



Freeborn County

Minnesota

Comprehensive Annual Financial Report
For the Year Ending December 31, 2017

FREEBORN COUNTY, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

Prepared by: Freeborn County Administration

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

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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INTRODUCTORY SECTION



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

507/377-5116
Fax 507/377-5109

Date: June 29, 2018

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, 2017. 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 have created a positive impact on the County is the Bent Tree Wind Farm development, which provides over a combined million dollars per year to the County and its citizens. Another great impact is the Bio-refining facilities in the area, which have provided stable job opportunities within Freeborn County.

MAJOR INITIATIVES

Recent Past Years

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

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

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

For the Future

Freeborn County sees the need to plan for the future as well as maintain a solid leadership role. In 2018, the County will begin the process of updating its dated policies to provide current and stable leadership to its employees. The County has also created a Strategic Planning committee to ensure the needs of its citizens will be met over the coming years.

FINANCIAL INFORMATION

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

SINGLE AUDIT

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

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

INTERNAL CONTROL

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

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

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

BUDGETARY CONTROL

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

REVENUE LIMITATIONS

Freeborn County has been and will continue to focus on the social, ecological and financial health of its communities. The County Board has done so through fiscal restraint, planning and execution of initiatives. The Freeborn County Board of Commissioners has held the levy increase in 2016 and 2017 by 1.99% and 2.99% respectively. Due to the overall tax capacity increase of the County, primarily due to the increased value of agriculture land, the share of County Program Aid issued by the State has been reduced over the past years. To account for this reduction, Freeborn County has carefully planned and executed spending reductions that have offset the reduced state program aid.

FINANCIAL POLICY

Fund balances of the County operating funds were maintained, in total, at an adequate level for operating reserve purposes for the subsequent year of 2018. Due to the property tax calendar in Minnesota, collections do not come in on an even basis. As a result, the County needs to maintain sufficient balances for cash flow purposes. Because GASB 54 has changed the way available funds for cash flow purposes are to be reported in the financial statements, a separate note has been included in notes to the financial statements (Note 9), describing the amounts necessary for cash flow purposes.

DEBT ADMINISTRATION

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

RISK MANAGEMENT

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

FIDUCIARY OPERATIONS

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

INDEPENDENT AUDIT

Minnesota State Law requires an annual audit of the books of 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, 2016. This was the third year that Freeborn County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable requirements

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

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

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

Respectfully submitted,


Timothy Patrick Paquin
Freeborn County Finance Manager


LaRae Cassens
Accounting Specialist, 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, 2016

Christopher P. Morill

Executive Director/CEO

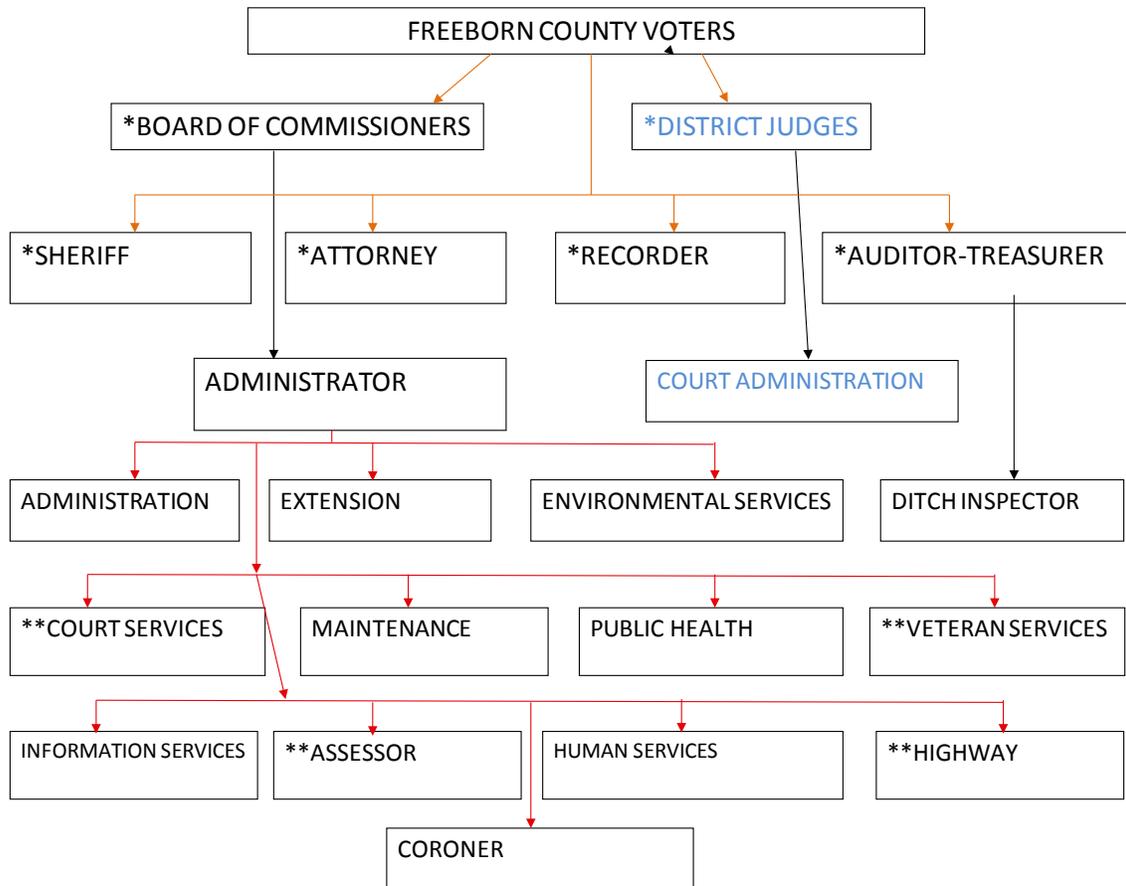
**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2017**

