Debt Incurred	22.39%	24.00%	22.21%	24.93%

(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

COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

2014	2015	2016	2017	2018	2019
\$ 4,442,538,500	\$ 4,709,106,500	\$ 4,433,917,900	\$ 4,357,662,300	\$ 4,186,915,400	\$ 4,287,368,000
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
133,276,155	141,273,195	133,017,537	130,729,869	125,607,462	128,621,040
24,050,000	21,325,000	18,605,000	23,910,000	18,330,000	9,545,000
4,493,278	4,284,934	4,261,379	4,564,815	4,211,939	3,259,090
19,556,722	17,040,066	14,343,621	19,345,185	14,118,061	6,285,910
<u>\$ 113,719,433</u>	<u>\$ 124,233,129</u>	<u>\$ 118,673,916</u>	<u>\$ 111,384,684</u>	<u>\$ 111,489,401</u>	<u>\$ 122,335,130</u>
18.05%	15.09%	13.99%	18.29%	14.59%	7.42%

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Loans	General Obligation Capital Notes	Special Assessment Bonds
Governmental Activities:				
2010	\$ 7,585,000	\$ 106,145	\$ 3,575,000	\$ 3,086,990
2011	18,685,912	69,706	3,205,000	2,732,227
2012	18,147,086	32,159	2,830,000	2,354,991
2013	20,194,992	-	2,450,000	5,412,880
2014	18,674,159	-	2,065,000	3,937,866
2015	16,792,718	-	1,675,000	3,411,571
2016	14,856,277	-	1,275,000	2,955,277
2017	21,400,566	-	865,000	2,503,983
2018	10,424,874	-	440,000	1,700,515
2019	8,467,138	-	-	1,428,514

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 163

(3) United States Census Bureau

n/a=not available

Source: Freeborn County Financial Statements.

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

<u>Lease Revenue Bonds (1)</u>	<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income (2)</u>	<u>Population (3)</u>	<u>Debt per Capita</u>
<u>Business-type Activities</u>				
\$ 12,636,200	\$ 26,989,335	2.35%	31,255	864
7,045,428	31,738,273	2.57%	31,160	1,019
-	23,364,236	1.84%	31,027	753
-	28,057,872	2.29%	30,917	908
-	24,677,025	1.98%	30,831	800
-	21,879,289	1.73%	30,642	714
-	19,086,554	1.57%	30,446	627
-	24,769,549	1.96%	30,550	811
-	12,565,389	0.90%	30,495	412
-	9,895,652	N/A	N/A	N/A

**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)	Less Debt
		Freeborn County			Gross Bonded Debt	Service Funds
2010	31,255	\$ 1,151,565,000	\$ 3,183,480,900	\$ 30,952,825	\$ 20,221,200	\$ 1,656,190
2011	31,160	1,232,138,000	3,330,918,200	32,205,085	25,731,340	7,975,383
2012	31,027	1,273,548,000	3,415,799,900	30,433,093	18,147,086	1,745,190
2013	30,917	1,224,806,000	3,656,665,100	32,502,893	20,194,992	2,029,446
2014	30,831	1,245,146,000	4,442,538,500	39,759,336	18,674,159	2,482,523
2015	30,642	1,266,479,000	4,591,440,800	39,040,934	16,792,718	2,446,394
2016	30,446	1,219,212,000	4,305,573,100	36,342,933	14,856,277	2,400,494
2017	30,550	1,264,313,000	4,219,103,400	36,037,263	21,400,566	12,008,058
2018	30,495	1,394,588,000	4,068,935,600	35,151,133	10,424,874	3,334,722
2019	n/a	n/a	4,164,064,700	36,339,950	8,467,138	3,259,090

