

# Freeborn County

Minnesota

**Comprehensive Annual Financial Report  
For the Year Ending December 31, 2018**



**FREEBORN COUNTY, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**

**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  
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507/377-5116  
Fax 507/377-5109

**Date: June 26, 2019**

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, 2018. 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 committees.

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

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

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

#### ECONOMIC CONDITION AND OUTLOOK

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

The County is a strong agricultural based community with long-time standing farms throughout. 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 fund balance policy in 2016. This policy directs that fund balances should be between 35% and 50% of the next year's budgeted expense. When a fund balance exceeds 50% of the budgeted expenses, 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. This strategic plan included a budget audit. In 2018, the County was able to reduce its operation budget by \$1.2 million.

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 putting in place a highly competent Director of Personnel and Human Resources, 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 began the process of updating 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 2019. 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 2017 and 2018 by 2.99% and 3.50% 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 2019. Due to the property tax calendar in Minnesota, collections do not come in on an even basis. As a result, the County needs to maintain sufficient balances for cash flow purposes. Because GASB 54 has changed the way available funds for cash flow purposes are to be reported in the financial statements, a separate note has been included in notes to the financial statements (Note 9), describing the amounts necessary for cash flow purposes.

## DEBT ADMINISTRATION

During 2016, the County received an increase from an AA to an Aa2 Standard and Poor's rating. Freeborn County currently utilizes only 14.59% 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, 2017. This was the fourth 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](http://www@co.freeborn.mn.us). Our goal with this report is to keep you as well informed as possible about your government.

Finally, we would like to acknowledge and thank the Auditor/Treasurer's Office and the Administration 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, Sr.



Government Finance Officers Association

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

Presented to

**Freeborn County  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morrill*

Executive Director/CEO

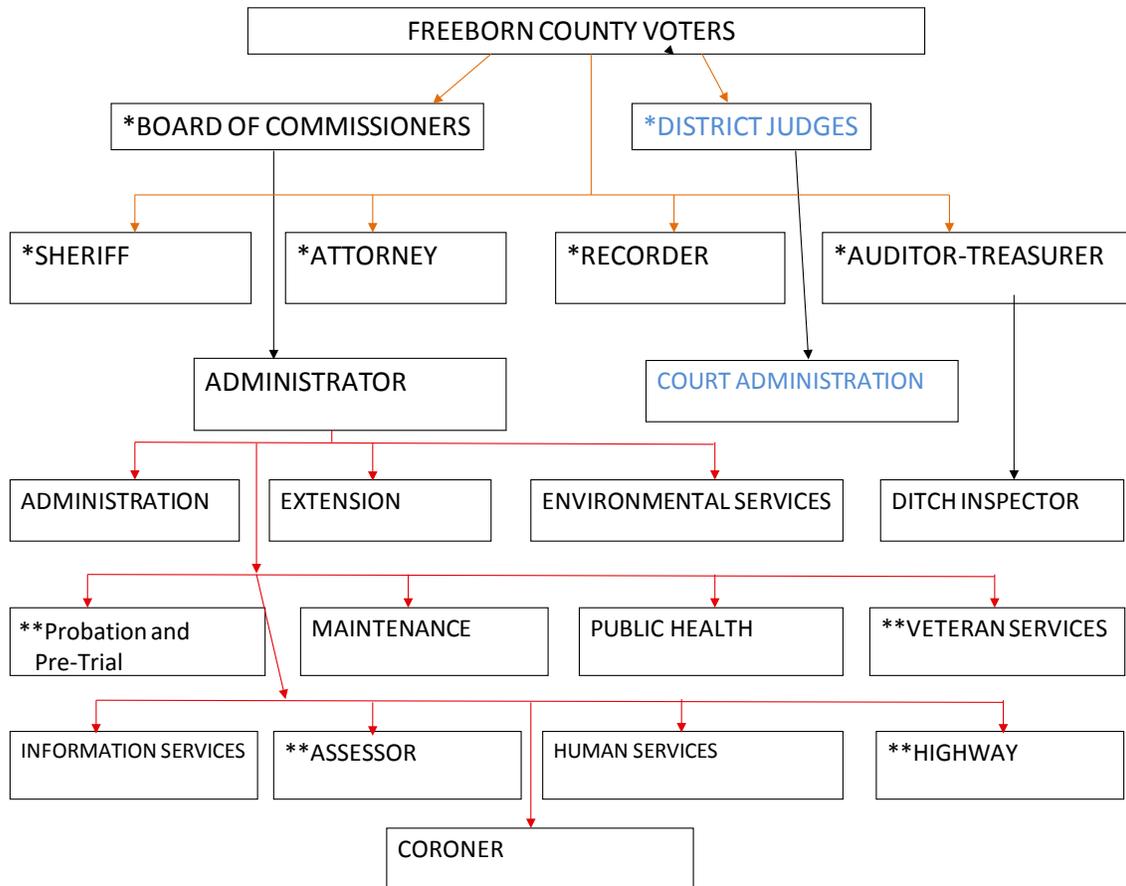
**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2018**

Office	Name	Term Expires
<b>Board of County Commissioners</b>		
District 1	Glen Mathiason	January 2021
District 2	Daniel Belshan	January 2019
District 3	James Nelson	January 2021
District 4	Christopher Shoff *	January 2019
District 5	Mike Lee	January 2021
<b>County Officers</b>		
<b>Elected</b>		
Attorney	David Walker	January 2019
Auditor/Treasurer	Pat Martinson	January 2019
District Judge	Ross Leuning	January 2019
District Judge	Steven Schwab	January 2019
Recorder	Kelly Callahan	January 2019
Registrar of Titles	Kelly Callahan	January 2019
Sheriff	Kurt Freitag	January 2019
<b>Appointed</b>		
Assessor	Ryan Rasmussen	Indefinite
Court Administrator	Kristine Maiers	Indefinite
Probation and Pre-Trial	Lyndon Stinson	Indefinite
Public Works Director	Susan Miller	Indefinite
Veterans Service Officer	Ronald Reule	Indefinite

\*Chair

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
ORGANIZATIONAL CHART  
2018**



\* ELECTED OFFICIALS  
 \*\* APPOINTED OFFICIALS

**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, 2018, 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, 2018, 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, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As a result of the implementation of this standard, the County reported a restatement for a change in accounting principle (see Note 1.). 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 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 June 26, 2019, 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 result 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  
June 26, 2019

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(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, 2018.

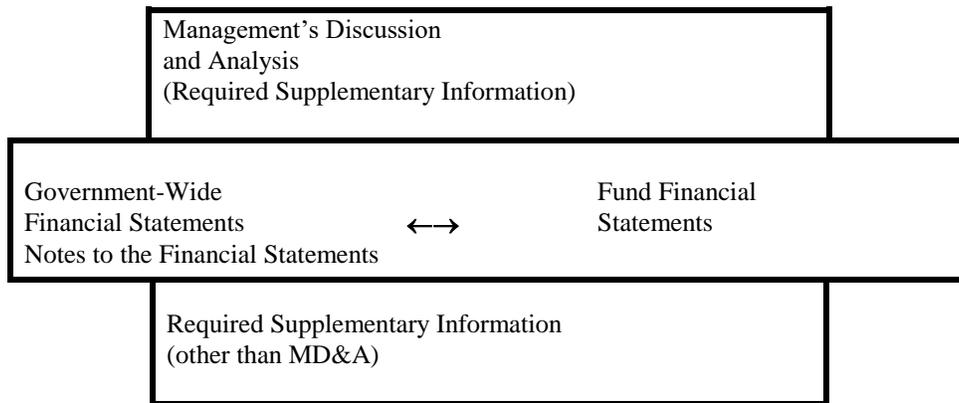
**FINANCIAL HIGHLIGHTS**

- At year-end 2018, Freeborn County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources by \$96.4 million (net position).
- Net position consisted of:
  - ✓ \$9.4 million, or 9.8% of total net position was *restricted* for specific purposes.
  - ✓ \$85.7 million, or 88.9% of net position, represented the County's *net investment in capital assets*.
  - ✓ \$1.3 million, or 1.3% 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 2018, the County's net position increased by \$8.0 million. This increase is due to an increase in net investment of capital assets of \$9.3 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 \$25.6 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.
  - ✓ \$1.5 million, or 5.8%, 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 31.6% , of total governmental fund balances have been restricted for specific purposes such as construction of long-term assets and repayment of refunded bonds.
  - ✓ \$2.3 million, or 9%, of total governmental fund balances has been committed for certain necessary purposes and will be spent in future years.
  - ✓ \$10.1 million, or 39.5%, of total governmental fund balances has been assigned for certain necessary purposes and will be spent in future years.
  - ✓ \$3.6 million, or 14.1%, 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 \$9.8 million. The fund balance represents 41.1% 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 \$89,465,157 to \$96,445,268. 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	
	2018	2017
Assets		
Current and other assets	\$ 34.2	\$ 44.8
Capital assets	96.2	89.2
Total Assets	\$ 130.4	\$ 134.1
Deferred Outflows of Resources	\$ 4.6	\$ 8.1
Liabilities		
Long-term liabilities outstanding	\$ 28.2	\$ 44.0
Other liabilities	2.5	2.2
Total Liabilities	\$ 30.7	\$ 46.2
Deferred Inflows of Resources	\$ 7.9	\$ 6.5
Net Position		
Net investment in capital assets	\$ 85.7	\$ 76.4
Restricted	9.4	8.0
Unrestricted	1.3	5.1
Total Net Position	\$ 96.4	\$ 89.5

Net position of the County's governmental activities increased (\$96.4) million compared to \$89.5 million). Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from a \$5.1 million surplus at December 31, 2017, to \$1.5 million at the end of this year (2018). Unrestricted net position decreased due to investments in capital assets.

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

	Governmental Activities	
	2018	2017
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 8.2	\$ 8.0
Operating grants and contributions	16.2	15.6
Capital grants and contributions	2.1	4.1
General revenues		
Property taxes	22.0	21.3
Grants and contributions	2.2	2.0
Other general revenues	3.3	3.0
Total Revenues	<u>\$ 54.0</u>	<u>\$ 54.0</u>
Program Expenses		
General government	\$ 9.1	\$ 8.4
Public safety	8.2	10.7
Highways and streets	10.8	12.1
Sanitation	0.6	0.6
Human services	12.0	11.9
Health	2.7	2.5
Culture and recreation	0.4	0.4
Conservation of natural resources	2.2	3.3
Interest	0.0	0.5
Total Program Expenses	<u>\$ 46.0</u>	<u>\$ 50.4</u>
Change in Net Position	8.0	3.6
Net Position – January 1	89.5	85.9
Prior period adjustment (Note 1.D.)	<u>(1.1)</u>	<u>-</u>
Net Position at Year End	<u><u>\$ 96.4</u></u>	<u><u>\$ 89.5</u></u>

(Unaudited)

## Governmental Activities

Revenues were \$54.0 million, and expenses were \$46.0 million for the County’s governmental activities. This resulted in an increase of \$8.0 million to net position in the year ended December 31, 2018.

The amount that taxpayers ultimately financed for these activities through County taxes and other general sources was only \$27.5 million because some of the cost was paid by those who directly benefited from the programs (\$8.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$18.3 million). The County paid for the remaining “public benefit” portion of governmental activities with \$27.5 million in general revenues, primarily taxes including a highway sales tax of \$2.0 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)**

	2018	
	Total Cost of Services	Net Cost of Services
Human services	\$ 12.0	\$ 5.9
Highway and streets	10.8	0.7
General government	9.1	8.0
Public safety	8.3	3.7
Conservation of natural resources	2.2	0.3
Health	2.7	0.5
All others	0.9	0.5
Total	<u>\$ 46.0</u>	<u>\$ 19.6</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 2018:

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

	General Fund	Road and Bridge	Social Services	Ditch	Debt Service	Non Major Funds	Total Governmental Funds
Beginning Fund Balance	\$ 11.5	\$ 4.8	\$ 5.8	\$ 0.8	\$ 12.0	\$ 0.3	\$ 35.2
Revenues and other financing sources	22.0	16.9	12.0	1.8	3.0	-	55.7
(Less) Expenditures and other financing uses	(23.7)	(16.0)	(11.7)	(2.1)	(11.7)	(0.1)	(65.3)
Ending Fund Balance	<u>\$ 9.8</u>	<u>\$ 5.7</u>	<u>\$ 6.1</u>	<u>\$ 0.5</u>	<u>\$ 3.3</u>	<u>\$ 0.2</u>	<u>\$ 25.6</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 decreased \$1.8 million during the year primarily due to using fund reserves to purchase capital assets.
- Fund balances in the Road and Bridge Fund are set aside for inventories, liabilities and other fund purposes. The fund balance increased \$0.9 million due to planned assigned fund balance increase.
- Fund balances in the Social Services Fund are set aside for liabilities and other fund purposes. The fund balance increase \$0.3 million due to less than expected Child protections costs.
- Fund balances in the Ditch Fund are set aside for debt and repairs and maintenance of the individual ditches. The fund balance decreased by \$0.3 million. The decrease was primarily due to several more unplanned ditch projects.
- Fund balances in the Debt Service Fund are set aside for future principal and interest payments. The fund balance decreased by \$8.7 million. The decrease was due to paying off higher interest bonds in 2018.

(Unaudited)

## General Fund Budgetary Highlights

The General Fund budget represents the original budget.

The original General Fund budgeted revenues were \$21.1 million. Actual revenues exceeded the original budget by \$0.5 million. Actual intergovernmental revenues exceeded the budgeted amount by \$0.4 million for County program aid and Minnesota competitive grant.

The original General Fund budgeted expenditures were \$23.1 million. Actual expenditures were over the original budget by \$0.7 million. Actual general government expenditures were over the original budget by \$1.5 million primarily to unbudgeted personnel costs. Public safety expenditures were over the original budget by \$0.5 million primarily to unbudgeted personnel costs.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2018, the County had \$96.2 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 7.8 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	
	2018	2017
Land	\$ 5.3	\$ 5.3
Land improvements	0.7	0.7
Work in progress	1.5	0.1
Buildings and improvements	21.0	21.7
Machinery, vehicles, furniture, and equipment	3.8	3.6
Infrastructure	63.9	57.8
Total	<u>\$ 96.2</u>	<u>\$ 89.2</u>

(Unaudited)

## Debt

At year-end, the County had \$12.1 million in bonds and notes outstanding versus \$23.9 million last year, a decrease of 50.6 percent, as shown in Table 6. This decrease is due to \$8.1 million of refunding bonds paying off debt in 2018.

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

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 10.0	\$ 20.5
General obligation special assessment bonds	1.7	2.5
General obligation capital notes	0.4	0.9
Total	<u>\$ 12.1</u>	<u>\$ 23.9</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 2019 budget and tax rates.

- County General Fund expenditures for 2019 are budgeted to decrease 4.58 percent over 2018.
- The combined budget for 2019 decreased \$8,800,793 or 13.34 percent, over the 2018 budget.
- Property tax levies have increased 4.50 percent for 2019.