Office	Name	Term Expires
Board of County Commissioners		
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
County Officers		
Elected		
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
Appointed		
Administrator	Tom Jensen	Indefinite
Assessor	Ryan Rasmusson	Indefinite
County Engineer	Susan Miller	Indefinite
Court Services	Lyndon Stinson	Indefinite
Court Administrator	Kristine Maiers	Indefinite
Finance Manager	T. Pat Paquin	Indefinite
Veterans Service Officer	Ronald Reule	Indefinite

*Chair

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
ORGANIZATIONAL CHART
2017**



* 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, 2017, 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, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents 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 28, 2018, 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 28, 2018

REQUIRED SUPPLEMENTARY INFORMATION

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017.

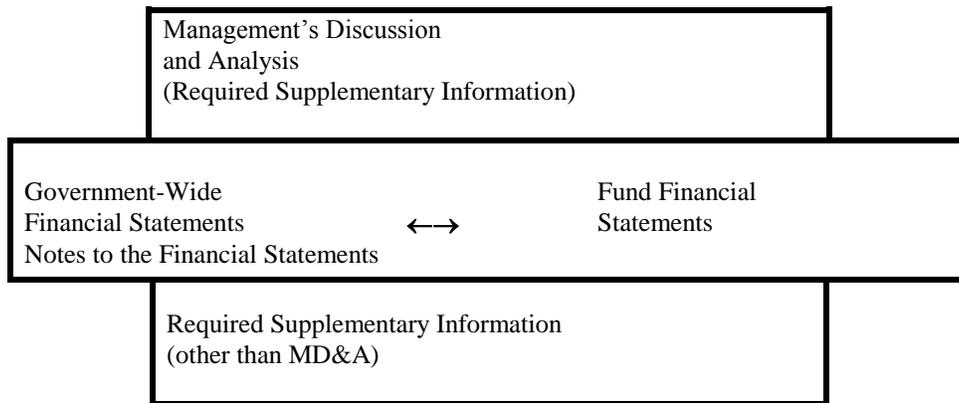
FINANCIAL HIGHLIGHTS

- At year-end 2017, Freeborn County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources by \$89.5 million (net position).
- Net position consisted of:
 - ✓ \$8.0 million, or 8.9% of total net position was *restricted* for specific purposes.
 - ✓ \$76.4 million, or 85.4% of net position, represented the County's *net investment in capital assets*.
 - ✓ \$5.1 million, or 5.7% of net position is *unrestricted* and is available to meet the County's obligations consistent with County policy and legislative intent and direction of the County Board.
- In 2017, the County's net position increased by \$3.6 million. This increase is due to an increase in net investment of capital assets of \$5.7 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 \$35.2 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.
 - ✓ \$1.4 million, or 3.8%, of total governmental fund balances are non-spendable and consist of advances to other funds, long-term loans/notes receivable, inventories, prepaid taxes and permanent endowments.
 - ✓ \$16.1 million, or 45.7% , of total governmental fund balances have been restricted for specific purposes such as construction of long-term assets and repayment of refunded bonds.
 - ✓ \$2.8 million, or 8%, of total governmental fund balances has been committed for certain necessary purposes and will be spent in future years.
 - ✓ \$9.2 million, or 26.2%, of total governmental fund balances has been assigned for certain necessary purposes and will be spent in future years.
 - ✓ \$5.7 million, or 16.3%, 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 \$11.6 million. The fund balance represents 53.2% 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 \$85,909,571 to \$89,469,157. 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	
	2017	2016
Assets		
Current and other assets	\$ 44.8	\$ 37.1
Capital assets	89.2	85.5
Total Assets	\$ 134.1	\$ 122.6
Deferred Outflows of Resources	\$ 8.1	\$ 13.9
Liabilities		
Long-term liabilities outstanding	\$ 44.0	\$ 46.1
Other liabilities	2.2	2.3
Total Liabilities	\$ 46.2	\$ 48.4
Deferred Inflows of Resources	\$ 6.5	\$ 2.2
Net Position		
Net investment in capital assets	\$ 76.4	\$ 70.6
Restricted	8.0	8.7
Unrestricted	5.1	6.6
Total Net Position	\$ 89.5	\$ 85.9

Net position of the County's governmental activities increased (\$89.5 million compared to \$85.9 million). Unrestricted net position--the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements--changed from a \$6.6 million surplus at December 31, 2016, to \$5.1 million at the end of this year (2017). Unrestricted net position decreased due to investments in capital assets.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities	
	2017	2016
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 8.0	\$ 7.7
Operating grants and contributions	15.6	14.6
Capital grants and contributions	4.1	1.1
General revenues		
Property taxes	21.3	20.9
Grants and contributions	2.0	1.7
Other general revenues	3.0	3.3
Total Revenues	<u>\$ 54.0</u>	<u>\$ 49.3</u>
Program Expenses		
General government	\$ 8.4	\$ 8.2
Public safety	10.7	10.3
Highways and streets	12.1	9.7
Sanitation	0.6	0.6
Human services	11.9	12.1
Health	2.5	2.4
Culture and recreation	0.4	0.3
Conservation of natural resources	3.3	2.3
Interest	0.5	0.6
Total Program Expenses	<u>\$ 50.4</u>	<u>\$ 46.5</u>
Change in Net Position	3.6	2.8
Net Position – January 1	<u>85.9</u>	<u>83.1</u>
Net Position at Year End	<u><u>\$ 89.5</u></u>	<u><u>\$ 85.9</u></u>

Governmental Activities

Revenues were \$54.0 million, and expenses were \$50.4 million for the County's governmental activities. This resulted in an increase of \$3.6 million to net position in the year ended December 31, 2017.