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

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

Net Bonded Debt	Debt Per Capita		Debt to Actual Valuation		Debt to Assessed Valuation		Debt to Personal Income	
	Total	Net	Total %	Net %	Total %	Net %	Total %	Net %
\$ 18,565,010	\$ 646.97	\$ 593.99	0.6	0.6	65.3	60.0	1.8	1.6
17,755,957	825.78	569.83	0.8	0.5	79.9	55.1	2.1	1.4
16,401,896	584.88	528.63	0.5	0.5	59.6	53.9	1.4	1.3
18,165,546	653.20	587.56	0.6	0.5	62.1	55.9	1.6	1.5
16,191,636	605.69	525.17	0.4	0.4	47.0	40.7	1.5	1.3
14,346,324	548.03	468.19	0.4	0.3	43.0	36.7	1.3	1.1
12,455,783	487.95	409.11	0.3	0.3	40.9	34.3	1.2	1.0
9,392,508	700.51	307.45	0.5	0.2	59.4	26.1	1.7	0.7
7,090,152	341.86	232.50	0.3	0.2	29.7	20.2	0.7	0.5
5,208,048	n/a	n/a	0.2	0.1	23.3	14.3	n/a	n/a

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

COMPUTATION OF UNDERLYING, OVERLAPPING, AND DIRECT DEBT
DECEMBER, 31 2019

	Net G.O. Debt Outstanding	Applicable to Freeborn County	
		Percent (1)	Amount
Cities			
City of Alden	\$ 695,000	100.0	\$ 695,000
City of Conger	97,000	100.0	97,000
City of Hartland	130,038	100.0	130,038
City of Hayward	72,000	100.0	72,000
City of Manchester	40,000	100.0	40,000
City of Albert Lea	515,000	100.0	515,000
Total Cities	<u>1,549,038</u>		<u>1,549,038</u>
Townships			
Freeborn Township	10,977	100.0	10,977
Total Townships	<u>10,977</u>		<u>10,977</u>
Independent School Districts			
No. 241	44,039,407	100.0	44,039,407
No. 242	9,215,000	99.3	9,150,495
No. 492	39,005,085	6.4	2,496,325
No. 497	5,155,000	13.8	711,390
No. 756	8,580,000	25.0	2,145,000
No. 2134	22,355,000	23.8	5,320,490
No. 2168	10,385,000	29.5	3,063,575
Total Independent School Districts	<u>138,734,492</u>		<u>66,926,682</u>
Total Overlapping Debt	140,294,507	-	68,486,697
Freeborn County Direct Debt	<u>9,895,652</u>	100.0	<u>9,895,652</u>
Totals	<u>\$ 150,190,159</u>		<u>\$ 78,382,349</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>
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
2017	3,068,200	7,449,800	1,528,300	12,046,300	615,000,000
2018	1,508,500	7,768,900	2,644,900	11,922,300	620,000,000
2019	825,000	7,367,600	2,114,000	10,306,600	616,277,000