## 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, 2018**

**Assets**

Cash and pooled investments	\$ 24,560,467
Petty cash and change funds	2,815
Taxes receivable	412,661
Special assessments receivable	
Prior	1,839,381
Noncurrent	951,641
Accounts receivable - net	1,723,980
Accrued interest receivable	126,103
Loans receivable	202,498
Due from other governments	4,020,529
Inventories	362,787
Capital assets	
Non-depreciable	7,445,179
Depreciable - net of accumulated depreciation	<u>88,705,350</u>
<b>Total Assets</b>	<b><u>\$ 130,353,391</u></b>

**Deferred Outflows of Resources**

Deferred pension outflows	<b><u>\$ 4,662,995</u></b>
---------------------------	----------------------------

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, 2018**

**Liabilities**

Accounts payable	\$	1,006,848
Salaries payable		928,881
Contracts payable		47,656
Due to other governments		269,371
Accrued interest payable		135,442
Unearned revenue		94,363
Long-term liabilities		
Due within one year		2,663,136
Due in more than one year		12,664,916
Net pension liability		12,842,357
		<u>30,652,970</u>
<b>Total Liabilities</b>	<b>\$</b>	<b><u>30,652,970</u></b>

**Deferred Inflows of Resources**

Deferred pension inflows	\$	7,918,148
		<u>7,918,148</u>
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b><u>7,918,148</u></b>

**Net Position**

Net investment in capital assets	\$	85,725,655
Restricted for		
General government		632,838
Public safety		481,238
Highways and streets		2,794,905
Conservation of natural resources		1,319,871
Debt service		4,211,939
Unrestricted		1,278,822
		<u>96,445,268</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>96,445,268</u></b>

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, 2018**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Charges, Fines, and Other	Operating Grants and Contributions		Capital Grants and Contributions
<b>Functions/Programs</b>					
<b>Primary government</b>					
<b>Governmental activities</b>					
General government	\$ 9,138,428	\$ 921,256	\$ 127,020	\$ 74,321	\$ (8,015,831)
Public safety	8,242,136	3,805,659	727,677	-	(3,708,800)
Highways and streets	10,789,903	290,099	7,808,073	1,992,021	(699,710)
Sanitation	565,969	443,013	-	-	(122,956)
Human services	12,043,061	806,297	5,344,443	-	(5,892,321)
Health	2,652,578	415,470	1,723,750	-	(513,358)
Culture and recreation	367,370	29,234	-	-	(338,136)
Conservation of natural resources	2,165,526	1,516,143	447,543	-	(201,840)
Economic development	39,276	-	-	-	(39,276)
Interest	37,973	-	-	-	(37,973)
<b>Total Governmental Activities</b>	<b>\$ 46,042,220</b>	<b>\$ 8,227,171</b>	<b>\$ 16,178,506</b>	<b>\$ 2,066,342</b>	<b>\$ (19,570,201)</b>
<b>General Revenues</b>					
Property taxes					\$ 21,983,288
Gravel taxes					64,277
Mortgage registry and deed tax					20,085
Wheelage taxes					311,324
Local sales taxes					543,619
Local highway sales tax					1,970,523
Payments in lieu of tax					35,309
Grants and contributions not restricted to specific programs					2,180,739
Unrestricted investment earnings					483,486
Miscellaneous					384
Gain on sale of capital assets					62,179
<b>Total general revenues</b>					<b>\$ 27,655,213</b>
Change in net position					\$ 8,085,012
Net Position - Beginning					\$ 89,465,157
Prior period adjustment (Note 1.D.)					(1,104,901)
<b>Net Position - Beginning, as restated</b>					<b>88,360,256</b>
<b>Net Position - Ending</b>					<b>\$ 96,445,268</b>

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, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 8,139,159	\$ 4,999,144
Petty cash and change funds	2,765	-
Taxes receivable		
Prior	191,602	67,597
Special assessments		
Prior	43,828	-
Noncurrent	-	-
Accounts receivable - net	101,510	-
Accrued interest receivable	125,837	-
Loans receivable	202,498	-
Due from other funds	255,656	-
Due from other governments	737,355	2,206,403
Inventories	-	362,787
Advances to other funds	1,777,078	-
	<b>\$ 11,577,288</b>	<b>\$ 7,635,931</b>
<b>Total Assets</b>	<b>\$ 11,577,288</b>	<b>\$ 7,635,931</b>

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

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

<b>Special Revenue Funds</b>					
<b>Social Services</b>	<b>Ditch</b>	<b>Debt Service</b>	<b>Nonmajor Funds</b>	<b>Total</b>	
\$ 6,301,492	\$ 1,586,041	\$ 3,331,278	\$ 203,353	\$ 24,560,467	
50	-	-	-	2,815	
100,793	-	52,669	-	412,661	
-	1,792,498	3,055	-	1,839,381	
-	18,667	932,974	-	951,641	
716,058	-	-	-	817,568	
-	-	-	266	126,103	
-	-	-	-	202,498	
-	-	-	-	255,656	
824,490	252,281	-	-	4,020,529	
-	-	-	-	362,787	
-	200	-	-	1,777,278	
<b>\$ 7,942,883</b>	<b>\$ 3,649,687</b>	<b>\$ 4,319,976</b>	<b>\$ 203,619</b>	<b>\$ 35,329,384</b>	

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	General	Road and Bridge
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 561,109	\$ 79,808
Salaries payable	589,052	98,517
Contracts payable	-	47,656
Due to other funds	-	80,373
Due to other governments	13,643	9,945
Unearned revenue	-	-
Advances from other funds	-	-
	<b>\$ 1,163,804</b>	<b>\$ 316,299</b>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue	\$ 651,970	\$ 1,593,211
<b>Fund Balances</b>		
<b>Nonspendable</b>		
Advances to other funds	\$ 969,250	\$ -
Long-term loans/notes receivable	173,492	-
Inventories	-	362,787
<b>Restricted for</b>		
Law library	84,754	-
Recorder's equipment	329,451	-
E-911	471,222	-
Attorney's forfeited property	27,564	-
Sheriff's forfeited property	10,016	-
Conservation of Natural Resources	-	-
Highway construction projects	-	1,378,223
Gravel pit postclosure	70,969	-
Ditch maintenance and repairs	-	-
Debt service	-	-
Aquatic invasive species	191,069	-
<b>Committed</b>		
Individual sewage treatment system	268,141	-
Capital equipment	2,026,431	-
<b>Assigned</b>		
Road and bridge	-	3,985,411
Social services	-	-
Unassigned	5,139,155	-
	<b>\$ 9,761,514</b>	<b>\$ 5,726,421</b>
	<b>\$ 11,577,288</b>	<b>\$ 7,635,931</b>

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

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

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

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)**

<b>Special Revenue Funds</b>				
<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
\$ 251,037	\$ 114,894	\$ -	\$ -	\$ 1,006,848
239,641	1,671	-	-	928,881
-	-	-	-	47,656
175,283	-	-	-	255,656
237,880	7,123	-	780	269,371
-	94,363	-	-	94,363
-	870,866	-	-	870,866
<b>\$ 903,841</b>	<b>\$ 1,088,917</b>	<b>\$ -</b>	<b>\$ 780</b>	<b>\$ 3,473,641</b>
958,832	2,063,446	985,254	-	6,252,713
\$ -	\$ -	\$ -	\$ -	\$ 969,250
-	-	-	-	173,492
-	-	-	-	362,787
-	-	-	-	84,754
-	-	-	-	329,451
-	-	-	-	471,222
-	-	-	-	27,564
-	-	-	-	10,016
-	-	-	202,839	202,839
-	-	-	-	1,378,223
-	-	-	-	70,969
-	1,117,032	-	-	1,117,032
-	877,217	3,334,722	-	4,211,939
-	-	-	-	191,069
-	-	-	-	268,141
-	-	-	-	2,026,431
-	-	-	-	3,985,411
6,080,210	-	-	-	6,080,210
-	(1,496,925)	-	-	3,642,230
<b>6,080,210</b>	<b>497,324</b>	<b>3,334,722</b>	<b>202,839</b>	<b>25,603,030</b>
<b>\$ 7,942,883</b>	<b>\$ 3,649,687</b>	<b>\$ 4,319,976</b>	<b>\$ 203,619</b>	
				96,150,529
				4,662,995
				(28,305,851)
				(7,918,148)
				<u>6,252,713</u>
				<u>\$ 96,445,268</u>

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, 2018**

	<b>General</b>	<b>Road and Bridge</b>
<b>Revenues</b>		
Taxes	\$ 11,034,642	\$ 5,762,251
Special assessments	423,153	-
Licenses and permits	145,204	24,665
Intergovernmental	4,605,775	10,898,429
Charges for services	4,189,810	31,168
Fines and forfeits	20,460	-
Gifts and contributions	4,155	-
Investment earnings	461,305	-
Miscellaneous	667,449	71,522
	<b>\$ 21,551,953</b>	<b>\$ 16,788,035</b>
<b>Expenditures</b>		
<b>Current</b>		
General government	\$ 7,821,352	\$ -
Public safety	9,272,453	-
Highways and streets	-	15,569,703
Sanitation	542,980	-
Human services	-	-
Health	2,421,019	-
Culture and recreation	367,370	-
Conservation of natural resources	719,590	-
Economic development	25,500	-
<b>Intergovernmental</b>		
Highways and streets	-	421,073
<b>Capital outlay</b>	2,584,837	-
<b>Debt service</b>		
Principal	-	-
Interest	-	-
Administrative (fiscal) charges	-	-
	<b>\$ 23,755,101</b>	<b>\$ 15,990,776</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (2,203,148)</b>	<b>\$ 797,259</b>
<b>Other Financing Sources (Uses)</b>		
Transfers in	\$ 299,378	\$ -
Transfers out	-	-
Proceeds from sale of capital assets	75,768	-
	<b>\$ 375,146</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,828,002)</b>	<b>\$ 797,259</b>
<b>Fund Balance - January 1</b>	<b>11,589,516</b>	<b>4,797,287</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>131,875</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,761,514</b>	<b>\$ 5,726,421</b>

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

EXHIBIT 4

Social Services	Ditch	Debt Service	Nonmajor Funds	Total
\$ 5,266,210	\$ -	\$ 2,721,292	\$ -	\$ 24,784,395
-	1,322,945	256,102	-	2,002,200
-	-	-	-	169,869
5,854,270	439,974	-	-	21,798,448
676,881	-	-	-	4,897,859
3,535	-	-	-	23,995
2,390	-	-	-	6,545
-	-	23,286	439	485,030
204,323	11,097	543	-	954,934
<b>\$ 12,007,609</b>	<b>\$ 1,774,016</b>	<b>\$ 3,001,223</b>	<b>\$ 439</b>	<b>\$ 55,123,275</b>
\$ -	\$ -	\$ -	\$ -	\$ 7,821,352
251,373	-	-	-	9,523,826
-	-	-	-	15,569,703
-	-	-	-	542,980
11,295,964	-	-	-	11,295,964
-	-	-	-	2,421,019
-	-	-	-	367,370
-	1,362,146	-	439	2,082,175
-	-	-	13,776	39,276
-	-	-	-	421,073
-	-	-	-	2,584,837
-	636,283	11,153,717	-	11,790,000
-	41,298	460,792	-	502,090
-	1,326	4,824	-	6,150
<b>\$ 11,547,337</b>	<b>\$ 2,041,053</b>	<b>\$ 11,619,333</b>	<b>\$ 14,215</b>	<b>\$ 64,967,815</b>
<b>\$ 460,272</b>	<b>\$ (267,037)</b>	<b>\$ (8,618,110)</b>	<b>\$ (13,776)</b>	<b>\$ (9,844,540)</b>
\$ -	\$ -	\$ -	\$ -	\$ 299,378
(175,283)	-	(68,992)	(55,103)	(299,378)
-	-	-	-	75,768
<b>\$ (175,283)</b>	<b>\$ -</b>	<b>\$ (68,992)</b>	<b>\$ (55,103)</b>	<b>\$ 75,768</b>
\$ 284,989	\$ (267,037)	\$ (8,687,102)	\$ (68,879)	\$ (9,768,772)
5,795,221	764,361	12,021,824	271,718	35,239,927
-	-	-	-	131,875
<b>\$ 6,080,210</b>	<b>\$ 497,324</b>	<b>\$ 3,334,722</b>	<b>\$ 202,839</b>	<b>\$ 25,603,030</b>

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, 2018**

**Net change in fund balances - total governmental funds (Exhibit 4) \$ (9,768,772)**

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

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

Unavailable revenue - December 31	\$ 6,252,713	
Unavailable revenue - January 1	(7,394,647)	(1,141,934)

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	\$ 10,513,114	
Net book value of assets disposed	(161,117)	
Current year depreciation	(3,433,536)	6,918,461

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	\$ 10,560,000	
Special assessment general obligation bonds	805,000	
Capital notes	425,000	11,790,000

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	\$ 56,097	
Change in net pension liability	4,765,020	
Change in other post employment benefits	104,956	
Change in compensated absences	(131,773)	
Amortization of discounts/premiums	414,170	
Change in deferred outflows of resources	(3,429,551)	
Change in deferred inflows of resources	(1,623,537)	
Change in inventories	131,875	287,257

**Change in Net Position of Governmental Activities (Exhibit 2) \$ 8,085,012**

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, 2018**

	<b>Private-Purpose Trust</b>	<b>Agency Funds</b>
<b><u>Assets</u></b>		
Cash and pooled investments	\$ 10,059	\$ 1,290,199
Accounts receivable	-	454,529
Accrued interest receivable	1	-
<b>Total Assets</b>	<b>\$ 10,060</b>	<b>\$ 1,744,728</b>
<b><u>Liabilities</u></b>		
Accounts payable	\$ -	\$ 46,004
Due to other governments	-	792,312
Advance from governmental funds	-	906,412
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 1,744,728</b>
<b><u>Net Position</u></b>		
Net position, held in trust for other purposes	<b>\$ 10,060</b>	

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  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Private-Purpose Trust</u>
<b><u>Additions</u></b>	
Investment earnings	\$ <u>4</u>
<b>Total Additions</b>	<b>\$ <u>4</u></b>
<b><u>Deductions</u></b>	
Payments in accordance with trust agreements	\$ <u>-</u>
<b>Total Deductions</b>	<b>\$ <u>-</u></b>
<b>Change in Net Position</b>	<b>\$ <u>4</u></b>
<b>Net Position - January 1</b>	<b><u>10,056</u></b>
<b>Net Position - December 31</b>	<b><u><u>\$ 10,060</u></u></b>

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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DECEMBER 31, 2018**

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**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, 2018. 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 2018.

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

**Joint Ventures**

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

**FREEBORN COUNTY**  
**ALBERT LEA, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

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The Ditch Special Revenue Fund accounts for special assessments revenues levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

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

Additionally, the County reports the following fund types:

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

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

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

Agency funds 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. Agency funds are custodial in nature and do not present results of operations or have a measurement focus.

**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

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NOTES TO THE FINANCIAL STATEMENTS  
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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.

**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, 2018. 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 2018 were \$483,486.

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

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

All receivables are shown net of an allowance for uncollectibles.

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**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.

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

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

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

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

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

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

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

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

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

**OPEB Obligations:** During the year ended December 31, 2018, the County adopted new accounting guidance by implementing the provisions of GASB statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement modifies the measures of other postemployment benefits (OPEB) to recognize the full long-term obligation for OPEB benefits as a liability on their financial statements for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits.

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items, unavailable revenue and deferred pension inflows that qualify for reporting in this

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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:

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

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

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

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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.

**D. Change in Accounting Principles**

During the year ended December 31, 2018, the County adopted the new accounting guidance by implementing the provisions of GASB statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement modifies the measure of other postemployment benefits (OPEB) to recognize the full long-term obligation for OPEB benefits as a liability on their financial statements for the first time and to more comprehensively and comparably measure the annual costs of OPEB benefits. As a result, beginning net position has been restated to record the County’s total OPEB liability

Net Position, January 1, as previously reported	\$ 89,465,157
Change in accounting principles	<u>(1,104,901)</u>
Net Position, January 1, as restated	<u>\$ 88,360,256</u>

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

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

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

The details of this \$27,305,906 difference are as follows:

G.O. bonds payable	\$ 9,970,000
Plus: Issuance premium (to be amortized over life of debt)	454,874
G.O. notes payable	440,000
G. O. special assessments debt payable	1,710,000
Plus: Issuance premium (to be amortized over life of debt)	3,267
Minus: Issuance discount (to be amortized over life of debt)	(12,762)
Accrued interest payable	135,442
Net pension obligation	12,842,357
Compensated absences	<u>1,762,728</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$ 27,305,906</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**Budgetary Information**

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

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

**Excess of Expenditures Over Budget**

For the year ended December 31, 2018, no expenditures exceeded final budget.

**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, 21 ditches had fund deficits.

Account balances	\$ 1,994,249
Account deficits	<u>(1,496,925)</u>
Fund Balance - Modified Accrual Basis	<u>\$ 497,324</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**4. CASH, DEPOSITS, AND INVESTMENTS**

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**Deposits**

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

Governmental activities	
Cash and pooled investments	\$ 24,560,465
Petty cash and change funds	2,815
Fiduciary funds	
Cash and pooled investments	
Private-Purpose Trust Fund	10,059
Agency funds	<u>1,290,199</u>
Total Cash and Investments	<u>\$ 25,863,538</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, 2018, the County’s investments were not exposed to custodial credit risk.