The amount that taxpayers ultimately financed for these activities through County taxes and other general sources was only \$26.3 million because some of the cost was paid by those who directly benefited from the programs (\$8.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$19.6 million). The County paid for the remaining "public benefit" portion of governmental activities with \$26.3 million in general revenues, primarily taxes including a highway sales tax of \$1.9 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)

	2017	
	Total Cost of Services	Net Cost of Services
Highway and streets	\$ 12.1	\$ 1.6
Human services	11.9	5.4
Public safety	10.7	6.2
General government	8.4	7.3
Conservation of natural resources	3.3	0.5
Health	2.5	0.8
All others	1.5	1.0
Total	<u>\$ 50.4</u>	<u>\$ 22.8</u>

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 2017:

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	\$ 12.6	\$ 4.8	\$ 5.8	\$ 1.7	\$ 3.5	\$ 0.3	\$ 28.7
Revenues and other financing sources	20.9	15.0	11.8	1.7	11.6	-	61.0
(Less) Expenditures and other financing uses	<u>(22.0)</u>	<u>(15.0)</u>	<u>(11.8)</u>	<u>(2.6)</u>	<u>(3.1)</u>	<u>-</u>	<u>(54.5)</u>
Ending Fund Balance	<u>\$ 11.5</u>	<u>\$ 4.8</u>	<u>\$ 5.8</u>	<u>\$ 0.8</u>	<u>\$ 12.0</u>	<u>\$ 0.3</u>	<u>\$ 35.2</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 \$1.1 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 did not change.
- Fund balances in the Social Services Fund are set aside for liabilities and other fund purposes. The fund balance did not change.
- Fund balances in the Ditch Fund are set aside for debt and repairs and maintenance of the individual ditches. The fund balance decreased by \$0.9 million. The decrease was primarily due to several more ditch projects.
- Fund balances in the Debt Service Fund are set aside for future principal and interest payments. The fund balance increased by \$8.5 million dollars to \$12.0 million. The increase was due to issuing refunding bonds to retire higher interest bonds in 2018.

General Fund Budgetary Highlights

The General Fund budget represents the original budget.

The original General Fund budgeted revenues were \$19.9 million. Actual revenues exceeded the original budget by \$0.8 million. Actual intergovernmental revenues exceeded the budgeted amount by \$0.5 million for County program aid and Minnesota competitive grant, charges for service public safety exceeded the original budget by \$0.4 million, due to an increase in ICE detainees throughout the year.

The original General Fund budgeted expenditures were \$19.9 million. Actual expenditures were over the original budget by \$1.9 million. Actual general government expenditures were over the original budget by \$0.4 million. Public safety expenditures were over the original budget by \$1.2 million primarily to the increased ICE detainees. There was higher than anticipated capital outlay of \$0.3 million due to unexpected equipment breakdown.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the County had \$89.2 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 3.7 million, or 4.3 percent, from last year. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

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

	Governmental Activities	
	2017	2016
Land	\$ 5.3	\$ 5.3
Land improvements	0.7	0.7
Work in progress	0.1	0.0
Buildings and improvements	21.7	22.6
Machinery, vehicles, furniture, and equipment	3.6	3.1
Infrastructure	57.8	53.8
Total	<u>\$ 89.2</u>	<u>\$ 85.5</u>

Debt

At year-end, the County had \$23.9 million in bonds and notes outstanding versus \$18.6 million last year, an increase of 5.3 percent, as shown in Table 6. This increase is due to \$8.1 million of refunding bonds to pay off debt in 2018.

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

	Governmental Activities	
	2017	2016
General obligation bonds	\$ 20.5	\$ 14.3
General obligation special assessment bonds	2.5	3.0
General obligation capital notes	0.9	1.3
Total	<u>\$ 23.9</u>	<u>\$ 18.6</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 2018 budget and tax rates.

- County General Fund expenditures for 2018 are budgeted to increase 6.96 percent over 2017.
- The combined budget for 2018 increased \$1,783,558 or 3.58 percent, over the 2017 budget.
- Property tax levies have increased 3.50 percent for 2018.

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.

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, 2017**

Assets

Cash and pooled investments	\$ 34,322,393
Petty cash and change funds	2,565
Taxes receivable	380,629
Special assessments receivable	
Prior	71,963
Noncurrent	2,812,689
Accounts receivable - net	1,645,255
Accrued interest receivable	24,879
Loans receivable	203,156
Due from other governments	5,143,768
Inventories	230,912
Capital assets	
Non-depreciable	6,056,954
Depreciable - net of accumulated depreciation	<u>83,175,114</u>
Total Assets	<u>\$ 134,070,277</u>

Deferred Outflows of Resources

Deferred pension outflows	<u>\$ 8,092,546</u>
---------------------------	----------------------------

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, 2017**

Liabilities

Accounts payable	\$	685,921
Salaries payable		801,967
Contracts payable		93,689
Due to other governments		198,403
Accrued interest payable		191,539
Unearned revenue		178,341
Long-term liabilities		
Due within one year		11,871,548
Due in more than one year		14,528,956
Net pension liability		17,607,377
		17,607,377
Total Liabilities	\$	<u>46,157,741</u>