(1) Source: Freeborn County Assessor

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

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

COUNTY EMPLOYEES BY DEPARTMENT

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Courts	1.50	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration (1)	4.50	5.50	5.00	5.00	6.00	6.00	6.00	6.60	6.60	8.00
Auditor/Treasurer	8.00	8.50	8.50	10.00	8.50	7.00	6.00	8.00	8.00	8.00
Assessor	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Motor Vehicle	5.00	5.00	5.00	6.00	6.50	5.00	5.00	5.00	7.00	7.00
Information Technology (1)	4.00	4.00	5.00	5.00	5.00	6.00	6.00	5.00	5.00	5.00
Attorney	7.00	7.00	7.00	7.00	8.00	7.00	7.00	8.00	8.00	8.00
Recorder	5.00	5.00	5.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Maintenance	7.50	6.50	7.00	6.50	7.50	6.50	6.50	8.00	8.00	9.00
Veterans Service	2.00	2.00	2.00	3.00	2.00	2.50	2.50	2.00	2.00	2.00
Medical Death Investigators	-	-	-	6.00	5.00	4.00	4.00	4.00	4.00	4.00
Coroner (2)	-	-	-	-	-	-	-	-	-	-
Sheriff (3)	34.00	35.00	33.50	33.50	26.50	23.00	21.00	26.00	26.00	26.00
Dispatch (4)	-	-	-	-	-	9.00	8.00	7.00	8.00	10.00
Boat and Water Safety	0.50	0.50	0.50	0.50	0.50	-	-	-	-	-
Transport Deputies (3)	-	-	-	-	6.00	3.00	8.00	8.00	8.00	6.00
Detention Center	45.00	41.00	38.00	36.00	38.00	33.00	35.00	40.00	37.00	36.00
Court Services	8.50	8.50	9.00	10.00	9.00	11.00	9.00	10.00	11.00	11.00
Emergency Management	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Health	23.00	23.00	26.00	25.50	26.00	25.00	24.00	31.00	33.00	36.00
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	9.00	7.50	7.50	7.50	9.00	6.00	6.00	6.00	6.00	6.00
Total General Fund	179.00	174.50	175.50	182.50	183.50	174.00	174.00	194.60	197.60	202.00
Road and Bridge Fund										
Road and Bridge	29.50	30.00	32.50	33.50	34.00	34.00	35.00	36.00	34.00	32.00
Social Services Fund										
Social Services	82.00	82.50	79.00	80.00	81.50	84.00	91.00	88.00	88.00	89.00
Ditch Fund										
Ditch	0.50	0.50	0.50	1.00	0.50	0.50	1.00	1.00	1.00	-
Total Employees	291.00	287.50	287.50	297.00	299.50	292.50	301.00	319.60	320.60	323.00

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

Union	Number of Employees (1)	Contract Term
American Federation of State, County and Municipal Employees, AFL-CIO Council 65, Local 1018A	80	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detention Deputies)	25	1.1.19 - 12.31.21
Minnesota Public Employees Association (Patrol Deputies)	12	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detention Sergeants)	5	1.1.19 - 12.31.21
Minnesota Public Employees' Association (Patrol Sergeants)	3	1.1.19 - 12.31.21
Law Enforcement Labor Services, Inc. (Dispatch)	10	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detectives)	2	1.1.19 - 12.31.21
Minnesota Public Employees Association (Transport)	5	1.1.19 - 12.31.21
Teamsters Local 320 (Jail Programmers)	2	1.1.19 - 12.31.21
Non Union	179	
Total	323.00	

(1) As of 4-28-20 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	2019			2010		
		Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
Mayo Clinic Health Systems	Medical Services	1,000	1	6.5 %	1,131	1	7.3 %
Albert Lea Area Schools	Education	635	2	4.1	463	2	3.0
Albert Lea Select Foods	Meat Processing	530	3	3.5	390	3	2.5
Innovance (Lou-Rich & Almco)	Metal Fabrication	379	4	2.5	276	9	1.8
Freeborn County	Local Government	324	5	2.1	270	10	1.7
St. John's Lutheran Home	Nursing Care Facilities	330	6	2.2	292	5	1.9
Hy-Vee	Retailer	307	7	2.0	285	6	1.8
Wal-Mart	Retailer	230	8	1.5	-	-	-
Mrs. Gerry's	Food Processor	225	9	1.5	-	-	-
Zumbro River Brand	Retailer	222	10	1.5	-	-	-
Cargill	Food Processor	-	-	-	353	4	2.3
Riverland Community College	Post Secondary Education	-	-	-	296	5	1.9
Good Samaritan Center	Outpatient Care Center	-	-	-	285	7	1.8
All Other Employees		<u>11,126</u>		<u>72.6</u>	<u>11,521</u>		<u>74.0</u>
Total Employees		<u>15,308</u>		<u>100.0 %</u>	<u>15,562</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)
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	30,446	(0.6)	13,046	(0.2)	5,525,050	0.6
2017	30,550	0.3	13,121	0.6	5,576,606	0.9
2018	30,495	(0.2)	13,110	(0.1)	5,629,416	0.9
2019	N/A	N/A	N/A	N/A	N/A	N/A

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. 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
Aug. 14, 2018	17,575	4,831	27.5	Nov. 6, 2018	17,716	14,109	79.6