**FREEBORN COUNTY  
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**Investments**

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

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

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

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

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County’s policy is to minimize investment custodial credit risk by permitting brokers that obtained investments for the 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, 2018, 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, 2018, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration	Interest	Carrying
	Credit Rating	Rating Agency	Risk Over 5% of Portfolio	Rate Risk Maturity Date	
Negotiable certificates of deposit					
Continental Bank	N/A	N/A	<5%	17-Jan-19	\$ 244,886
Lake Sunapee Bank	N/A	N/A	<5%	22-Jan-19	244,949
Farm Bureau Bank	N/A	N/A	<5%	04-Feb-19	244,879
Webster Bank	N/A	N/A	<5%	12-Feb-19	244,890
Brown County State Bank	N/A	N/A	<5%	14-Feb-19	244,748
Ally Bank	N/A	N/A	<5%	19-Feb-19	244,579
Primesouth Bank	N/A	N/A	<5%	21-Feb-19	244,866
Signature Bank of Arkansas	N/A	N/A	<5%	26-Feb-19	244,849
Communityone Bank	N/A	N/A	<5%	18-Jun-19	244,368
Barclays Bank	N/A	N/A	<5%	23-Jul-19	244,207
American Express Bank	N/A	N/A	<5%	24-Jul-19	244,216
Connectone Bank	N/A	N/A	<5%	13-Aug-19	244,119
Peoples United Bank	N/A	N/A	<5%	27-Aug-19	244,034
Discover Bank	N/A	N/A	<5%	08-Oct-19	244,110
Cedar Rapids Bank & Trust Co IA	N/A	N/A	<5%	30-Oct-19	243,964
American Express Century	N/A	N/A	<5%	29-Nov-19	243,706
GE Capital Bank Primary	N/A	N/A	<5%	19-Dec-19	243,546
Eagle Bank & Trust Co Primary	N/A	N/A	<5%	13-Jan-20	242,156
Home Federal Bank LA	N/A	N/A	<5%	23-Jan-20	240,902
Virginia Partners Bank	N/A	N/A	<5%	27-Jan-20	240,750
Bankliberty 28 MO Primary	N/A	N/A	<5%	28-Jan-20	242,137
Enerbank USA Salt Lake Cty	N/A	N/A	<5%	29-Jan-20	242,251
Washington Trust	N/A	N/A	<5%	04-Feb-20	242,887

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EVB/Tappahannock VA	N/A	N/A	<5%	28-Feb-20	\$	243,316
American Chartered Bank	N/A	N/A	<5%	13-Mar-20		243,082
Investors Community Bank	N/A	N/A	<5%	14-Apr-20		243,130
Bridgewater Bank	N/A	N/A	<5%	15-May-20		240,380
Capital One Natl Assn VA	N/A	N/A	<5%	30-Sep-20		241,988
JP Morgan Chase Bank	N/A	N/A	<5%	07-Oct-20		239,606
HSBC Bank USA NA	N/A	N/A	<5%	17-Nov-20		244,951
Lea Cnty St Bank Hobbs N Mex	N/A	N/A	<5%	23-Dec-20		238,877
Legends Bank Clarksville Tenn	N/A	N/A	<5%	30-Dec-20		240,950
Wells Fargo Bank NA Primary	N/A	N/A	<5%	31-Dec-20		244,345
MB Financial Bank	N/A	N/A	<5%	15-Jan-21		241,512
Summit Community Bank	N/A	N/A	<5%	15-Jan-21		241,512
Unison Bank	N/A	N/A	<5%	15-Jan-21		241,512
First Business Bank Madison WI	N/A	N/A	<5%	21-Jan-21		238,844
Lakeside Bank Primary	N/A	N/A	<5%	22-Jan-21		239,291
Clearfield Bank & Trust	N/A	N/A	<5%	27-Jan-21		239,192
LCA Bank Corp PK City Utah	N/A	N/A	<5%	27-Jan-21		239,028
Freedom Finl Bank	N/A	N/A	<5%	28-Jan-21		239,659
Alpine Bank & Trust Co.	N/A	N/A	<5%	29-Jan-21		238,719
Franklin Synergy Bank Franklin Prim	N/A	N/A	<5%	29-Jan-21		238,966
M Y Safra Bank FSB New York N Y	N/A	N/A	<5%	08-Feb-21		238,414
Bank New Eng Salem	N/A	N/A	<5%	21-Apr-21		235,442
Capital One Bank USA	N/A	N/A	<5%	14-Sep-21		234,223
Sterling Bank POP BL MO	N/A	N/A	<5%	04-Jan-22		232,922
Carroll County Trust Co.	N/A	N/A	<5%	21-Jan-22		242,804
The Bank of New York	N/A	N/A	<5%	31-Jan-22		243,542
First Western Bank & Trust	N/A	N/A	<5%	28-Feb-22		243,165
Mountainone Bank	N/A	N/A	<5%	28-Feb-22		244,069
First Citizens National Bank	N/A	N/A	<5%	28-Feb-22		243,915
Merrick Bank	N/A	N/A	<5%	07-Mar-22		243,493
BMO Harris Bank National Ass	N/A	N/A	<5%	12-Apr-22		243,672
Third Federal Savings & Loan Association of Cl	N/A	N/A	<5%	30-May-22		244,927
State Bank of India	N/A	N/A	<5%	12-Dec-23		246,240
National Cooperative Bank, N.A.	N/A	N/A	<5%	21-Dec-23		243,011
Citibank NA	N/A	N/A	<5%	26-Dec-23		244,096
Bank of Baroda	N/A	N/A	<5%	28-Dec-23		244,645
						\$ 14,293,437
Total negotiable certificates of deposit						\$ 14,293,437

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Mutual funds						
Magic						\$ 7,130,800
Wells Fargo Advantage Heritage Fund	Aaa	Moody's	N/A	N/A		1,348,905
CCF Bank	Aaa	Moody's	N/A	N/A		<u>50,000</u>
						<u>\$ 8,529,705</u>
Total investments						<u>\$ 22,823,142</u>
Deposits						\$ 3,037,581
Petty cash						<u>2,815</u>
Total Cash and Investments						<u>\$ 25,863,538</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, 2018, the Freeborn County had the following recurring fair value measurements.

	Fair Value Measurements Using			
	December 31, 2018	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	\$ 14,293,437	\$ -	\$ 14,293,437	\$ -
Total Investments included in the Fair value hierarchy	\$ 14,293,437	\$ -	\$ 14,293,437	\$ -
Investments at Amortized Cost				
MAGIC Portfolio Money Market Fund	\$ 3,130,800			
Wells Fargo Advantage Heritage Fund Money Market	1,348,905			
Citizens Community Federal Bank Money Market	50,000			
Total Investments at Amortized Cost	\$ 4,529,705			
Investments measured at Net Asset Value (NAV)				
MAGIC Term Investment external investment pool	\$ 4,000,000			
Total investments	\$ 22,823,142			
Cash and Cash equivalents	3,040,396			
Total Cash and Investments	\$ 25,863,538			

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

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

MAGIC Portfolio is valued using amortized cost. Shares of the Magic Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet the redemption request. The Fund's Board of Trustees can suspend the right of redemption request. The Fund's Board of Trustees can suspend the right of 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, 2018, 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	\$ 412,661	\$ -	\$ 412,661	\$ -
Special assessments	2,791,022	-	2,791,022	2,744,139
Accounts	2,540,926	(816,946)	1,723,980	548,631
Accrued interest	126,103	-	126,103	-
Loans	202,498	-	202,498	168,695
Due from other governments	4,020,529	-	4,020,529	-
<b>Total Governmental Activities</b>	<b>\$ 10,093,739</b>	<b>\$ (816,946)</b>	<b>\$ 9,276,793</b>	<b>\$ 3,461,465</b>

**Loans**

Loan balances are made up of individual loans for septic sewer replacements. Loan program began in 2007 with terms of 10, 12 or 15 years. Interest rates are either 6% or 7%. There are currently 39 individual loans ranging from a low of \$833 to a high of \$16,895 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	\$ 221,401	\$ 430,569	\$ -
Road and Bridge Fund	63,153	1,530,048	-
Social Services Fund	94,148	864,684	-
Ditch Fund	1,811,165	252,281	94,363
Debt Service Fund	985,254	-	-
<b>Total</b>	<b>\$ 3,175,121</b>	<b>\$ 3,077,592</b>	<b>\$ 94,363</b>

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**6. CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended December 31, 2018, 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	96,179	1,388,225	-	1,484,404
Total capital assets not depreciated	<u>\$ 6,056,954</u>	<u>\$ 1,388,225</u>	<u>\$ -</u>	<u>\$ 7,445,179</u>
Capital assets depreciated				
Buildings and improvements	\$ 32,777,659	\$ -	\$ -	\$ 32,777,659
Other land improvements	219,874			219,874
Machinery, furniture, and equipment	8,541,359	1,262,509	1,034,036	8,769,832
Infrastructure – sewer	1,785,479		-	1,785,479
Infrastructure – highway	105,209,601	7,862,380	44,123	113,027,858
Total capital assets depreciated	<u>\$ 148,533,972</u>	<u>\$ 9,124,889</u>	<u>\$ 1,078,159</u>	<u>\$ 156,580,702</u>
Less: accumulated depreciation for				
Buildings and improvements	\$ 11,182,162	\$ 800,314	\$ -	\$ 11,982,476
Other land improvements	41,376	12,797	-	54,173
Machinery, furniture, and equipment	4,953,553	892,434	885,167	4,960,820
Infrastructure – sewer	328,526	34,445	-	362,971
Infrastructure – highway	48,853,241	1,693,546	31,875	50,514,912
Total accumulated depreciation	<u>\$ 65,358,858</u>	<u>\$ 3,433,536</u>	<u>\$ 917,042</u>	<u>\$ 67,875,352</u>
Total capital assets depreciated, net	<u>\$ 83,175,114</u>	<u>\$ 5,691,353</u>	<u>\$ 161,117</u>	<u>\$ 88,705,350</u>
Capital Assets, Net	<u>\$ 89,232,068</u>	<u>\$ 7,079,578</u>	<u>\$ 161,117</u>	<u>\$ 96,150,529</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 876,668
Public safety	87,483
Highways and streets, including depreciation of infrastructure assets	2,410,348
Conservation	0
Human Services	34,066
Culture and Recreation	9,988
Sanitation	14,983
Total Depreciation Expense - Governmental Activities	<u>\$ 3,433,536</u>

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**7. INTERFUND RECEIVABLES AND PAYABLES**

The composition of inter-fund balances as of December 31, 2018, is as follows:

**Interfund Transfers**

Major Governmental Funds Transfers	Description	Amount
Transfers to General Fund from Debt Service Fund	Close Revolving Loan Fund	\$ 68,992
Transfers to General Fund from Social Services Special Revenue Fund	Move excess fund balance	175,283
Transfers to General Fund from Revolving Loan	Cover interest payments	<u>55,103</u>
Total Transfers In		<u><u>\$ 299,378</u></u>

**Due To/From Other Funds**

Due To	Description	Amount
Due To General Fund from Social Services Special Revenue Fund	Excess Fund Balance	\$ 175,283
Due to General Fund from and Bridge Special Revenue Fund	Sale of Assets	<u>80,373</u>
Total Due To/From Other Funds		<u><u>\$ 255,656</u></u>

**Advances From/To Other Funds**

To	From	Amount
General Fund	Ditch Special Revenue Fund	\$ 870,666
General Fund	Supplemental Insurance Agency Fund	40,000
General Fund	Insurance Agency Fund	220,000
General Fund	Trust and Agency Fund	100,977
General Fund	Turtle Creek Watershed Agency Fund	<u>545,435</u>
Total Advances To/From Other Funds		<u><u>\$ 1,777,078</u></u>

Advances were made to cover shortfalls/timing differences between payments and receipts. \$969,250 is expected to be long term. The rest, \$872,828, 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, 2018
2013B G.O. Capital Improvement Bonds	2023	\$335,000 - \$395,000	3.00	3,300,000	1,895,000
2017A G.O. Refunding Bonds	2023	\$1,060,000 - \$1,225,000	3.00 - 4.00	5,760,000	5,760,000
2017B G.O. Refunding Bonds	2023	\$440,000 - \$490,000	1.00 - 3.00	<u>2,315,000</u>	<u>2,315,000</u>
Total General Obligation Bonds				<u>\$ 11,375,000</u>	<u>\$ 9,970,000</u>
2010B G.O. Radio Capital Notes	2019	\$370,000 - \$440,000	2.00 - 3.75	<u>\$ 3,575,000</u>	<u>\$ 440,000</u>
Watershed Series 2013A G.O. Special Assessment Bonds	2028	\$145,000 - \$165,000	0.30 - 2.30	2,400,000	1,600,000
Ditch Series 2013C G.O. Special Assessment Refunding Bonds	2019	\$110,000 - \$275,000	2.00	<u>980,000</u>	<u>110,000</u>
Total G.O. Special Assessment Bonds				<u>\$ 3,380,000</u>	<u>\$ 1,710,000</u>

Debt service requirements at December 31, 2018, were as follows:

Year Ending December 31	General Obligation Bonds		Special Assessment Ditch Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 1,865,000	\$ 270,025	\$ 270,000	\$ 27,900
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 - 2028	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>42,880</u>
Total	<u>\$ 9,970,000</u>	<u>\$ 789,550</u>	<u>\$ 1,710,000</u>	<u>\$ 157,220</u>

Year Ending December 31	General Obligation Capital Notes	
	Principal	Interest
2019	<u>\$ 440,000</u>	<u>\$ 14,850</u>

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**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
General obligation bonds	\$ 20,530,000	\$ -	\$ 10,560,000	\$ 9,970,000	\$ 1,865,000
Special assessment G.O. bond	2,515,000	-	805,000	1,710,000	270,000
Premiums	877,121	-	418,970	458,151	-
Less: discounts	<u>(17,572)</u>	<u>-</u>	<u>(4,810)</u>	<u>(12,762)</u>	<u>-</u>
Total bonds payable	\$ 23,904,549	\$ -	\$ 11,779,160	\$ 12,125,389	\$ 2,135,000
Capital notes payable	865,000	-	425,000	440,000	440,000
Compensated absences	<u>1,630,955</u>	<u>1,879,142</u>	<u>1,747,379</u>	<u>1,762,718</u>	<u>88,136</u>
Long-Term Liabilities	<u>\$ 26,400,504</u>	<u>\$ 1,765,841</u>	<u>\$ 13,838,228</u>	<u>\$ 14,328,107</u>	<u>\$ 2,663,136</u>

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

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**9. FUND BALANCES**

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

General Fund	\$5,139,155
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These amounts are included in the General Fund as unassigned fund balance.

**Minimum Fund Balance Policy:**

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

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

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**10. POST-EMPLOYMENT BENEFITS**

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**Employee Retirement Systems and Pension Plan**

**Plan Description**

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

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

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first hired after June 30, 2010, but before July 1, 2016, benefits vest on a graduated schedule starting with 50 percent after 5 years and increasing 10 percent for each year of service until fully vested after 10 years. Benefits for members first hired after June 30, 2016, vest on a prorated basis from 50 percent after 10 years and increasing 5 percent for each year of service until fully vested after 20 years.

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

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**Benefits Provided**

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

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

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

For General Employees Retirement Fund members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Fund and Public Employees Correctional Fund members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 55. Disability benefits are available for vested members and are based on years of service and average high-five salary.

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**Contributions**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. General Employees Retirement Fund Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in 2018. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2018. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2018.

In 2018, the County was required to contribute the following percentages of annual covered salary:

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

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

The County's contributions for the year ended December 31, 2018, to the pension plans were:

General Employees Retirement Fund	\$ 994,777
Public Employees Police and Fire Fund	285,029
Public Employees Correctional Fund	<u>173,122</u>
Total Contributions	<u>\$ 1,452,928</u>

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**Pension Costs**

**General Employees Retirement Fund**

At December 31, 2018, the County reported a liability of \$10,934,300 for its proportionate share of the General Employees Retirement Fund’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the County’s proportion was .1971 percent. It was .1993 percent measured as of June 30, 2017. The County recognized pension expense of \$634,120 for its proportionate share of the General Employees Retirement Fund’s pension expense.