Deferred Inflows of Resources

Taxes received for future years	\$	245,314
Deferred pension inflows		6,294,611
		6,294,611
Total Deferred Inflows of Resources	\$	<u>6,539,925</u>

Net Position

Net investment in capital assets	\$	76,357,232
Restricted for		
General government		527,291
Public safety		442,311
Highways and streets		1,204,813
Conservation of natural resources		1,004,486
Debt service		4,564,815
Economic development		68,879
Endowment - nonexpendable		202,839
Unrestricted		5,092,491
		5,092,491
Total Net Position	\$	<u>89,465,157</u>

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, 2017**

	<u>Program Revenues</u>			Net (Expense) Revenue and Changes in Net Position	
	<u>Expenses</u>	<u>Fees, Charges, Fines, and Other</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 8,400,796	\$ 944,287	\$ 128,353	\$ -	\$ (7,328,156)
Public safety	10,716,975	3,670,889	869,301	-	(6,176,785)
Highways and streets	12,125,094	170,664	6,747,665	3,579,484	(1,627,281)
Sanitation	587,424	430,754	-	-	(156,670)
Human services	11,879,425	914,573	5,610,581	-	(5,354,271)
Health	2,497,723	290,664	1,423,389	-	(783,670)
Culture and recreation	396,611	22,964	-	-	(373,647)
Conservation of natural resources	3,291,533	1,490,401	790,941	492,000	(518,191)
Economic development	25,000	-	-	-	(25,000)
Interest	438,249	-	-	-	(438,249)
Total Governmental Activities	<u>\$ 50,358,830</u>	<u>\$ 7,935,196</u>	<u>\$ 15,570,230</u>	<u>\$ 4,071,484</u>	<u>\$ (22,781,920)</u>
General Revenues					
Property taxes					\$ 21,267,774
Gravel taxes					56,619
Mortgage registry and deed tax					23,951
Wheelage taxes					300,843
Local sales taxes					551,702
Local highway sales tax					1,863,921
Payments in lieu of tax					35,247
Grants and contributions not restricted to specific programs					2,023,587
Unrestricted investment earnings					213,862
Total general revenues					<u>\$ 26,337,506</u>
Change in net position					\$ 3,555,586
Net Position - Beginning					<u>\$ 85,909,571</u>
Net Position - Ending					<u>\$ 89,465,157</u>

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, 2017**

	General	Road and Bridge
<u>Assets</u>		
Cash and pooled investments	\$ 9,495,433	\$ 4,408,698
Petty cash and change funds	2,515	-
Taxes receivable		
Prior	169,940	65,336
Special assessments		
Prior	42,839	-
Noncurrent	-	-
Accounts receivable - net	123,320	-
Accrued interest receivable	24,750	-
Loans receivable	203,156	-
Due from other funds	313,534	-
Due from other governments	797,666	2,858,214
Inventories	-	230,912
Prepays	-	-
Advances to other funds	1,729,412	-
	\$ 12,902,565	\$ 7,563,160

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

EXHIBIT 3
(Continued)

<u>Special Revenue Funds</u>					
<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	
\$ 6,089,173	\$ 2,018,573	\$ 12,038,586	\$ 271,930	\$ 34,322,393	
50	-	-	-	2,565	
95,019	-	50,334	-	380,629	
-	26,252	2,872	-	71,963	
-	1,779,023	1,033,666	-	2,812,689	
777,473	-	-	-	900,793	
-	-	-	129	24,879	
-	-	-	-	203,156	
-	-	-	-	313,534	
981,641	506,247	-	-	5,143,768	
-	-	-	-	230,912	
-	-	-	-	-	
-	-	-	-	1,729,412	
\$ 7,943,356	\$ 4,330,095	\$ 13,125,458	\$ 272,059	\$ 46,136,693	

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	General	Road and Bridge
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 266,315	\$ 59,781
Salaries payable	497,739	84,691
Contracts payable	-	93,689
Due to other funds	-	-
Due to other governments	41,721	-
Unearned revenue	-	-
Advances from other funds	-	-
	\$ 805,775	\$ 238,161
Deferred Inflows of Resources		
Taxes received for future years	\$ 117,176	\$ 38,528
Unavailable revenue	390,098	2,489,184
	\$ 507,274	\$ 2,527,712
Fund Balances		
Nonspendable		
Advances to other funds	\$ 765,180	\$ -
Long-term loans/notes receivable	170,745	-
Inventories	-	230,912
Endowment permanent	-	-
Restricted for		
Law library	81,688	-
Recorder's equipment	273,792	-
E-911	434,383	-
Attorney's forfeited property	36,650	-
Sheriff's forfeited property	7,928	-
Highway construction projects	-	1,133,844
Gravel pit postclosure	70,969	-
Ditch maintenance and repairs	-	-
Future revolving loans	-	-
Debt service	-	-
Aquatic invasive species	135,161	-
Committed		
Individual sewage treatment system	267,483	-
Capital equipment	2,549,644	-
Assigned		
Road and bridge	-	3,432,531
Social services	-	-
Unassigned	6,795,893	-
	11,589,516	4,797,287
Total Fund Balances	11,589,516	4,797,287
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 12,902,565	\$ 7,563,160

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)