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
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	1,204,670,000	39,407	51,146	48,451
2016	4.4	4.0	4.5	1,219,212,000	40,045	52,038	49,246
2017	4.0	3.4	3.9	1,264,313,000	41,405	54,359	51,640
2018	3.9	3.2	3.7	1,394,588,000	45,808	57,566	54,446
2019	3.7	3.5	3.4	N/A	N/A	59,683	56,663

(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 TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
New Hires (Regular Employees)	16	15	19	29	33	51	42	42	36	31
New Hires (Temporary/Seasonal)	-	-	2	3	10	12	3	6	3	7
Total Employees Supported	291	288	288	297	300	292	301	319	321	323
Number of Parcels in County	22,805	22,855	22,943	22,989	23,010	23,060	23,024	23,057	23,110	23,253
Number of Permits in County	405	286	305	270	267	248	244	281	264	299
Adult Felony	205	157	197	273	305	286	300	356	398	271
Juvenile Felony	12	25	16	21	35	19	28	16	33	25
Adult GM	160	164	127	114	151	177	194	256	344	191
Juvenile GM	3	9	16	13	15	14	9	15	14	7
Adult Misdemeanor	410	377	358	340	419	380	319	255	306	537
Juvenile Misdemeanor	237	228	170	162	154	124	123	128	165	116
Chips	-	-	62	54	66	85	82	78	83	120
Number of Technology Requests Completed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9,100	9,035	1,350
Number of GIS External Services Provided	N/A	N/A	N/A	N/A	N/A	N/A	95	95	195	347
Office Visits - Veterans Services	N/A	N/A	2,341	2,082	2,222	2,183	2,278	2,102	1,859	1,760
Letters - Veterans Services	N/A	N/A	N/A	N/A	N/A	816	1,429	1,403	1,471	1,244
Phone Calls - Veterans Services	N/A	N/A	N/A	N/A	N/A	5,402	5,491	5,188	4,927	4,864
Transported Veterans to VA Medical Center	N/A	N/A	1,061	1,022	949	786	800	789	983	836
Deceased Veterans	N/A	N/A	86	63	76	134	93	92	96	82
New Veterans	N/A	N/A	N/A	N/A	N/A	N/A	115	114	98	89
Public Safety										
Adults on Supervision at End of Year	741	760	705	717	922	710	604	632	621	725
Juveniles on Supervision at End of Year	175	186	226	220	255	133	154	158	152	140
Community Service Hours Done by Offenders	9,126	8,020	8,274	8,645	6,538	7,034	7,226	7,025	7,105	6,646
Investigations (Pre-Sentence, Pre-Trial, Pre-Release)	539	492	366	316	348	438	320	330	303	319
Social Services										
Minnesota Healthcare Cases	2,092	2,113	2,492	2,618	2,362	2,593	3,723	3,741	4,050	3,730
Health										
Number of Children Enrolled in Infant Follow-Along Program	N/A	766	721	318	319	301	282	266	223	230
Number of Emergency Preparedness Exercises	N/A	N/A	3	4	8	6	3	4	7	6
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	N/A	N/A	N/A
Conservation Of Natural Resources										
Extension Services Volunteers	N/A	132	180	130	131	137	153	283	202	198
Extension Services 4-H Enrollment	N/A	553	405	570	413	625	526	853	716	775
Extension Services 4-H Participants	N/A	2,891	4,444	2,138	2,531	2,464	2,292	2,843	3,646	3,652
Extension Services Nutrition Direct Participants	N/A	N/A	N/A	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	N/A	N/A	N/A
Environmental Services										
Landfill Tons	25,688	24,770	21,241	21,217	17,065	19,333	20,593	18,813	22,155	22,078
Demolition	-	-	8,256	4,379	8,648	9,751	9,127	945	642	622
Recycling Tons	14,625	17,080	17,415	16,628	15,716	17,601	13,286	7,192	7,643	5,548

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	10	10	10	10	10
Culture and Recreation:										
Parks acreage	256	256	256	256	256	256	256	256	256	256
Miles	-	-	-	-	-	13	13	13	13	13
County parks	4	4	4	4	4	4	4	4	4	4

Source: Freeborn County Highway and Administration Departments