In addition, the County recognized an additional \$83,613 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Retirement Fund. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2017 and going through September 15, 2031.

County’s proportionate share of the net pension liability	\$ 10,934,300
State of Minnesota’s proportionate share of the net pension liability associated with the County	<u>83,613</u>
Total	<u><u>\$ 11,017,913</u></u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 220,297	\$ 303,554
Difference between projected and actual investment earnings	-	1,076,424
Changes in actuarial assumptions	693,691	1,527,080
Changes in proportion	227,516	105,335
Contributions paid to PERA subsequent to the measurement date	<u>505,372</u>	<u>-</u>
Total	<u>\$ 1,646,876</u>	<u>\$ 3,012,393</u>

A total of \$505,372 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2019	\$ (93,308)
2020	(733,850)
2021	(815,514)
2022	<u>(228,217)</u>
Total	<u>\$ (1,870,889)</u>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**Public Employees Police and Fire Fund**

At December 31, 2018, the County reported a liability of \$1,745,939 for its proportionate share of the Public Employees Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the County’s proportion was .1638 percent. It was .1570 percent measured as of June 30, 2017. The County recognized pension expense of \$158,147 for its proportionate share of the Public Employees Police and Fire Fund’s pension expense.

The County also recognized \$14,742 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2016, until the plan is 90 percent funded.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 68,681	\$ 388,553
Difference between projected and actual investment earnings	-	352,641
Changes in actuarial assumptions	1,808,864	2,151,613
Changes in proportion	292,194	14,401
Contributions paid to PERA subsequent to the measurement date	<u>143,608</u>	<u>-</u>
Total	<u>\$ 2,313,347</u>	<u>\$ 2,907,208</u>

**FREEBORN COUNTY  
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A total of \$143,608 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, 2019. 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
2019	\$ 2,112
2020	(62,746)
2021	(154,103)
2022	(532,280)
2023	9,546
Total	\$ (737,471)

**FREEBORN COUNTY  
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**Public Employees Correctional Fund**

At December 31, 2018, the County reported a liability of \$162,118 for its proportionate share of the Public Employees Correctional Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. On June 30, 2018, the County's proportion was .9857 percent. It was .9700 percent measured as of June 30, 2017. The County recognized pension expense of (\$794,277) for its proportionate share of the Public Employees Correctional Fund's pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 8,226	\$ 12,996
Difference between projected and actual investment earnings	-	174,315
Changes in actuarial assumptions	573,551	1,792,969
Changes in proportion	33,945	18,266
Contributions paid to PERA subsequent to the measurement date	<u>87,050</u>	<u>-</u>
Total	<u>\$ 702,772</u>	<u>\$ 1,998,546</u>

**FREEBORN COUNTY  
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A total of \$87,050 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2019	\$ (74,937)
2020	(674,984)
2021	(598,963)
2022	<u>(33,940)</u>
Total	<u>\$ (1,382,824)</u>

**FREEBORN COUNTY  
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Total Pension Expense

The County's reported aggregate share related to all three plans in 2018 is shown below.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 297,204	\$ 705,104
Difference between projected and actual investment earnings	-	1,603,380
Changes in actuarial assumptions	3,076,106	5,471,662
Changes in proportion	553,655	138,002
Contributions paid to PERA subsequent to the measurement date	<u>736,030</u>	<u>-</u>
Total	<u>\$ 4,662,995</u>	<u>\$ 7,918,148</u>

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2019	\$ (166,132)
2020	(1,471,579)
2021	(1,568,581)
2022	(794,437)
2023	<u>9,546</u>
Total	<u>\$ (3,991,183)</u>

Total pension expense for all plans recognized by the County for the year ended December 31, 2018, was (\$2,010).

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	GERF	PEFP	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.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. 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 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

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

**FREEBORN COUNTY  
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- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

Correctional Fund

- The Single Discount Rate was changed from 5.96 percent per annum to 7.50 percent per annum.
- The mortality 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Markets)	25%	5.90%
Cash	<u>2%</u>	0.00%
Total	<u>100%</u>	

**A. Discount Rate**

The discount rate used to measure the total pension liability in 2018 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.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**A. 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)**

	<b>General Employees Fund</b>		<b>Police and Fire Fund</b>		<b>Correctional Fund</b>	
1% Lower	6.50%	\$17,769,637	6.50%	\$3,743,403	6.50%	\$1,387,452
Current						
Discount	7.50%	10,934,300	7.50%	1,745,939	7.50%	162,118
Rate						
1% Higher	8.50%	5,291,924	8.50%	94,119	8.50%	(811,111)

**Pension Plan Fiduciary Net Position**

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

**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.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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Total contributions by dollar amount and percentage of covered payroll made by the Freeborn County during the year ended December 31, 2018, were:

	Employee	Employer
Contribution amount	\$ 4,534	\$ 4,534
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 varying percentages of the total premium cost. As of December 31, 2018, there were 52 retirees receiving health benefits from the County’s health plan.

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, 2018, 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:

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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 2018 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.

Changes in total OPEB liability

	<u>Total OPEB liability</u>
Balance as of January 1, 2018, as Restated	\$ 1,104,901
Changes for the Year:	
Service Cost	(29,748)
Interest	-
Benefit Payments	(75,208)
Net Change in Total OPEB Liability	(104,956)
Balance as of December 31, 2018	<u>\$ 999,945</u>

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	Discount Rate	1% Increase
	(2.30%)	(3.30%)	(4.30%)
Total OPEB Liability	\$ 1,009,719	\$ 999,945	\$ 990,358

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:

		Current Trend Fixed	
Medical Trend Rate	1% Decrease	Rate	1% Increase
Total OPEB Liability	\$ 989,946	\$ 999,945	\$ 1,009,944

**FREEBORN COUNTY  
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For the year ended December 31, 2018, the County recognized OPEB expense of \$75,208. At December 31, 2018, the County reported no deferred inflows or outflows of resources.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**11. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

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**Risk Management**

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2018 and \$500,000 in 2019. Should the MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined by MCIT.

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

**Contingent Liabilities**

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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**Joint Ventures**

Freeborn County Family Services Collaborative

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

Control of the Collaborative is vested in a Board of Directors. Freeborn County appoints 2 members to this 13-member Board. The Freeborn County Department of Social Services acts as fiscal agent for the Collaborative. The Collaborative is financed by state grants and appropriations from participating members. During 2018, Freeborn County provided no funding. In the event of withdrawal from the Collaborative, the withdrawing party shall give a 30-day notice. The withdrawing party remains liable for fiscal obligations incurred prior to the effective date of withdrawal and shall not be entitled to any compensation as long as the Collaborative continues in existence. Should the Collaborative cease to exist, all property, real and personal, at the time of termination shall be distributed by the Minnesota Department of Education.

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

South Central Minnesota Drug Investigation Unit

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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Southeast Minnesota Emergency Communications Board

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

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

The financial activities of the Board are accounted for by Olmsted County as fiscal agent. During the year, the County paid \$4,000 to the Southeast Minnesota Emergency Communications Board.

Southeastern Minnesota Workforce Development, Inc. (MWD)

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

**Jointly-Governed Organizations**

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

Minnesota Counties Computer Cooperative

The Minnesota Counties Computer Cooperative was established to provide computer programming to member counties. During the year, Freeborn County expended \$157,894 to the Cooperative.

**FREEBORN COUNTY  
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Rural Minnesota Energy Board

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

Control of the Rural Minnesota Energy Board is vested in a Joint Powers Board. Freeborn County appoints one voting member and one alternate member to this Board who shall both be County Commissioners. During 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.

Southeast Minnesota Emergency Medical Services

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

Southeastern Minnesota Library

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA  
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Region One - Southeast Minnesota Homeland Security Emergency Management Organization

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

Minnesota Criminal Justice Data Communications Network

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

Sentence to Service

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

South Central Community Based Initiative

The South Central Community Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. The County did not contribute to the Joint Powers Board in 2018.

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

**EXHIBIT A-1**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED  
RATIOS, AND NOTES  
LAST TEN FISCAL YEARS  
DECEMBER 31, 2018

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	Measurement Date <u>January 1, 2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ (29,748)
Benefit Payments	<u>(75,208)</u>
Net Change in Total OPEB Liability	(104,956)
Total OPEB Liability - Beginning, as Restated	<u>1,104,901</u>
Total OPEB Liability - Ending	<u><u>\$ 999,945</u></u>
Covered Employee Payroll	\$ 715,355
County's OPEB Liability as a Percentage of Covered Employee Payroll	140%

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.

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-2*

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 11,377,475	\$ 11,350,475	\$ 11,034,642	\$ (315,833)
Special assessments	405,000	405,000	423,153	18,153
Licenses and permits	101,825	128,815	145,204	16,389
Intergovernmental	4,175,192	4,469,448	4,605,775	136,327
Charges for services	4,152,336	4,234,261	4,189,810	(44,451)
Fines and forfeits	18,800	18,800	20,460	1,660
Gifts and contributions	2,700	2,700	4,155	1,455
Investment earnings	350,600	350,600	461,305	110,705
Miscellaneous	516,600	625,600	667,449	41,849
<b>Total Revenues</b>	<b>\$ 21,100,528</b>	<b>\$ 21,585,699</b>	<b>\$ 21,551,953</b>	<b>\$ (33,746)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Commissioners	\$ 236,878	\$ 596,878	\$ 562,651	\$ 34,227
Courts	138,043	226,043	224,800	1,243
County administration	1,340,866	1,672,552	1,629,076	43,476
County auditor-treasurer	657,690	657,690	645,130	12,560
License bureau	292,334	335,234	289,804	45,430
County assessor	529,700	536,700	535,836	864
Elections	85,000	85,000	73,029	11,971
Data processing	622,084	921,084	920,119	965
Attorney	741,954	799,254	798,407	847
Law library	17,900	21,900	21,099	801
Recorder	358,510	482,710	478,585	4,125
Surveyor	25,000	25,000	-	25,000
Planning and zoning	186,055	279,655	278,221	1,434
Buildings and plant	913,313	1,212,313	1,199,759	12,554
Veterans service officer	159,034	169,334	164,836	4,498
<b>Total general government</b>	<b>\$ 6,304,361</b>	<b>\$ 8,021,347</b>	<b>\$ 7,821,352</b>	<b>\$ 199,995</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Public safety</b>				
Sheriff	\$ 2,976,287	\$ 3,297,387	\$ 3,280,052	\$ 17,335
Boat and water safety	2,350	3,850	3,757	93
Coroner	91,431	112,431	111,991	440
E-911 system	132,000	132,000	72,825	59,175
County jail	3,718,716	3,835,316	3,811,201	24,115
Community corrections	1,088,359	1,185,359	1,179,610	5,749
Dispatch	647,781	650,781	646,343	4,438
Sheriff's contingent	6,500	6,500	6,500	-
Civil defense	106,598	133,598	132,314	1,284
Other public safety	27,100	28,100	27,860	240
<b>Total public safety</b>	<b>\$ 8,797,122</b>	<b>\$ 9,385,322</b>	<b>\$ 9,272,453</b>	<b>\$ 112,869</b>
<b>Sanitation</b>				
Solid waste	\$ 16,500	\$ 19,500	\$ 19,291	\$ 209
Recycling	533,288	524,688	523,689	999
<b>Total sanitation</b>	<b>\$ 549,788</b>	<b>\$ 544,188</b>	<b>\$ 542,980</b>	<b>\$ 1,208</b>
<b>Health</b>				
Community health	\$ 642,780	\$ 653,080	\$ 632,846	\$ 20,234
Administration	361,152	427,752	427,210	542
Health education	16,000	3,000	1,412	1,588
WIC	265,300	259,500	255,397	4,103
Maternal and child health	275,756	140,656	125,411	15,245
Bioterrorism	4,475	29,475	27,199	2,276
Disease prevention	19,025	38,025	36,177	1,848
Child and teen checkups	94,770	94,770	91,171	3,599
Home health	834,657	860,557	824,196	36,361
<b>Total health</b>	<b>\$ 2,513,915</b>	<b>\$ 2,506,815</b>	<b>\$ 2,421,019</b>	<b>\$ 85,796</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
<b>Current (Continued)</b>				
<b>Culture and recreation</b>				
Parks	\$ 138,300	\$ 138,300	\$ 56,536	\$ 81,764
Museum	36,100	36,100	34,159	1,941
County/regional library	275,400	275,400	275,400	-
Other culture and recreation	1,275	1,275	1,275	-
<b>Total culture and recreation</b>	<b>\$ 451,075</b>	<b>\$ 451,075</b>	<b>\$ 367,370</b>	<b>\$ 83,705</b>
<b>Conservation of natural resources</b>				
County extension	\$ 178,522	\$ 187,522	\$ 184,791	\$ 2,731
Soil and water conservation	183,000	183,000	183,000	-
Agricultural inspection	29,361	18,361	17,954	407
Agricultural society/County fair	20,000	20,000	20,000	-
Water planning	193,424	170,524	151,500	19,024
Water quality	72,592	72,592	72,509	83
Environmental services	-	92,800	89,836	2,964
<b>Total conservation of natural resources</b>	<b>\$ 676,899</b>	<b>\$ 744,799</b>	<b>\$ 719,590</b>	<b>\$ 25,209</b>
<b>Economic development</b>				
Community development	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Other economic development	15,500	15,500	15,500	-
<b>Total economic development</b>	<b>\$ 25,500</b>	<b>\$ 25,500</b>	<b>\$ 25,500</b>	<b>\$ -</b>
<b>Capital outlay</b>				
General government	\$ 2,672,625	\$ 1,187,500	\$ 1,134,812	\$ 52,688
Public safety	91,000	35,000	32,420	2,580
Highways and streets	896,000	974,000	956,995	17,005
Sanitation	2,000	-	-	-
Health	10,000	-	-	-
Conservation of natural resources	66,000	465,000	460,610	4,390
<b>Total capital outlay</b>	<b>\$ 3,737,625</b>	<b>\$ 2,661,500</b>	<b>\$ 2,584,837</b>	<b>\$ 76,663</b>
<b>Total Expenditures</b>	<b>\$ 23,056,285</b>	<b>\$ 24,340,546</b>	<b>\$ 23,755,101</b>	<b>\$ 585,445</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (1,955,757)</b>	<b>\$ (2,754,847)</b>	<b>\$ (2,203,148)</b>	<b>\$ 551,699</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Transfers in	\$ -	\$ -	\$ 299,378	\$ 299,378
Transfers out	-	-	-	-
Proceeds from sale of capital assets	25,000	25,000	75,768	50,768
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 375,146</b>	<b>\$ 350,146</b>
<b>Net Change in Fund Balance</b>	<b>\$ (1,930,757)</b>	<b>\$ (2,729,847)</b>	<b>\$ (1,828,002)</b>	<b>\$ 901,845</b>
<b>Fund Balance - January 1</b>	<b>11,589,516</b>	<b>11,589,516</b>	<b>11,589,516</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 9,658,759</b>	<b>\$ 8,859,669</b>	<b>\$ 9,761,514</b>	<b>\$ 901,845</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,646,777	\$ 5,866,777	\$ 5,762,251	\$ (104,526)
Licenses and permits	9,000	9,000	24,665	15,665
Intergovernmental	6,570,000	10,882,400	10,898,429	16,029
Charges for services	29,250	29,250	31,168	1,918
Miscellaneous	6,500	6,500	71,522	65,022
<b>Total Revenues</b>	<b>\$ 12,261,527</b>	<b>\$ 16,793,927</b>	<b>\$ 16,788,035</b>	<b>\$ (5,892)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and streets</b>				
Administration	\$ 572,835	\$ 569,535	\$ 550,907	\$ 18,628
Maintenance	3,552,349	3,678,909	3,675,097	3,812
Construction	6,819,045	10,428,045	10,333,172	94,873
Equipment maintenance and shop	967,298	1,121,143	1,010,527	110,616
<b>Total highways and streets</b>	<b>\$ 11,911,527</b>	<b>\$ 15,797,632</b>	<b>\$ 15,569,703</b>	<b>\$ 227,929</b>
<b>Intergovernmental</b>				
Highways and streets	350,000	421,100	421,073	27
<b>Total Expenditures</b>	<b>\$ 12,261,527</b>	<b>\$ 16,218,732</b>	<b>\$ 15,990,776</b>	<b>\$ 227,956</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 575,195</b>	<b>\$ 797,259</b>	<b>\$ 222,064</b>
<b>Fund Balance - January 1</b>	<b>4,797,287</b>	<b>4,797,287</b>	<b>4,797,287</b>	<b>-</b>
<b>Increase (decrease) in inventories</b>	<b>-</b>	<b>-</b>	<b>131,875</b>	<b>131,875</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,797,287</b>	<b>\$ 5,372,482</b>	<b>\$ 5,726,421</b>	<b>\$ 353,939</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 5,397,825	\$ 5,397,825	\$ 5,266,210	\$ (131,615)
Intergovernmental	5,566,372	5,692,174	5,854,270	162,096
Charges for services	573,500	764,500	676,881	(87,619)
Fines and forfeits	1,800	1,800	3,535	1,735
Gifts and contributions	-	-	2,390	2,390
Miscellaneous	49,900	195,300	204,323	9,023
<b>Total Revenues</b>	<b>\$ 11,589,397</b>	<b>\$ 12,051,599</b>	<b>\$ 12,007,609</b>	<b>\$ (43,990)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Public safety</b>				
Victim crisis	\$ 284,791	\$ 251,780	\$ 251,373	\$ 407
<b>Human services</b>				
Income maintenance	\$ 3,182,393	\$ 3,115,310	\$ 3,115,276	\$ 34
Social services	6,068,472	5,857,661	5,857,543	118
Mental health center	2,053,741	2,323,880	2,323,145	735
<b>Total human services</b>	<b>\$ 11,304,606</b>	<b>\$ 11,296,851</b>	<b>\$ 11,295,964</b>	<b>\$ 887</b>
<b>Total Expenditures</b>	<b>\$ 11,589,397</b>	<b>\$ 11,548,631</b>	<b>\$ 11,547,337</b>	<b>\$ 1,294</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ 502,968</b>	<b>\$ 460,272</b>	<b>\$ (42,696)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	\$ -	\$ -	\$ (175,283)	\$ (175,283)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 502,968</b>	<b>\$ 284,989</b>	<b>\$ (217,979)</b>
<b>Fund Balance - January 1</b>	<b>5,795,221</b>	<b>5,795,221</b>	<b>5,795,221</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 5,795,221</b>	<b>\$ 6,298,189</b>	<b>\$ 6,080,210</b>	<b>\$ (217,979)</b>