<u>Special Revenue Funds</u>					
<u>Social Services</u>	<u>Ditch</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>	
\$ 280,264	\$ 79,561	\$ -	\$ -	\$ 685,921	
215,527	4,010	-	-	801,967	
-	-	-	-	93,689	
313,534	-	-	-	313,534	
148,991	7,350	-	341	198,403	
-	178,341	-	-	178,341	
-	984,950	-	-	984,950	
\$ 958,316	\$ 1,254,212	\$ -	\$ 341	\$ 3,256,805	
\$ 59,082	\$ -	\$ 30,528	\$ -	\$ 245,314	
1,130,737	2,311,522	1,073,106	-	7,394,647	
\$ 1,189,819	\$ 2,311,522	\$ 1,103,634	\$ -	\$ 7,639,961	
\$ -	\$ -	\$ -	\$ -	\$ 765,180	
-	-	-	-	170,745	
-	-	-	-	230,912	
-	-	-	202,839	202,839	
-	-	-	-	81,688	
-	-	-	-	273,792	
-	-	-	-	434,383	
-	-	-	-	36,650	
-	-	-	-	7,928	
-	-	-	-	1,133,844	
-	-	-	-	70,969	
-	1,004,486	-	-	1,004,486	
-	-	-	68,879	68,879	
-	817,991	12,021,824	-	12,839,815	
-	-	-	-	135,161	
-	-	-	-	267,483	
-	-	-	-	2,549,644	
-	-	-	-	3,432,531	
5,795,221	-	-	-	5,795,221	
-	(1,058,116)	-	-	5,737,777	
5,795,221	764,361	12,021,824	271,718	35,239,927	
\$ 7,943,356	\$ 4,330,095	\$ 13,125,458	\$ 272,059		
				89,232,068	
				8,092,546	
				(44,199,420)	
				(6,294,611)	
				7,394,647	
				\$ 89,465,157	

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, 2017**

	General	Road and Bridge
Revenues		
Taxes	\$ 10,385,807	\$ 5,598,146
Special assessments	419,420	-
Licenses and permits	93,076	10,273
Intergovernmental	4,584,015	9,128,072
Charges for services	4,167,833	34,689
Fines and forfeits	30,170	-
Gifts and contributions	36,668	-
Investment earnings	214,219	-
Miscellaneous	703,168	132,099
	\$ 20,634,376	\$ 14,903,279
Expenditures		
Current		
General government	\$ 7,247,743	\$ -
Public safety	8,983,268	-
Highways and streets	7,792	14,290,716
Sanitation	568,068	-
Human services	-	-
Health	2,367,095	-
Culture and recreation	396,611	-
Conservation of natural resources	908,411	-
Economic development	25,000	-
Intergovernmental		
Highways and streets	-	360,068
Capital outlay	1,300,387	242,028
Debt service		
Principal	-	-
Interest	-	-
Bond issuance costs	-	-
Administrative (fiscal) charges	-	-
	\$ 21,804,375	\$ 14,892,812
Excess of Revenues Over (Under) Expenditures	\$ (1,169,999)	\$ 10,467
Other Financing Sources (Uses)		
Transfers in	\$ 313,534	\$ -
Transfers out	(200,000)	-
Bonds issued	-	-
Premium on bonds/notes issued	-	-
	\$ 113,534	\$ -
Net Change in Fund Balance	\$ (1,056,465)	\$ 10,467
Fund Balance - January 1	12,645,981	4,827,182
Increase (decrease) in inventories	-	(40,362)
Fund Balance - December 31	\$ 11,589,516	\$ 4,797,287

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

EXHIBIT 4

Social Services	Ditch	Debt Service	Nonmajor Funds	Total
\$ 5,343,035	\$ -	\$ 2,748,519	\$ -	\$ 24,075,507
-	1,468,868	158,542	-	2,046,830
-	-	-	-	103,349
5,795,139	260,269	-	-	19,767,495
639,019	-	-	-	4,841,541
2,159	-	-	-	32,329
714	-	-	-	37,382
-	-	-	341	214,560
254,345	15,317	-	-	1,104,929
\$ 12,034,411	\$ 1,744,454	\$ 2,907,061	\$ 341	\$ 52,223,922
\$ -	\$ -	\$ -	\$ -	\$ 7,247,743
264,224	-	-	-	9,247,492
-	-	-	-	14,298,508
-	-	-	-	568,068
11,467,816	-	-	-	11,467,816
-	-	-	-	2,367,095
-	-	-	-	396,611
-	2,348,973	-	341	3,257,725
-	-	-	-	25,000
-	-	-	-	360,068
-	-	-	-	1,542,415
-	276,060	2,493,940	-	2,770,000
-	34,153	506,271	-	540,424
-	-	67,002	-	67,002
-	1,116	5,309	-	6,425
\$ 11,732,040	\$ 2,660,302	\$ 3,072,522	\$ 341	\$ 54,162,392
\$ 302,371	\$ (915,848)	\$ (165,461)	\$ -	\$ (1,938,470)
\$ -	\$ -	\$ 200,000	\$ -	\$ 513,534
(313,534)	-	-	-	(513,534)
-	\$ -	8,075,000	-	8,075,000
-	-	450,729	-	450,729
\$ (313,534)	\$ -	\$ 8,725,729	\$ -	\$ 8,525,729
\$ (11,163)	\$ (915,848)	\$ 8,560,268	\$ -	\$ 6,587,259
5,806,384	1,680,209	3,461,556	271,718	28,693,030
-	-	-	-	(40,362)
\$ 5,795,221	\$ 764,361	\$ 12,021,824	\$ 271,718	\$ 35,239,927

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, 2017**

Net change in fund balances - total governmental funds (Exhibit 4) \$ 6,587,259

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	\$ 7,394,647	
Unavailable revenue - January 1	<u>(6,447,747)</u>	946,900