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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Special assessments	\$ 1,458,918	\$ 1,458,918	\$ 1,322,945	\$ (135,973)
Intergovernmental	-	439,000	439,974	974
Miscellaneous	-	-	11,097	11,097
<b>Total Revenues</b>	<b>\$ 1,458,918</b>	<b>\$ 1,897,918</b>	<b>\$ 1,774,016</b>	<b>\$ (123,902)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Conservation of natural resources</b>				
Other	\$ 881,300	\$ 1,387,800	\$ 1,362,146	\$ 25,654
<b>Debt service</b>				
Principal	\$ 805,000	\$ 786,500	\$ 636,283	\$ 150,217
Interest	24,945	41,945	41,298	647
Administrative (fiscal) charges	-	1,500	1,326	174
<b>Total debt service</b>	<b>\$ 829,945</b>	<b>\$ 829,945</b>	<b>\$ 678,907</b>	<b>\$ 151,038</b>
<b>Total Expenditures</b>	<b>\$ 1,711,245</b>	<b>\$ 2,217,745</b>	<b>\$ 2,041,053</b>	<b>\$ 176,692</b>
<b>Net Change in Fund Balance</b>	<b>\$ (252,327)</b>	<b>\$ (319,827)</b>	<b>\$ (267,037)</b>	<b>\$ 52,790</b>
<b>Fund Balance - January 1</b>	<b>764,361</b>	<b>764,361</b>	<b>764,361</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 512,034</b>	<b>\$ 444,534</b>	<b>\$ 497,324</b>	<b>\$ 52,790</b>

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, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>States Proportionate Share of the Net Pension Liability Associated with Freeborn County (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability and the States Related Share of the Net Pension Liability (Asset) (a+b)</b>	<b>Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.1907%	\$ 9,883,064	-	\$ 9,883,064	\$ 10,847,478	91.11%	78.19%
2016	0.1951%	\$ 15,841,152	\$ 206,746	\$ 16,047,898	\$ 11,655,413	135.91%	68.91%
2017	0.1993%	\$ 12,723,180	\$ 159,980	\$ 12,851,766	\$ 13,080,160	97.27%	75.90%
2018	0.1971%	\$ 10,934,300	\$ 159,980	\$ 11,094,280	\$ 13,020,361	83.98%	79.50%

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-7*

**SCHEDULE OF CONTRIBUTIONS  
PERA GENERAL EMPLOYEES RETIREMENT FUND  
DECEMBER 31, 2018**

<b>Year Ending</b>	<b>Statutorily Required Contributions (a)</b>	<b>Actual Contributions in Relation to Statutorily Required Contributions (b)</b>	<b>Contribution (Deficiency) Excess (b-a)</b>	<b>Covered Payroll (c)</b>	<b>Actual Contributions as a Percentage of Covered Payroll (b/c)</b>
2015	\$ 859,061	\$ 859,061	\$ -	\$ 11,454,147	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%

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-8*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2018**

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-9*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND  
DECEMBER 31, 2018**

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-10*

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2018**

<b>Measurement Date</b>	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2015	0.9700%	\$ 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%

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT A-11*

**SCHEDULE OF CONTRIBUTIONS  
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND  
DECEMBER 31, 2018**

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

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

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30, 2018:

**General Employees Fund**

*2018 Changes*

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 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.

*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.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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*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**

*2018 Changes*

Changes in Actuarial Assumptions:

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

*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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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- 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*

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**

*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.

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

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*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*

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 other than the Revolving Loan Fund. All annual appropriations lapse at fiscal year-end.

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2018

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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**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT B-1*

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 2,789,000	\$ 2,789,000	\$ 2,721,292	\$ (67,708)
Special assessments	194,497	194,497	256,102	61,605
Investment Earnings	-	-	23,286	23,286
Miscellaneous	-	-	543	543
<b>Total Revenues</b>	<b><u>\$ 2,983,497</u></b>	<b><u>\$ 2,983,497</u></b>	<b><u>\$ 3,001,223</u></b>	<b><u>\$ 17,726</u></b>
<b>Expenditures</b>				
<b>Debt service</b>				
Principal	\$ 2,540,000	\$ 11,153,717	\$ 11,153,717	\$ -
Interest	434,201	470,602	460,792	9,810
Administrative (fiscal) charges	5,912	5,912	4,824	1,088
<b>Total Expenditures</b>	<b><u>\$ 2,980,113</u></b>	<b><u>\$ 11,630,231</u></b>	<b><u>\$ 11,619,333</u></b>	<b><u>\$ 10,898</u></b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b><u>\$ 3,384</u></b>	<b><u>\$ (8,646,734)</u></b>	<b><u>\$ (8,618,110)</u></b>	<b><u>\$ 28,624</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	\$ -	\$ -	\$ (68,992)	\$ (68,992)
<b>Total Other Financing Sources (Uses)</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (68,992)</u></b>	<b><u>\$ (68,992)</u></b>
<b>Net Change in Fund Balance</b>	<b><u>\$ 3,384</u></b>	<b><u>\$ (8,646,734)</u></b>	<b><u>\$ (8,687,102)</u></b>	<b><u>\$ (40,368)</u></b>
<b>Fund Balance - January 1</b>	<b><u>12,021,824</u></b>	<b><u>12,021,824</u></b>	<b><u>12,021,824</u></b>	<b><u>-</u></b>
<b>Fund Balance - December 31</b>	<b><u>\$ 12,025,208</u></b>	<b><u>\$ 3,375,090</u></b>	<b><u>\$ 3,334,722</u></b>	<b><u>\$ (40,368)</u></b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUND**

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

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

**PERMANENT FUND**

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

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

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT C-1*

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2018**

	<b>Special Revenue Revolving Loan</b>	<b>Permanent U.S. Fish and Wildlife</b>	<b>Total (Exhibit 3)</b>
<b><u>Assets</u></b>			
Cash and pooled investments	\$ -	\$ 203,353	\$ 203,353
Accrued interest receivable	-	266	266
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 203,619</b>	<b>\$ 203,619</b>
<b><u>Liabilities and Fund Balances</u></b>			
<b>Liabilities</b>			
Due to other governments	\$ -	\$ 780	\$ 780
<b>Fund Balances</b>			
<b>Restricted</b>			
Conservation of Natural Resources	-	202,839	202,839
<b>Total Fund Balances</b>	<b>\$ -</b>	<b>\$ 202,839</b>	<b>\$ 202,839</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 203,619</b>	<b>\$ 203,619</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT C-2*

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Special Revenue Revolving Loan</b>	<b>Permanent U.S. Fish and Wildlife</b>	<b>Total (Exhibit 5)</b>
<b>Revenues</b>			
Investment earnings	\$ -	\$ 439	\$ 439
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 439</b>	<b>\$ 439</b>
<b>Expenditures</b>			
<b>Current</b>			
Conservation of natural resources	\$ -	\$ 439	\$ 439
Economic development	13,776	-	13,776
<b>Total Expenditures</b>	<b>\$ 13,776</b>	<b>\$ 439</b>	<b>\$ 14,215</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ (13,776)</b>	<b>\$ -</b>	<b>\$ (13,776)</b>
<b>Other Financing Sources (Uses) (Uses)</b>			
Transfers out	\$ (55,103)	\$ -	\$ (55,103)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (55,103)</b>	<b>\$ -</b>	<b>\$ (55,103)</b>
<b>Net Change in Fund Balance</b>	<b>\$ (68,879)</b>	<b>\$ -</b>	<b>\$ (68,879)</b>
<b>Fund Balance - January 1</b>	<b>68,879</b>	<b>202,839</b>	<b>271,718</b>
<b>Fund Balance - December 31</b>	<b>\$ -</b>	<b>\$ 202,839</b>	<b>\$ 202,839</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

The Agency Collections Fund accounts for the following:

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

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

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

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

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

The Refunding Section accounts for the refunding of property taxes.

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

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

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

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

FIDUCIARY FUNDS

AGENCY FUNDS  
(Continued)

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

The Supplemental Insurance Fund accounts for payroll withholdings.

The Insurance Fund accounts for insurance payments.

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

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

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT D-1*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>AGENCY COLLECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 761,415	\$ 6,868,660	\$ 7,440,658	\$ 189,417
<b><u>Liabilities</u></b>				
Due to other governments	\$ 761,415	\$ 6,767,683	\$ 7,440,658	\$ 88,440
Advance from governmental funds	-	100,977	-	100,977
<b>Total Liabilities</b>	<b>\$ 761,415</b>	<b>\$ 6,868,660</b>	<b>\$ 7,440,658</b>	<b>\$ 189,417</b>
 <b><u>COLLABORATIVE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 263,421	\$ 282,964	\$ 224,252	\$ 322,133
<b><u>Liabilities</u></b>				
Due to other governments	\$ 263,421	\$ 282,964	\$ 224,252	\$ 322,133
 <b><u>RECORDER'S AGENCY COLLECTIONS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,411	\$ 41,041	\$ 41,525	\$ 1,927
<b><u>Liabilities</u></b>				
Due to other governments	\$ 2,411	\$ 41,041	\$ 41,525	\$ 1,927

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TAX COLLECTION</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 60,821	\$ 55,946,762	\$ 55,664,843	\$ 342,740
<b><u>Liabilities</u></b>				
Due to other funds	\$ -	\$ 26,485,820	\$ 26,485,820	\$ -
Due to other governments	60,821	29,460,942	29,179,023	342,740
<b>Total Liabilities</b>	<b>\$ 60,821</b>	<b>\$ 55,946,762</b>	<b>\$ 55,664,843</b>	<b>\$ 342,740</b>
 <b><u>SUPPLEMENTAL INSURANCE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 64,707	\$ 1,338,898	\$ 1,334,610	\$ 68,995
<b><u>Liabilities</u></b>				
Accounts payable	\$ 24,707	\$ 1,338,898	\$ 1,334,610	\$ 28,995
Advance from governmental funds	40,000	-	-	40,000
<b>Total Liabilities</b>	<b>\$ 64,707</b>	<b>\$ 1,338,898</b>	<b>\$ 1,334,610</b>	<b>\$ 68,995</b>
 <b><u>INSURANCE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 9,440	\$ 2,743,839	\$ 2,516,270	\$ 237,009
Accounts receivable	175,560	-	175,560	-
<b>Total Assets</b>	<b>\$ 185,000</b>	<b>\$ 2,743,839</b>	<b>\$ 2,691,830</b>	<b>\$ 237,009</b>
<b><u>Liabilities</u></b>				
Accounts Payable	\$ -	\$ 2,523,839	\$ 2,506,830	\$ 17,009
Advance from governmental funds	185,000	35,000	-	220,000
<b>Total Liabilities</b>	<b>\$ 185,000</b>	<b>\$ 2,558,839</b>	<b>\$ 2,506,830</b>	<b>\$ 237,009</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT D-1  
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>MOTOR VEHICLE</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 2,267	\$ 7,065,639	\$ 7,063,611	\$ 4,295
<b><u>Liabilities</u></b>				
Due to other governments	\$ 2,267	\$ 7,065,639	\$ 7,063,611	\$ 4,295
 <b><u>TURTLE CREEK WATERSHED</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 69,121	\$ 246,785	\$ 192,223	\$ 123,683
Accounts receivable	519,462	454,529	519,462	454,529
<b>Total Assets</b>	<b>\$ 588,583</b>	<b>\$ 701,314</b>	<b>\$ 711,685</b>	<b>\$ 578,212</b>
<b><u>Liabilities</u></b>				
Due to other governments	\$ 69,121	\$ 610,408	\$ 646,752	\$ 32,777
Advance from governmental funds	519,462	90,906	64,933	545,435
<b>Total Liabilities</b>	<b>\$ 588,583</b>	<b>\$ 701,314</b>	<b>\$ 711,685</b>	<b>\$ 578,212</b>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**EXHIBIT D-1  
(Continued)**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash and pooled investments	\$ 1,233,603	\$ 74,534,588	\$ 74,477,992	\$ 1,290,199
Accounts receivable	695,022	454,529	695,022	454,529
<b>Total Assets</b>	<b><u>\$ 1,928,625</u></b>	<b><u>\$ 74,989,117</u></b>	<b><u>\$ 75,173,014</u></b>	<b><u>\$ 1,744,728</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ 24,707	\$ 3,862,737	\$ 3,841,440	\$ 46,004
Due to other funds	-	26,485,820	26,485,820	-
Due to other governments	1,159,456	44,228,677	44,595,821	792,312
Advance from governmental funds	744,462	226,883	64,933	906,412
<b>Total Liabilities</b>	<b><u>\$ 1,928,625</u></b>	<b><u>\$ 74,804,117</u></b>	<b><u>\$ 74,988,014</u></b>	<b><u>\$ 1,744,728</u></b>

## **OTHER SCHEDULES**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT E-1*

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Appropriations and Shared Revenue**

**State**

Highway users tax	\$	8,726,527
PERA rate reimbursement		44,126
Disparity reduction aid		45,779
Police aid		204,452
County program aid		1,699,043
Aquatic invasive species program aid		71,670
Market value credit		384,160
Market value credit-manufactured home		7,631
Enhanced 911		109,190
SCORE		86,510

**Total shared revenue** **\$ 11,379,088**

**Reimbursement for Services**

**State**

Minnesota Department of Human Services	\$	875,399
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**Payments**

**Local**

Local contributions	\$	45,085
Payments in lieu of taxes		35,309

**Total payments** **\$ 80,394**

**Grants**

**State**

Minnesota Department/Board of		
Agriculture	\$	7,500
Public Safety		141,969
Health		289,132
Natural Resources		5,893
Secretary of State		74,321
Human Services		2,582,679
Veterans Affairs		10,000
Corrections		125,316
Water and Soil Resources		76,421
Pollution Control Agency		32,051

**Total state** **\$ 3,345,282**

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

**SCHEDULE OF INTERGOVERNMENTAL REVENUE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Grants (Continued)**

**Federal**

Department of	
Agriculture	\$ 531,785
Justice	112,357
Education	2,263
Health and Human Services	2,962,506
Social Security Administration	1,100
Homeland Security	349,787
Transportation	2,158,487

**Total federal** \$ 6,118,285

**Total state and federal grants** \$ 9,463,567

**Total Intergovernmental Revenue** \$ 21,798,448

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

*EXHIBIT E-2*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed Though to Subrecipients</b>
<b>U.S. Department of Agriculture</b>				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00073	\$ 265,474	-
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	18172MN101S2514	217,024	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	Not Provided	501	-
<b>Total U.S. Department of Agriculture</b>			<b>\$ 482,999</b>	<b>-</b>
<b>U.S. Department of Justice</b>				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	Not Provided	109,240	-
<b>Total U.S. Department of Justice</b>			<b>\$ 109,240</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of HPCC Cluster)	20.205	00024	<b>\$ 1,685,185</b>	<b>-</b>
<b>U.S. Department of Education</b>				
Passed Through Albert Lea School District #241 Special Education-Grants for Infants and Families	84.181	Not Provided	2,263	-
<b>Total U.S. Department of Education</b>			<b>\$ 2,263</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	12-700-00073	\$ 24,387	-
Universal Newborn Hearing Screening	93.251	12-700-00073	75	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00073	1,500	-
Temporary Assistance for Needy Families Cluster Temporary Assistance for Needy Families (Part of TANF Cluster & 93.558 \$422,169)	93.558	12-700-00073	44,266	-
Medical Assistance Program	93.778	12-700-00073	61,320	-
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 E-2  
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>State Pass Through Grantor's Number</b>	<b>Expenditures</b>	<b>Passed Though to Subrecipients</b>
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1801MNCMA	\$ 4,990	-
Temporary Assistance for Needy Families (Part of TANF Cluster & 93.558 \$422,169)	93.558	1802MNTANF	377,903	-
Child Support Enforcement	93.563	1804MNCEST	512,932	
Child Care and Development Fund Cluster				
Child Care and Development Block Grant	93.575	G1801MNCCDF	13,841	-
Community-Based Child Abuse Prevention Grants	93.590	G-1802MNFPRG	12,088	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1801MNCWSS	4,704	-
Foster Care_Title IV-E	93.658	1801MNFOST	388,868	-
Social Services Block Grant	93.667	1801MNSOSR	204,155	-
Chafee Foster Care Independence Program	93.674	G-1801MNCILP	4,344	-
Children's Health Insurance Program	93.767	1805MNS021	241	-
Medical Assistance Program	93.778	05-1805MNSADM	1,132,647	-
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 2,826,550</b>	<b>-</b>
<b>U.S. Social Security Administration</b>				
Passed Through Minnesota Department of Human Services				
Social Security_Disability Insurance	96.001	Not Provided	\$ 1,100	-
<b>U.S. Department of Homeland Security</b>				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	047-99047-01	126,612	-
Emergency Management Performance Grants	97.042	Not Provided	24,252	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 150,864</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>\$ 5,258,201</b>	<b>-</b>

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, 2018

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1. Reporting Entity

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

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Freeborn County under programs of the federal government for the year ended December 31, 2018. 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 E-1)	\$ 6,118,285
Unavailable in 2017, recognized as revenue in 2018	
Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA #10.557)	(6,994)
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	(41,792)
Crime Victim Assistance Grant (CFDA #16.575)	(28,868)
Highway Planning and Construction (CFDA #20.205)	(473,302)
Promoting Safe and Stable Families (CFDA #93.556)	(2,233)
Temporary Assistance for Needy Families (CFDA #93.558)	(152,467)
Child Support Enforcement (CFDA #93.563)	(69,371)
Stephanie Tubbs Jones Child Welfare Services Program (#93.645)	(1,472)
Chafee Foster Care Independence Program (CFDA #93.674)	(3,689)
Medical Assistance Program (CFDA #93.778)	(18,750)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	(367,035)
Emergency Management Performance Grant (CFDA #97.042)	(24,350)
 Grants received more than 60 days after year-end, unavailable in 2018	
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
	24,252
 Expenditures per Schedule of Expenditures of Federal Awards (Exhibit E-2)	
	\$ 5,258,201

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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**

	2009	2010	2011	2012
Governmental Activities				
Net Investments in Capital Assets	\$ 57,788,446	\$ 54,564,938	\$ 55,735,038	\$ 57,967,546
Restricted	4,972,742	5,037,551	13,563,329	6,921,109
Unrestricted	13,219,721	13,832,287	8,946,106	18,402,056
Total Governmental Activities	<u>\$ 75,980,909</u>	<u>\$ 73,434,776</u>	<u>\$ 78,244,473</u>	<u>\$ 83,290,711</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>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 61,821,070	\$ 63,259,574	\$ 67,044,403	\$ 70,598,432	\$ 76,357,232	\$ 85,725,655
11,147,528	8,283,014	9,900,452	8,696,772	8,015,434	9,440,791
13,574,553	8,389,282	6,195,523	6,614,367	5,092,491	1,278,822
<u>\$ 86,543,151</u>	<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>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

	2009	2010	2011	2012
<b>Expenses</b>				
General Government	\$ 4,517,111	\$ 4,409,570	\$ 4,862,792	\$ 7,177,110
Public Safety	6,074,484	9,607,279	8,096,946	6,315,878
Highways and Streets	9,783,266	10,430,230	7,781,427	9,525,421
Sanitation	408,694	397,808	366,181	371,488
Human Services	8,045,315	7,292,340	7,673,360	7,620,459
Health	3,390,253	3,345,068	3,318,388	3,165,890
Culture and Recreation	399,260	561,488	378,002	321,489
Conservation of Natural Resources	1,431,238	1,641,086	2,106,960	1,099,583
Economic Development	35,000	17,942	15,000	400,000
Interest on Long-Term Debt	1,113,919	1,241,791	1,295,440	705,080
Total Governmental Activities Expenses	<u>\$ 35,198,540</u>	<u>\$ 38,944,602</u>	<u>\$ 35,894,496</u>	<u>\$ 36,702,398</u>
<b>Program Revenues</b>				
Charges for Services				
General Government	\$ 860,546	\$ 850,865	\$ 811,161	\$ 907,321
Public Safety	1,686,943	2,489,412	2,447,262	2,401,345
Highways and Streets	148,153	73,333	92,212	177,802
Sanitation	1,785	3,188	381,347	4,319
Human Services	989,438	462,245	585,738	341,349
Health	761,065	1,099,792	723,528	1,032,223
Culture and Recreation	19,635	56,681	24,884	13,240
Conservation of Natural Resources	382,545	63,797	141,233	89,890
Economic Development	464,400	-	-	-
Operating Grants and Contributions				
General Government	202,354	98,836	203,143	193,811
Public Safety	740,569	693,472	1,600,359	1,500,782
Highways and Streets	4,616,625	5,456,426	4,554,340	5,629,421
Sanitation	357,238	370,663	23,446	362,961
Human Services	3,579,259	3,415,990	3,434,776	3,381,837
Health	1,395,382	1,751,141	1,756,507	1,450,562
Culture and Recreation	63,591	63,563	38,138	88,988
Conservation of Natural Resources	1,647,653	1,263,069	1,233,115	961,434
Economic Development	-	-	-	400,000
Capital Grants and Contributions				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	4,679,024	186,587	1,047,763	1,747,638
Conservation of Natural Resources	8,038	26	-	-
Total Governmental Activities Program Revenues	<u>\$ 22,604,243</u>	<u>\$ 18,399,086</u>	<u>\$ 19,098,952</u>	<u>\$ 20,684,923</u>

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

2013	2014	2015	2016	2017	2018
\$ 6,922,425	\$ 7,047,344	\$ 7,602,191	\$ 8,202,415	\$ 8,400,796	\$ 9,138,428
6,469,525	7,126,489	7,632,105	10,258,704	10,716,975	8,242,136
11,371,372	11,468,587	9,883,628	9,723,394	12,125,094	10,789,903
404,776	496,413	511,389	576,287	587,424	565,969
9,204,595	9,587,868	11,032,285	12,123,000	11,879,425	12,043,061
1,539,475	1,731,079	2,069,495	2,344,957	2,497,723	2,652,578
388,287	320,811	378,127	336,666	396,611	367,370
4,011,503	1,901,209	1,888,375	2,333,311	3,291,533	2,165,526
50,963	366,203	11,500	12,647	25,000	39,276
914,091	698,092	614,147	592,930	438,249	37,973
<u>\$ 41,277,012</u>	<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>
\$ 944,388	\$ 1,351,213	\$ 1,071,249	\$ 1,014,402	\$ 944,287	\$ 921,256
1,924,810	1,965,755	2,233,899	2,931,845	3,670,889	3,805,659
248,135	65,545	221,754	49,854	170,664	290,099
-	406,340	381,253	429,102	430,754	443,013
603,130	382,900	890,412	1,249,098	914,573	806,297
431,983	692,535	330,537	361,276	290,664	415,470
1,149	-	26	148	22,964	29,234
65,550	1,641,115	1,441,825	1,663,978	1,490,401	1,516,143
-	-	-	-	-	-
243,425	361,181	180,206	245,220	128,353	127,020
552,713	486,814	701,778	814,384	869,301	727,677
6,939,180	6,103,421	5,963,482	6,229,049	6,747,665	7,808,073
393,379	-	-	-	-	-
4,079,179	4,459,479	4,711,913	5,183,990	5,610,581	5,344,443
830,602	652,169	1,475,226	1,435,570	1,423,389	1,723,750
-	-	-	-	-	447,543
4,031,465	621,962	263,911	684,436	790,941	-
-	-	-	-	-	-
-	-	1,940,278	-	-	74,321
-	-	14,951	-	-	-
1,467,744	3,359,833	114,775	1,120,690	3,579,484	1,992,021
-	54,804	-	-	492,000	-
<u>\$ 22,756,832</u>	<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>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

	2009	2010	2011	2012
<b>Net (Expense) Revenue</b>				
General Government	\$ (3,454,211)	\$ (3,459,869)	\$ (3,848,488)	\$ (6,075,978)
Public Safety	(3,646,972)	(6,424,395)	(4,049,325)	(2,413,751)
Highways and Streets	(339,464)	(4,713,884)	(2,087,112)	(1,970,560)
Sanitation	(49,671)	(23,957)	38,612	(4,208)
Human Services	(3,476,618)	(3,414,105)	(3,652,846)	(3,897,273)
Health	(1,233,806)	(494,135)	(838,353)	(683,105)
Culture and Recreation	(316,034)	(441,244)	(314,980)	(219,261)
Conservation of Natural Resources	606,998	(314,194)	(732,612)	(48,259)
Economic Development	429,400	(17,942)	(15,000)	-
Interest on Long-Term Debt	(1,113,919)	(1,241,791)	(1,295,440)	(705,080)
Total Governmental Activities Net (Expense) Revenue	<u>\$ (12,594,297)</u>	<u>\$ (20,545,516)</u>	<u>\$ (16,795,544)</u>	<u>\$ (16,017,475)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Taxes	\$ 14,270,659	\$ 15,077,709	\$ 17,370,342	\$ 18,884,863
Payment in Lieu of Taxes	15,672	34,323	50,343	53,110
Unrestricted Grants and Contributions	3,277,584	2,580,137	2,630,103	1,682,574
Investment Earnings	176,194	143,512	172,524	192,679
Miscellaneous	47,445	108,849	1,368,024	143,579
Gain on Sale of Capital Assets	4,905	54,853	13,905	106,908
Total Governmental Activities	<u>\$ 17,792,459</u>	<u>\$ 17,999,383</u>	<u>\$ 21,605,241</u>	<u>\$ 21,063,713</u>
<b>Change in Net Position</b>	<u>\$ 5,198,162</u>	<u>\$ (2,546,133)</u>	<u>\$ 4,809,697</u>	<u>\$ 5,046,238</u>

Source: Freeborn County's Yearly Financial Statements

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

2013	2014	2015	2016	2017	2018
\$ (5,734,612)	\$ (5,334,950)	\$ (4,410,458)	\$ (6,942,793)	\$ (7,328,156)	\$ (8,015,831)
(3,992,002)	(4,673,920)	(4,681,477)	(6,512,475)	(6,176,785)	(3,708,800)
(2,716,313)	(1,939,788)	(3,583,617)	(2,323,801)	(1,627,281)	(699,710)
(11,397)	(90,073)	(130,136)	(147,185)	(156,670)	(122,956)
(4,522,286)	(4,745,489)	(5,429,960)	(5,689,912)	(5,354,271)	(5,892,321)
(276,890)	(386,375)	(263,732)	(548,111)	(783,670)	(513,358)
(387,138)	(320,811)	(378,101)	(336,518)	(373,647)	(338,136)
85,512	416,672	(182,639)	15,103	(518,191)	(201,840)
(50,963)	(366,203)	(11,500)	(12,647)	(25,000)	(39,276)
(914,091)	(698,092)	(614,147)	(592,930)	(438,249)	(37,973)
<u>\$ (18,520,180)</u>	<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>
\$ 20,175,011	\$ 20,084,107	\$ 20,915,483	\$ 23,651,372	\$ 24,064,810	\$ 24,893,116
2,828	31,597	97,317	28,560	35,247	35,309
1,459,818	1,625,409	1,543,235	1,712,330	2,023,587	2,180,739
102,769	132,099	245,464	432,665	213,862	483,486
28,616	50,000	18,228	-	-	384
3,578	-	74,548	35,535	-	62,179
<u>\$ 21,772,620</u>	<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>\$ 3,252,440</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>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES  
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ 2,165,953	\$ 493,557
Restricted (Reserved 2008-2010)	1,446,035	-	413,087	365,224
Committed	-	\$ 1,687,121	-	224,846
Assigned (Designated 2008-2010)	4,083,787	4,099,768	148,645	388,657
Unassigned (Undesignated 2008-2010)	549,027	2,223,391	7,719,849	10,818,868
<b>Total General Fund</b>	<u>\$ 6,078,849</u>	<u>\$ 8,010,280</u>	<u>\$ 10,447,534</u>	<u>\$ 12,291,152</u>
<b>All Other Governmental Funds</b>				
Nonspendable	\$ 256	\$ -	\$ 434,263	\$ 570,706
Restricted	1,052,047	1,128,396	66,551	1,127,344
Assigned				
Road and Bridge	1,843,770	2,828,566	2,511,201	3,053,068
Debt Service Fund	2,009,360	1,992,995	8,510,291	2,910,321
Human Service	2,750,023	2,764,097	6,586,152	7,570,104
Unassigned (Undesignated 2008-2010)	2,585,902	2,912,980	(1,697)	(480,746)
<b>Total All Other Governmental Funds</b>	<u>\$ 10,241,358</u>	<u>\$ 11,627,034</u>	<u>\$ 18,106,761</u>	<u>\$ 14,750,797</u>
<b>All Governmental Funds</b>				
Nonspendable	\$ 256	\$ -	\$ 2,600,216	\$ 1,064,263
Restricted (Reserved 2008-2010)	2,498,082	1,128,396	479,638	1,492,568
Committed	-	1,687,121	-	224,846
Assigned (Designated 2008-2010)	10,686,940	11,685,426	17,756,289	13,922,150
Unassigned (Undesignated 2008-2010)	3,134,929	5,136,371	7,718,152	10,338,122
<b>Total All Governmental Funds</b>	<u>\$ 16,320,207</u>	<u>\$ 19,637,314</u>	<u>\$ 28,554,295</u>	<u>\$ 27,041,949</u>

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES  
LAST TEN FISCAL YEARS**