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	\$ 5,981,537	
Donated Assets	492,000	
Net book value of assets disposed	592,996	
Current year depreciation	<u>(3,289,174)</u>	3,777,359

Debt issuance proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

General obligation bonds issued	\$ (8,075,000)	
Premium on bonds issued	<u>(450,729)</u>	(8,525,729)

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

Principal repayments		
General obligation bonds	\$ 1,910,000	
Special assessment general obligation bonds	450,000	
Capital notes	<u>410,000</u>	2,770,000

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	\$ 102,867	
Change in net pension liability	7,833,620	
Change in compensated absences	(60,889)	
Amortization of discounts/premiums	72,735	
Change in deferred outflows of resources	(5,802,298)	
Change in deferred inflows of resources	(4,105,876)	
Change in inventories	<u>(40,362)</u>	<u>(2,000,203)</u>

Change in Net Position of Governmental Activities (Exhibit 2) \$ 3,555,586

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, 2017**

	Private-Purpose Trust	Agency Funds
<u>Assets</u>		
Cash and pooled investments	\$ 10,055	\$ 1,233,603
Accounts receivable	-	695,022
Accrued interest receivable	1	-
Due from other governments	-	501
	\$ 10,056	\$ 1,929,126
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 24,707
Due to other governments	-	1,159,456
Advance from governmental funds	-	765,180
	\$ -	\$ 1,949,343
<u>Net Position</u>		
Net position, held in trust for other purposes	\$ 10,056	

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, 2017**

	<u>Private-Purpose Trust</u>
<u>Additions</u>	
Investment earnings	\$ 57
Total Additions	\$ 57
<u>Deductions</u>	
Payments in accordance with trust agreements	\$ 500
Total Deductions	\$ 500
Change in Net Position	\$ (443)
Net Position - January 1	10,499
Net Position - December 31	\$ 10,056

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017. 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 2017.

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

Joint Ventures

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

B. Basic Financial Statements

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

Agency funds 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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017. 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 2017 were \$213,862.

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

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

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

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

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

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

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

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

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

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

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

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

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

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

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

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, and deferred inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

The details of this \$43,203,906 difference are as follows:

G.O. bonds payable	\$ 20,530,000
Plus: Issuance premium (to be amortized over life of debt)	870,566
G.O. notes payable	865,000
G. O. special assessments debt payable	2,515,000
Plus: Issuance premium (to be amortized over life of debt)	6,555
Minus: Issuance discount (to be amortized over life of debt)	(17,572)
Accrued interest payable	191,539
Net pension obligation	17,607,377
Compensated absences	<u>1,630,955</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$ 44,199,420</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

Excess of Expenditures Over Budget

For the year ended December 31, 2017, 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, 10 ditches had fund deficits.

Account balances	\$ 1,822,477
Account deficits	<u>(1,058,116)</u>
Fund Balance - Modified Accrual Basis	<u>\$ 764,361</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. CASH, DEPOSITS, AND INVESTMENTS

Deposits

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

Governmental activities	
Cash and pooled investments	\$ 34,324,958
Petty cash and change funds	2,565
Fiduciary funds	
Cash and pooled investments	
Private-Purpose Trust Fund	10,055
Agency funds	<u>1,233,603</u>
 Total Cash and Investments	 <u><u>\$ 35,568,616</u></u>

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

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

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk other than complying with the requirements of Minnesota statutes. As of December 31, 2017, 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)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
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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, 2017, 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, 2017, 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					
First Niagra Bk	N/A	N/A	<5%	08-Jan-18	\$ 244,997
Safra National Bk of New York Pri	N/A	N/A	<5%	01-Feb-18	244,940
Bank India New York BRH	N/A	N/A	<5%	07-Feb-18	244,928
Midland States Bank	N/A	N/A	<5%	26-Feb-18	245,070
Capital BK Little Rock	N/A	N/A	<5%	14-Mar-18	245,079
First Bank NC	N/A	N/A	<5%	29-Mar-18	244,666
ESSA BK & TR Stroudsburg PA	N/A	N/A	<5%	30-Apr-18	244,600
BMW Bank	N/A	N/A	<5%	09-Aug-18	245,561
GE capital Retail Bank	N/A	N/A	<5%	09-Aug-18	245,441
Compass Bank Birmingham	N/A	N/A	<5%	28-Aug-18	245,538
First Gen Bk Rowland Heights	N/A	N/A	<5%	28-Sep-18	245,193
Third Federal Savings	N/A	N/A	<5%	22-Oct-18	245,417
Bank Baroda NY	N/A	N/A	<5%	23-Nov-18	245,675
Continental Bank	N/A	N/A	<5%	17-Jan-19	243,724
Lake Sunapee Bank	N/A	N/A	<5%	22-Jan-19	245,352
Farm Bur Bank	N/A	N/A	<5%	04-Feb-19	244,882
Webster Bank	N/A	N/A	<5%	12-Feb-19	245,351
Brown County State Bank	N/A	N/A	<5%	14-Feb-19	244,120
Ally Bank	N/A	N/A	<5%	19-Feb-19	242,941
Primesouth Bank	N/A	N/A	<5%	21-Feb-19	245,315
Signature Bank of Arkansas	N/A	N/A	<5%	26-Feb-19	245,308
Communityone Bk	N/A	N/A	<5%	18-Jun-19	245,441
Barclays Bank	N/A	N/A	<5%	23-Jul-19	245,366