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 443,805	\$ 618,818	\$ 341,917	\$ 385,419	\$ 935,925	\$ 1,142,742
383,386	762,262	715,509	998,176	1,040,571	1,185,045
261,128	356,228	408,633	3,049,860	2,817,127	2,294,572
1,357,696	1,632,890	-	-	-	-
9,940,813	8,623,639	10,034,644	8,212,526	6,795,893	5,139,155
<u>\$ 12,386,828</u>	<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>
\$ 525,371	\$ 462,228	\$ 461,542	\$ 707,005	\$ 433,751	\$ 362,787
9,514,658	5,703,717	5,705,943	6,258,286	15,047,024	6,910,033
1,271,550	3,107,310	3,678,532	3,674,377	3,432,531	3,985,411
-	-	-	-	-	-
7,989,595	8,381,777	7,165,337	5,806,384	5,795,221	6,080,210
(511,259)	(437,868)	(218,908)	(399,003)	(1,058,116)	(1,496,925)
<u>\$ 18,789,915</u>	<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>
\$ 969,176	\$ 1,081,046	\$ 803,459	\$ 1,092,424	\$ 1,369,676	\$ 1,505,529
9,898,044	6,465,979	6,421,452	7,256,462	16,087,595	8,095,078
261,128	356,228	408,633	3,049,860	2,817,127	2,294,572
10,618,841	13,121,977	10,843,869	9,480,761	9,227,752	10,065,621
9,429,554	8,185,771	9,815,736	7,813,523	5,737,777	3,642,230
<u>\$ 31,176,743</u>	<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>

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

	2009	2010	2011	2012
<b>Revenues</b>				
Taxes	\$ 14,149,912	\$ 15,080,750	\$ 17,396,373	\$ 19,005,885
Special Assessments	2,037,641	1,572,932	1,462,512	1,670,999
Licenses and Permits	126,841	138,561	104,291	134,192
Intergovernmental	15,952,106	14,145,031	14,080,209	17,815,054
Charges for Services	3,225,241	4,249,626	3,813,994	4,156,976
Fines and Forfeits	34,690	39,329	37,709	26,436
Gifts and Contributions	71,092	51,258	50,636	29,606
Investment Income	176,194	143,512	172,524	184,419
Miscellaneous	1,796,825	947,218	2,779,387	1,142,182
<b>Total Revenues</b>	<b>\$ 37,570,542</b>	<b>\$ 36,368,217</b>	<b>\$ 39,897,635</b>	<b>\$ 44,165,749</b>
<b>Expenditures</b>				
<b>Current</b>				
General Government	\$ 5,056,887	\$ 4,909,011	\$ 5,281,337	\$ 6,340,666
Public Safety	5,945,299	9,536,984	7,988,624	13,639,438
Highways and Streets	9,774,352	6,871,241	8,161,703	11,016,683
Sanitation	393,711	382,825	351,197	356,505
Social Services	7,748,168	7,807,237	7,684,378	7,606,046
Health	3,380,118	3,351,695	3,325,377	3,159,918
Culture and Recreation	399,260	561,488	378,002	321,489
Conservation of Natural Resources	1,419,444	1,646,871	2,104,149	1,095,605
Economic Development	35,000	17,942	15,000	400,000
<b>Intergovernmental</b>				
Highways and Streets	-	-	-	308,595
Conservation of Natural Resources	-	-	-	-
<b>Capital Outlay</b>	165,498	763,522	558,160	805,285
<b>Debt Service</b>				
Principal Retirement	1,314,319	875,451	7,436,439	1,267,547
Interest	454,315	517,435	516,056	649,036
Bond Issuance Costs	-	21,663	177,534	-
Administrative (fiscal) charges	2,961	20,456	26,368	29,839
<b>Total Expenditures</b>	<b>\$ 36,089,332</b>	<b>\$ 37,283,821</b>	<b>\$ 44,004,324</b>	<b>\$ 46,996,652</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 1,481,210</b>	<b>\$ (915,604)</b>	<b>\$ (4,106,689)</b>	<b>\$ (2,830,903)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ 92,619	\$ 6,260,956	\$ 7,697,008
Transfers Out	-	(92,619)	(11,076,546)	(6,624,421)
Bonds and Notes Issued	1,060,000	4,100,000	-	-
Refunding Bond Issued	-	-	17,120,000	-
Premium on Bond Issuance	-	-	645,912	-
Discount on Bond Issuance	(8,480)	-	-	-
Proceeds from Sale of Assets	4,905	61,065	13,905	109,527
Loans Issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,056,425</b>	<b>4,161,065</b>	<b>12,964,227</b>	<b>1,182,114</b>
<b>Net Change in Fund Balance</b>	<b>\$ 2,537,635</b>	<b>\$ 3,245,461</b>	<b>\$ 8,857,538</b>	<b>\$ (1,648,789)</b>
Debt Service as a Percentage of Noncapital Expenditures	4.93%	3.93%	18.77%	4.21%

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

2013	2014	2015	2016	2017	2018
\$ 20,187,009	\$ 20,090,378	\$ 20,878,781	\$ 23,715,974	\$ 24,075,507	\$ 24,784,395
2,283,803	2,088,263	2,172,363	2,245,972	2,046,830	2,002,200
121,255	118,079	106,821	164,509	103,349	169,869
15,717,420	17,768,440	15,826,392	16,382,810	19,767,495	21,798,448
3,647,235	3,565,791	3,765,702	3,975,878	4,841,541	4,897,859
29,756	64,065	41,664	34,772	32,329	23,995
12,242	6,553	13,019	23,099	37,382	6,545
111,029	132,099	245,464	432,665	214,560	485,030
1,374,589	1,006,351	982,627	1,353,027	1,104,929	954,934
<u>\$ 43,484,338</u>	<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>
\$ 6,067,026	\$ 6,191,688	\$ 6,643,520	\$ 6,984,439	\$ 7,247,743	\$ 7,821,352
6,335,469	6,949,396	7,437,235	8,389,229	9,247,492	9,523,826
13,866,152	14,180,809	9,396,052	10,818,218	14,298,508	15,569,703
389,793	481,430	495,023	555,980	568,068	542,980
9,166,814	9,551,357	10,865,074	11,582,745	11,467,816	11,295,964
1,524,573	1,703,256	2,030,585	2,197,002	2,367,095	2,421,019
388,287	320,811	378,127	336,666	396,611	367,370
1,637,650	1,896,751	1,883,629	2,291,269	3,257,725	2,082,175
397,409	19,757	11,500	12,647	25,000	39,276
318,877	330,135	348,751	361,195	360,068	421,073
2,364,690	-	-	-	-	-
764,263	999,715	2,100,910	1,124,568	1,542,415	2,584,837
2,122,159	3,295,000	2,725,000	2,720,000	2,770,000	11,790,000
707,994	767,088	688,016	611,710	540,424	502,090
89,790	-	-	-	67,002	-
5,893	5,425	3,525	5,061	6,425	6,150
<u>\$ 46,146,839</u>	<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>\$ (2,662,501)</u>	<u>\$ (1,852,599)</u>	<u>\$ (974,114)</u>	<u>\$ 337,977</u>	<u>\$ (1,938,470)</u>	<u>\$ (9,844,540)</u>
\$ -	\$ -	\$ -	\$ 1,060,736	\$ 513,534	\$ 299,378
-	-	-	(1,060,736)	(513,534)	(299,378)
6,680,000	-	-	-	-	-
-	-	-	-	8,075,000	-
178,196	-	-	-	450,729	-
(19,144)	-	-	-	-	-
3,578	-	74,548	49,333	-	75,768
-	-	-	-	-	-
<u>6,842,630</u>	<u>-</u>	<u>74,548</u>	<u>49,333</u>	<u>8,525,729</u>	<u>75,768</u>
<u>\$ 4,180,129</u>	<u>\$ (1,852,599)</u>	<u>\$ (899,566)</u>	<u>\$ 387,310</u>	<u>\$ 6,587,259</u>	<u>\$ (9,768,772)</u>
6.45%	8.90%	7.96%	7.12%	6.43%	19.71%

**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
2009	\$ 15,494,969	\$ 15,091,901	97.4 %	\$ 400,918	\$ 15,492,819
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	300,677	18,915,829
2013	19,211,499	18,971,938	98.8	237,926	19,209,864
2014	19,219,518	19,036,870	99.0	179,836	19,216,706
2015	19,846,355	19,605,075	98.8	228,695	19,833,769
2016	20,703,982	20,513,131	99.1	157,848	20,670,979
2017	21,135,172	20,885,092	98.8	185,511	21,070,603
2018	21,901,150	21,597,973	98.6	-	21,597,973

(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 %	\$ 1,829,465	\$ 1,789,400	97.8 %	\$ 40,065
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
99.7	2,035,207	2,019,183	99.2	16,024
98.6	1,894,009	1,865,414	98.5	28,595

**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
2008	2009	\$ 27,447,943	\$ 2,866,187,600	\$1,485,457	\$ 74,681,500
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

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

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

(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
\$ 28,933,400	5.07	\$ 2,940,869,100	1.0
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

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2009			2018		
		Taxable Capacity Value	Rank	Percentage of Total County Capacity Value	Taxable Capacity Value	Rank	Percentage of Total County Capacity Value
Northern Natural Gas Co	Utilities	\$ 395,825	3	1.38%	\$ 791,044	1	2.13%
ITC Midwest, LLC	Utilities				752,400	2	2.02%
Alliance Pipeline LP	Utilities	872,700	1	3.04%	707,236	3	1.90%
Dairyland Power Cooperative	Utilities	107,969	8	0.38%	228,466	4	0.61%
Minnesota Energy Resources Cor	Utilities				225,686	5	0.61%
Freeborn Mower Electric Coop	Utilities				194,554	6	0.52%
Union Pacific Corporation	Commercial				176,052	7	0.47%
ITC Midwest, LLC	Utilities				158,232	8	0.43%
Wal-Mart Real Estate Business	Commercial	116,011	5	0.40%	142,605	9	0.38%
Larson Manufacturing Company	Commercial				125,143	10	0.34%
MCB Properties LTD Partnership	Industrial	111,968	7	0.39%			
Adams MN Farms LLC	Agriculture	88,631	10	0.31%			
Continental Albert Lea LLP	Commercial	115,112	6	0.40%			
Interstate Power & Light Co	Utilities	416,631	2	1.45%			
Dale Larson Trust	Commercial	154,890	4	0.54%			
Agra Resources Coop	Agriculture	104,276	9	0.36%			
All Others		26,195,015		91.34%	33,690,834		90.59%
		<u>\$ 28,679,028</u>		<u>100.0%</u>	<u>\$ 37,192,252</u>		<u>100.0%</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Freeborn County</b>										
General	22.1540	21.0830	20.4620	21.6640	21.0590	16.3390	16.5030	19.2720	20.1280	22.3540
Road and Bridge	9.5920	9.1740	10.3630	11.9310	12.0750	9.8790	9.8870	10.5130	8.9680	9.4640
Social Services	17.2370	17.4870	16.7600	17.7410	15.8070	12.7250	11.8080	12.5550	14.1500	14.5130
Waste	-	-	-	0.2310	0.2160	0.1770	0.1700	0.1590	0.1480	0.1510
Capital Improvements	2.3140	2.1530	1.8280	3.1560	2.9550	2.4170	2.3160	2.8940	3.1020	3.2580
Library	1.4860	1.3270	1.2350	1.2030	1.1330	0.8760	0.8560	0.9320	0.9450	1.0030
Capital Equipment	-	-	-	-	-	-	-	-	-	-
Capital Bond	-	-	-	-	-	1.0880	1.0430	1.1320	1.1140	1.1400
2011A	-	-	-	2.3420	2.1940	1.7960	1.6170	1.7170	1.7420	1.8010
2011B	-	-	-	1.8470	1.7300	1.4160	1.2750	1.3640	1.3670	1.4090
2011C	-	-	-	2.3750	2.2250	1.8210	1.6460	1.7220	1.7320	1.7770
Armony	0.1220	-	-	-	-	-	-	-	-	-
37 Jail	2.6430	2.4650	2.3630	-	-	-	-	-	-	-
38 HRA	2.0750	1.9310	1.8510	-	-	-	-	-	-	-
39 HRA	2.9000	2.6990	2.5860	-	-	-	-	-	-	-
Radio	-	-	1.4810	1.5670	1.4680	1.2010	1.1520	1.1630	1.1710	1.2210
Public Health	-	-	-	-	-	-	1.3870	1.6430	1.6580	2.1680
Total Freeborn County	60.5230	58.3190	58.9290	64.0570	60.8620	49.7350	49.6600	55.0660	56.2250	60.2590
<b>Townships</b>										
Albert Lea	18.9560	17.1020	19.6670	22.1650	20.7970	16.4310	15.6260	16.3100	16.4730	17.3990
Alden	9.3630	8.0620	8.5610	9.5810	9.0230	6.4850	6.1470	7.1320	7.5090	7.6730
Bancroft	13.8640	13.0300	12.6190	13.3220	12.3080	10.5110	10.0850	11.5060	11.4210	11.6080
Bath	12.2270	11.8170	10.9880	11.0700	10.6340	8.2930	7.9060	8.5860	8.7480	7.8420
Carlston	11.5400	10.9610	10.0150	11.6630	13.2080	10.0060	9.7610	10.9200	10.6020	11.0390
Freeborn	16.2710	13.9300	12.7380	13.7750	14.1210	10.2660	9.1040	9.7430	9.5140	9.1730
Freeman	8.0190	7.7870	7.4450	7.8820	7.8940	6.7020	6.7590	8.1090	8.3360	8.6370
Geneva	16.8600	14.3930	13.5500	13.5660	11.9460	8.8770	8.3430	9.2040	9.4730	10.0170
Hartland	9.6750	9.6240	9.2630	9.3090	8.1930	5.9960	5.6300	6.2760	6.4730	6.4070
Hayward	17.6540	16.5040	15.4860	14.7720	13.3610	10.0520	9.3600	9.4620	9.0080	8.6810
London	14.9130	17.0630	16.4620	16.2340	14.4740	10.0950	9.4730	10.7060	11.0290	11.7050
Manchester	10.1250	8.9030	9.1900	8.8800	7.8440	6.0770	5.6650	6.0120	5.4060	5.2750
Mansfield	15.4720	13.2120	12.8100	13.2050	11.6570	8.2710	8.4920	9.7050	10.0710	10.6950
Moscow	19.5820	17.2030	16.2060	17.2140	15.8810	12.4950	11.7540	12.9230	13.4940	14.6480
Newry	15.3190	12.1390	11.1330	11.1830	11.0100	8.4420	8.5020	9.4390	9.7350	10.3470
Nunda	15.3450	14.2450	10.8160	14.7580	13.1340	9.9350	9.1870	10.0000	10.1990	10.7440
Oakland	11.4320	10.4460	10.5960	11.4640	11.2600	9.1840	9.3510	10.2590	10.4380	11.3280
Pickerele Lake	9.5600	8.8730	8.5790	7.4530	7.0740	5.8350	5.9100	6.3160	6.5020	8.0010
Riceland	12.6640	12.4300	11.5670	12.0970	10.7220	8.1190	7.6160	8.2930	8.4430	8.8090
Shell Rock	11.5510	10.0460	9.8960	9.3600	8.3880	6.1020	5.6420	6.1730	6.2650	6.5520
<b>Cities</b>										
Albert Lea	44.1790	46.0590	49.1630	57.1250	60.6320	62.0500	63.2160	64.3220	63.0870	64.8660
Alden	64.7480	64.3510	68.8150	87.4770	89.6730	89.0060	100.4690	99.7370	93.6570	96.4220
Clarks Grove	31.4830	30.3220	31.7390	39.9950	43.0910	44.1710	52.8210	54.6880	55.0710	50.5920
Conger	91.7220	94.6160	100.7930	134.8240	155.3090	136.2020	139.3750	143.8460	143.6260	152.3350
Emmons	91.5350	93.4200	96.9720	136.2420	134.7630	145.2370	146.6990	145.4870	144.3780	148.8740
Freeborn	87.7970	93.7980	100.5350	143.2810	147.4650	151.5210	155.4240	159.6660	162.2870	174.9180
Geneve	33.0790	34.5410	34.9410	41.0740	45.2780	45.3850	49.8020	50.4430	48.2690	46.0090
Glenville	58.7820	59.1030	59.1180	50.2860	50.7820	51.5010	45.8360	45.8920	46.7430	46.9740
Hartland	86.6280	97.7580	105.0440	131.4280	133.9210	138.0870	140.2610	146.5790	147.6840	133.6010
Hayward	102.6800	102.5920	103.7320	133.1350	149.6770	165.2590	164.5510	155.5250	154.2900	156.5940
Hollandale	88.4660	86.5930	87.9480	111.7950	116.2920	117.3300	114.6910	114.7110	107.1110	105.5660
Manchester	49.1310	56.0080	64.6870	81.3670	86.6390	95.7060	104.6640	109.0210	134.0360	143.8850
Myrtle	38.1550	37.6030	37.7450	56.9500	62.0160	69.2000	69.3400	68.9850	75.0470	77.6580
Twin Lakes	31.0080	30.7390	30.6410	15.9950	16.4760	15.8540	15.9450	16.2940	15.8910	17.7600
<b>School Districts</b>										
SD 241	25.7000	24.5770	25.9440	29.0580	28.8770	25.1790	25.1970	25.0870	25.4820	27.3570
SD 242	29.0900	24.7810	23.5820	26.9030	21.4490	15.0250	14.9850	20.6190	24.5390	26.6240
SD 492	22.3320	21.4720	21.6600	32.2050	29.0950	27.5920	28.3740	27.4910	26.8870	27.1450
SD 497	37.9210	33.0260	32.9290	37.4720	28.3020	20.5760	21.8200	26.9350	24.0810	23.3740
SD 756	24.7550	25.4610	23.7980	21.5150	21.6450	24.3790	19.8120	23.6980	23.2860	22.2710
SD 2134	7.2240	8.4240	7.3220	7.5360	25.8080	18.1620	18.0700	22.1450	18.6450	18.8850
SD 2168	18.5710	16.9340	17.1690	17.5590	16.3550	16.6160	8.5410	8.6990	7.3980	7.0170
SD 2886	7.4890	5.6680	4.7940	4.2550	3.4240	3.4560	3.2790	3.4200	3.7400	3.9350

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

TAX CAPACITY BY CLASSIFICATION  
LAST TEN FISCAL YEARS

Payable Year % of Total	Agriculture	Residential	Commercial	Industrial	Utilities	Personal Property	Tax Increment	Net Tax Capacity
2009 % of Total	10,740,600 38%	11,846,090 41%	2,763,828 10%	1,450,799 5%	646,626 2%	1,485,457 5%	(313,893) -1%	\$28,619,507
2010 % of Total	12,695,506 42%	11,739,137 38%	2,797,222 9%	1,482,667 5%	678,311 2%	1,551,388 5%	(169,698) -1%	\$30,774,533
2011 % of Total	13,848,537 42%	11,459,581 36%	2,797,456 9%	1,487,576 5%	958,197 3%	1,653,738 5%	(123,343) 0%	\$32,081,742
2012 % of Total	14,148,293 46%	9,378,519 30%	2,666,839 9%	1,406,420 5%	804,732 3%	2,028,290 7%	(114,763) 0%	\$30,318,330
2013 % of Total	16,412,219 51%	9,092,224 28%	2,663,690 8%	1,407,655 4%	839,959 3%	2,054,524 6%	(141,250) 0%	\$32,329,021
2014 % of Total	23,078,678 59%	8,758,029 22%	3,031,284 8%	1,696,880 4%	915,210 2%	2,279,255 6%	(224,141) -1%	\$39,535,195
2015 % of Total	24,711,441 60%	8,770,777 21%	3,001,570 7%	1,672,736 4%	884,410 2%	2,343,838 6%	(138,126) 0%	\$41,246,646
2016 % of Total	21,762,538 56%	8,856,814 23%	3,016,707 8%	1,622,741 4%	1,084,133 3%	2,557,017 7%	(118,829) 0%	\$38,781,121
2017 % of Total	20,785,418 54%	9,421,729 24%	3,039,218 8%	1,623,251 4%	1,167,647 3%	2,762,326 7%	(289,401) -1%	\$38,510,188
2018 % of Total	19,517,474 52%	9,575,479 26%	3,053,961 8%	1,640,243 4%	1,363,976 4%	2,351,610 6%	(310,491) -1%	\$37,192,252

Source: Freeborn County Auditor/Treasurer Abstract of Assessment of Real and Personal Property for 2017

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**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

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

	2009	2010	2011	2012
Market Valuation of Taxable Property (1)	\$ 2,940,869,100	\$ 3,183,480,900	\$ 3,330,918,200	\$ 3,415,799,900
Legal Debt Percentage Allowed (2)	3.00%	3.00%	3.00%	3.00%
Legal Debt Limit	88,226,073	95,504,427	99,927,546	102,473,997
Amount of Debt Applicable to Debt Limit				
General Obligation Debt	24,354,678	21,387,419	23,985,000	22,755,000
Less: Amount Available in Debt Service Funds	2,009,360	1,992,995	2,150,569	2,910,321
Total Debt Applicable to Limit	22,345,318	19,394,424	21,834,431	19,844,679
Unused Margin of Indebtedness	<u>\$ 65,880,755</u>	<u>\$ 76,110,003</u>	<u>\$ 78,093,115</u>	<u>\$ 82,629,318</u>
Percent of Legal Debt Incurred	27.60%	22.39%	24.00%	22.21%

(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

2013	2014	2015	2016	2017	2018
\$ 3,656,665,100	\$ 4,442,538,500	\$ 4,709,106,500	\$ 4,433,917,900	\$ 4,357,662,300	\$ 4,186,915,400
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
109,699,953	133,276,155	141,273,195	133,017,537	130,729,869	125,607,462
27,345,000	24,050,000	21,325,000	18,605,000	23,910,000	18,330,000
5,100,159	4,493,278	4,284,934	4,261,379	4,564,815	4,211,939
22,244,841	19,556,722	17,040,066	14,343,621	19,345,185	14,118,061
\$ 87,455,112	\$ 113,719,433	\$ 124,233,129	\$ 118,673,916	\$ 111,384,684	\$ 111,489,401
24.93%	18.05%	15.09%	13.99%	18.29%	14.59%

**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	Special Assessment Refunding Bonds
Governmental Activities:					
2009	\$ 7,470,000	\$ 141,508	\$ -	\$ 3,391,196	\$ 105,000
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	-

- (1) Presented net of original issuance discounts and premiums
- (2) Personal income is disclosed on page 163
- (3) United States Census Bureau
- (4) 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>				
\$ 13,349,678	\$ 24,457,382	2.23%	31,035	788
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%	30,446	814
-	12,565,389	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
2009	31,035	\$ 1,105,401,000	\$ 2,940,869,100	\$ 28,933,400	\$ 20,819,678	\$ 1,634,520
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	n/a	n/a	4,068,935,600	35,151,133	10,424,874	3,334,722

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 %
\$ 19,185,158	\$ 670.85	\$ 618.18	0.7	0.7	72.0	66.3	1.9	1.7
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	n/a	n/a	0.3	0.2	29.7	20.2	n/a	n/a

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**COMPUTATION OF UNDERLYING, OVERLAPPING, AND DIRECT DEBT  
DECEMBER, 31 2018**

	Net G.O. Debt Outstanding	Applicable to Freeborn County	
		Percent (1)	Amount
<b>Cities</b>			
City of Alden	\$ 1,160,062	100.0	\$ 1,160,062
City of Conger	550,139	100.0	550,139
City of Freeborn	1,112,264	100.0	1,112,264
City of Glenville	65,186	100.0	65,186
City of Hartland	1,465,688	100.0	1,465,688
City of Hayward	311,871	100.0	311,871
City of Manchester	98,000	100.0	98,000
City of Albert Lea	21,702,731	100.0	21,702,731
<b>Total Cities</b>	<u>26,465,941</u>		<u>26,465,941</u>
<b>Independent School Districts</b>			
No. 241	50,575,888	100.0	50,575,888
No. 242	9,540,000	99.3	9,473,220
No. 492	41,105,684	6.4	2,630,764
No. 497	5,535,000	13.8	763,830
No. 756	9,590,000	25.0	2,397,500
No. 2134	24,810,000	23.8	5,904,780
No. 2168	3,310,000	29.5	976,450
No. 2886	-	100.0	-
<b>Total Independent School Districts</b>	<u>144,466,572</u>		<u>72,722,432</u>
<b>Total Overlapping Debt</b>	170,932,513	-	99,188,373
<b>Freeborn County Direct Debt</b>	<u>12,120,000</u>	100.0	<u>12,120,000</u>
<b>Totals</b>	<u>\$ 183,052,513</u>		<u>\$ 111,308,373</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>
2009	\$ 4,200,600	\$ 7,519,400	\$ 3,818,100	\$ 15,538,100	\$ 536,000,000
2010	3,056,300	6,868,000	2,467,900	12,392,200	537,000,000
2011	4,811,700	8,105,800	987,300	13,904,800	563,000,000
2012	6,530,600	6,072,700	1,990,600	14,593,900	567,000,000
2013	5,602,500	5,461,500	5,512,600	16,576,600	587,000,000
2014	3,497,700	7,499,100	4,534,600	15,531,400	588,000,000
2015	3,759,500	6,359,300	2,580,800	12,699,600	590,000,000
2016	1,584,500	10,808,800	2,159,200	14,552,500	618,000,000
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

(1) Source: Freeborn County Assessor

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

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**COUNTY EMPLOYEES BY DEPARTMENT**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund</b>										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Courts	1.50	1.50	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration (1)	4.50	4.50	5.50	5.00	5.00	6.00	6.00	6.00	6.60	6.60
Auditor/Treasurer	7.50	8.00	8.50	8.50	10.00	8.50	7.00	6.00	8.00	8.00
Assessor	7.00	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00	7.00
Motor Vehicle	5.00	5.00	5.00	5.00	6.00	6.50	5.00	5.00	5.00	7.00
Information Technology (1)	4.50	4.00	4.00	5.00	5.00	5.00	6.00	6.00	5.00	5.00
Attorney	7.00	7.00	7.00	7.00	7.00	8.00	7.00	7.00	8.00	8.00
Recorder	5.00	5.00	5.00	5.00	6.00	5.00	5.00	5.00	5.00	5.00
Maintenance	7.00	7.50	6.50	7.00	6.50	7.50	6.50	6.50	8.00	8.00
Veterans Service	2.00	2.00	2.00	2.00	3.00	2.00	2.50	2.50	2.00	2.00
Medical Death Investigators	-	-	-	-	6.00	5.00	4.00	4.00	4.00	4.00
Coroner (2)	-	-	-	-	-	-	-	-	-	-
Sheriff (3)	31.50	34.00	35.00	33.50	33.50	26.50	23.00	21.00	26.00	26.00
Dispatch (4)	-	-	-	-	-	-	9.00	8.00	7.00	8.00
Boat and Water Safety	0.50	0.50	0.50	0.50	0.50	0.50	-	-	-	-
Transport Deputies (3)	-	-	-	-	-	6.00	3.00	8.00	8.00	8.00
Detention Center	42.00	45.00	41.00	38.00	36.00	38.00	33.00	35.00	40.00	37.00
Court Services	8.50	8.50	8.50	9.00	10.00	9.00	11.00	9.00	10.00	11.00
Emergency Management	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Public Health	22.00	23.00	23.00	26.00	25.50	26.00	25.00	24.00	31.00	33.00
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	7.50	9.00	7.50	7.50	7.50	9.00	6.00	6.00	6.00	6.00
<b>Total General Fund</b>	<b>169.00</b>	<b>179.00</b>	<b>174.50</b>	<b>175.50</b>	<b>182.50</b>	<b>183.50</b>	<b>174.00</b>	<b>174.00</b>	<b>194.60</b>	<b>197.60</b>
<b>Road and Bridge Fund</b>										
Road and Bridge	29.00	29.50	30.00	32.50	33.50	34.00	34.00	35.00	36.00	34.00
<b>Social Services Fund</b>										
Social Services	82.00	82.00	82.50	79.00	80.00	81.50	84.00	91.00	88.00	88.00
<b>Ditch Fund</b>										
Ditch	0.50	0.50	0.50	0.50	1.00	0.50	0.50	1.00	1.00	1.00
<b>Total Employees</b>	<b>280.50</b>	<b>291.00</b>	<b>287.50</b>	<b>287.50</b>	<b>297.00</b>	<b>299.50</b>	<b>292.50</b>	<b>301.00</b>	<b>319.60</b>	<b>320.60</b>

The above numbers represent full time employee equivalents

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

Source: Freeborn County Administration

(Unaudited)

**FREEBORN COUNTY  
ALBERT LEA, MINNESOTA**

**LABOR AGREEMENTS**

<b>Union</b>	<b>Number of Employees (1)</b>	<b>Contract Term</b>
American Federation of State, County and Municipal Employees, AFL-CIO Council 65, Local 1018A	81	1.1.18 - 12.31.18
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional Officers)	38	1.1.18 - 12.31.18
Minnesota Public Employees Association (Patrol Deputies)	11	1.1.18 - 12.31.18
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional sergeants)	4	1.1.18 - 12.31.18
Minnesota Public Employees' Association (Patrol Sergeants)	3	1.1.18 - 12.31.18
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Dispatch)	8	1.1.18 - 12.31.18
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Transport)	8	1.1.18 - 12.31.18
<b>Non Union</b>	167.6	
<b>Total</b>	320.60	

(1) As of 12-31-18 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	2018			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	7.2 %	1230	1	7.8 %
Albert Lea Area Schools	Education	712	2	5.1	480	2	3.1
Albert Lea Select Foods	Meat Processing	430	3	3.1	308	5	2.0
Freeborn County	Local Government	320	4	2.3	299	8	1.9
Innovance (Lou-Rich & Almco)	Metal Fabrication	306	5	2.2	385	3	2.5
St. John's Lutheran Home	Nursing Care Facilities	300	6	2.2	289	9	1.8
City of Albert Lea	Local Government	299	7	2.1	-	-	-
Wal-Mart	Retailer	243	8	1.7	-	-	-
Mrs. Gerry's	Meat Processing	224	9	1.6	-	-	-
Ventura Foods LLC	Food Processor	207	10	1.5	185	10	1.2
Schweigert Foods	Other Food Manufacturing	-	-	-	365	4	2.3
Good Samaritan Center	Outpatient Care Center	-	-	-	308	6	2.0
Streater Store Fixtures	Lumber & Other Const Materials Wholesaler	-	-	-	305	7	1.9
All Other Employees		<u>9,909</u>		<u>71.0</u>	<u>11,521</u>		<u>73.5</u>
Total Employees		<u>13,950</u>		<u>100.0 %</u>	<u>15,675</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)
2009	31,035	(0.5) %	13,374	(0.4) %	5,300,942	0.2 %
2010	31,255	0.7	13,177	(1.5)	5,303,925	0.1
2011	31,160	(0.3)	13,195	0.1	5,332,246	0.5
2012	31,027	(0.4)	13,179	(0.1)	5,368,972	0.7
2013	30,917	(0.4)	13,143	(0.3)	5,417,838	0.9
2014	30,831	(0.2)	13,123	(0.2)	5,489,594	1.3
2015	30,642	(0.6)	13,071	(0.4)	5,490,216	0.0
2016	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	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
2009	8.4 %	7.8 %	9.3 %	\$ 1,105,401,000	\$ 35,302	\$ 41,230	\$ 39,379
2010	7.7	7.3	9.6	1,151,565,000	36,897	42,572	40,144
2011	6.6	6.4	8.9	1,232,138,000	39,605	45,220	42,332
2012	5.8	5.5	8.1	1,273,548,000	40,998	47,377	44,200
2013	5.0	4.8	7.4	1,224,806,000	39,576	47,500	44,765
2014	4.2	4.0	6.2	1,245,146,000	40,374	48,711	46,129
2015	3.7	3.7	4.8	1,204,670,000	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	N/A	N/A	N/A	N/A

(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 NINE FISCAL YEARS**

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

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

N/A - No data available.

Source: Various County Departments

(unaudited)

FREEBORN COUNTY  
ALBERT LEA, MINNESOTA

CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government buildings	3	3	3	3	3	3	3	3	3	3
Highways:										
Miles	634	634	634	634	634	634	634	634	634	634
Buildings	9	9	9	9	9	9	10	10	10	10
Culture and Recreation:										
Parks acreage	256	256	256	256	256	256	256	256	256	256
Miles	-	-	-	-	-	-	13	13	13	13
County parks	4	4	4	4	4	4	4	4	4	4

Source: Freeborn County Highway and Administration Departments