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American Exp Bk	N/A	N/A	<5%	24-Jul-19	\$	245,081
Connectone Bk	N/A	N/A	<5%	13-Aug-19		245,357
Peoples United Bk	N/A	N/A	<5%	27-Aug-19		245,282
Discover Bk	N/A	N/A	<5%	08-Oct-19		245,846
Cedar Rapids Bk & Tr Co IA	N/A	N/A	<5%	30-Oct-19		245,768
American Express Centur	N/A	N/A	<5%	29-Nov-19		244,870
GE Capital Bank Primary	N/A	N/A	<5%	19-Dec-19		245,400
Eagle Bank & Trust Co Prim	N/A	N/A	<5%	13-Jan-20		242,945
Home Federal Bank LA	N/A	N/A	<5%	23-Jan-20		240,660
Virginia Partners Bank	N/A	N/A	<5%	27-Jan-20		240,435
Bankliberty 28 MO Primary	N/A	N/A	<5%	28-Jan-20		243,117
Enerbank USA Salt Lake Cty	N/A	N/A	<5%	29-Jan-20		243,362
Washington Trst	N/A	N/A	<5%	04-Feb-20		244,811
EVB/Tappahannock VA	N/A	N/A	<5%	28-Feb-20		245,719
American Chartered Bank	N/A	N/A	<5%	13-Mar-20		245,433
Investors Community Bank	N/A	N/A	<5%	14-Apr-20		245,864
Bridgewater Bank	N/A	N/A	<5%	15-May-20		241,430
Capital One Natl Assn VA	N/A	N/A	<5%	30-Sep-20		245,695
JP Morgan Chase Bk	N/A	N/A	<5%	07-Oct-20		242,068
HSBC BK USA NA	N/A	N/A	<5%	17-Nov-20		245,016
Lea Cnty St Bk Hobbs N Mex	N/A	N/A	<5%	23-Dec-20		241,948
Legends Bk Clarksville Tenn	N/A	N/A	<5%	30-Dec-20		245,177
Wells Fargo Bank NA Primary	N/A	N/A	<5%	31-Dec-20		245,492
MB Financial Bank	N/A	N/A	<5%	15-Jan-21		246,172
Summit Community Bank	N/A	N/A	<5%	15-Jan-21		246,172
Unison Bank	N/A	N/A	<5%	15-Jan-21		246,172
First Business Bk Madison WI	N/A	N/A	<5%	21-Jan-21		242,180
Lakeside Bank Primary	N/A	N/A	<5%	22-Jan-21		242,897
Clearfield Bank & Trust	N/A	N/A	<5%	27-Jan-21		242,805
LCA BK Corp PK City Utah	N/A	N/A	<5%	27-Jan-21		242,517
Freedom Finl Bk	N/A	N/A	<5%	28-Jan-21		243,520
Alpine Bank & Trust Co.	N/A	N/A	<5%	29-Jan-21		242,135
Franklin Synergy Bk Franklin Prim	N/A	N/A	<5%	29-Jan-21		242,501
M Y Safra BK FSB New York N Y	N/A	N/A	<5%	08-Feb-21		241,737
Bank New Eng Salem	N/A	N/A	<5%	21-Apr-21		238,274
Capital One Bank USA	N/A	N/A	<5%	14-Sep-21		238,129
Carroll County Trust Co.	N/A	N/A	<5%	21-Jan-22		237,822

Total negotiable certificates of deposit

\$ 14,644,714

**FREEBORN COUNTY
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Mutual funds					
Magic					\$ 14,545,358
Wells Fargo Advantage Heritage Fund	Aaa	Moody's	N/A	N/A	1,148,473
CCF Bank	Aaa	Moody's	N/A	N/A	<u>50,000</u>
					<u>\$ 15,743,831</u>
Total investments					<u>\$ 30,388,545</u>
Deposits					\$ 5,177,506
Petty cash					<u>2,565</u>
Total Cash and Investments					<u>\$ 35,568,616</u>
N/A - Not applicable					

FREEBORN COUNTY
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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, 2017, the Freeborn County had the following recurring fair value measurements.

	Fair Value Measurements Using			
	December 31, 2017	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	\$ 14,644,714	\$ -	\$ 14,644,714	\$ -
Total Investments included in the Fair value hierarchy	\$ 14,644,714	\$ -	\$ 14,644,714	\$ -
Investments at Amortized Cost				
MAGIC Portfolio Money Market Fund	\$ 3,538,833			
Wells Fargo Advantage Heritage Fund Money Market	1,148,773			
Citizens Community Federal Bank Money Market	50,000			
Total Investments at Amortized Cost	\$ 4,737,606			
Investments measured at Net Asset Value (NAV)				
MAGIC Term Investment external investment pool	\$ 11,006,525			
Total investments	\$ 30,388,845			
Cash and Cash equivalents	5,179,771			
Total Cash and Investments	\$ 35,568,616			

**FREEBORN COUNTY
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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.

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

Receivables

Receivables as of December 31, 2017, 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	\$ 380,629	\$ -	\$ 380,629	\$ -
Special assessments	2,884,653	-	2,884,653	2,838,941
Accounts	1,657,424	(756,631)	900,793	593,513
Accrued interest	24,879	-	24,879	-
Loans	203,156	-	203,156	170,745
Due from other governments	5,143,768	-	5,143,768	-
Total Governmental Activities	\$ 10,380,439	\$ (756,631)	\$ 9,623,808	\$ 3,603,199

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 37 individual loans ranging from a low of \$2,602 to a high of \$17,200 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	\$ 164,769	\$ 225,329	\$ 117,176
Road and Bridge Fund	48,081	2,441,103	38,528
Social Services Fund	68,428	1,062,309	59,082
Ditch Fund	1,805,275	506,247	178,341
Debt Service Fund	1,073,106	-	30,528
Total	\$ 3,159,659	\$ 4,234,988	\$ 423,655

**FREEBORN COUNTY
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6. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2017, 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	-	96,179
Total capital assets not depreciated	\$ 5,960,775	\$ 96,179	\$ -	\$ 6,056,954
Capital assets depreciated				
Buildings and improvements	\$ 32,777,659	\$ -	\$ -	\$ 32,777,659
Other land improvements	219,874	57,875	57,875	219,874
Machinery, furniture, and equipment	7,810,165	1,400,682	669,488	8,541,359
Infrastructure – sewer	1,293,479	492,000	-	1,785,479
Infrastructure – highway	103,538,088	4,439,122	2,767,609	105,209,601
Total capital assets depreciated	\$ 145,639,265	\$ 6,389,679	\$ 3,494,972	\$ 148,533,972
Less: accumulated depreciation for				
Buildings and improvements	\$ 10,379,867	\$ 802,295	\$ -	\$ 11,182,162
Other land improvements	59,425	10,627	28,676	41,376
Machinery, furniture, and equipment	4,719,736	921,704	687,887	4,953,553
Infrastructure – sewer	294,080	34,446	-	328,526
Infrastructure – highway	50,692,223	1,520,102	3,359,084	48,853,241
Total accumulated depreciation	\$ 66,145,331	\$ 3,289,174	\$ 4,075,647	\$ 65,358,858
Total capital assets depreciated, net	\$ 79,493,934	\$ 3,100,505	\$ (580,675)	\$ 83,175,114
Capital Assets, Net	\$ 85,454,709	\$ 3,196,684	\$ (580,675)	\$ 89,232,068

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 879,116
Public safety	88,763
Highways and streets, including depreciation of infrastructure assets	2,278,313
Human Services	25,360
Sanitation	14,984
Conservation of natural resources	1,638
Total Depreciation Expense - Governmental Activities	\$ 3,289,174

**FREEBORN COUNTY
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7. INTERFUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of December 31, 2017, is as follows:

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

Receivable Fund	Payable Fund	Description	Amount
General Fund	Social Services Special Revenue Fund	Excess fund balance	\$ 313,534

Advances From/To Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Ditch Special Revenue Fund	984,950
	Supplemental Insurance Agency Fund	40,000
	Insurance Agency Fund	185,000
	Payroll Clearing Agency Fund	20,718
	Turtle Creek Watershed Agency Fund	519,462
Total Advances To/From Other Funds		<u>\$ 1,750,130</u>

Advances were made to cover shortfalls/timing differences between payments and receipts. \$679,529 is expected to be long term. The rest, \$1,070,601, is expected to be collected within the year.

**FREEBORN COUNTY
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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, 2017
2010A G.O. Waste Disposal Bonds	2018	\$40,000 - \$210,000	3.75 - 5.25	\$ 525,000	\$ 210,000
2011A G.O. Refunding Bonds	2018	\$480,000 - \$3,580,000	3.00 - 4.00	6,120,000	3,580,000
2011B G.O. Refunding Bonds	2018	\$375,000 - \$2,815,000	3.00 - 4.00	4,800,000	2,815,000
2011C G.O. Refunding Bonds	2018	\$470,000 - \$3,595,000	3.00	6,200,000	3,595,000
2013B G.O. Capital Improvement Bonds	2023	\$335,000 - \$395,000	3.00	3,300,000	2,255,000
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	2,315,000	2,315,000
Total General Obligation Bonds				<u>\$ 29,020,000</u>	<u>\$ 20,530,000</u>
2010B G.O. Radio Capital Notes	2019	\$370,000 - \$440,000	2.00 - 3.75	\$ 3,575,000	\$ 865,000
Ditch Series 2009 G.O. Special Assessment Bonds	2018	\$85,000 - \$450,000	1.70 - 3.75	\$ 1,060,000	\$ 450,000
Watershed Series 2013A G.O. Special Assessment Bonds	2028	\$145,000 - \$165,000	0.30 - 2.30	2,400,000	1,760,000
Ditch Series 2013C G.O. Special Assessment Refunding Bonds	2019	\$110,000 - \$275,000	2.00	980,000	305,000
Total G.O. Special Assessment Bonds				<u>\$ 4,440,000</u>	<u>\$ 2,515,000</u>

Debt service requirements at December 31, 2017, were as follows:

Year Ending December 31	General Obligation Bonds		Special Assessment Ditch Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 10,560,000	\$ 404,195	\$ 805,000	\$ 46,650
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 - 2027	2,110,000	31,650	800,000	58,920
2028	-	-	160,000	1,840
Total	<u>\$ 20,530,000</u>	<u>\$ 1,193,745</u>	<u>\$ 2,515,000</u>	<u>\$ 203,870</u>

**FREEBORN COUNTY
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Year Ending December 31	General Obligation Capital Notes	
	Principal	Interest
2018	\$ 425,000	\$ 28,131
2019	440,000	14,850
Total	\$ 865,000	\$ 42,981

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 14,365,000	\$ 8,075,000	\$ 1,910,000	\$ 20,530,000	\$ 10,560,000
Special assessment G.O. bond	2,965,000	-	450,000	2,515,000	805,000
Premiums	501,110	450,729	74,718	877,121	-
Less: discounts	(19,555)	-	(1,983)	(17,572)	-
Total bonds payable	\$ 17,811,555	\$ 8,525,729	\$ 2,432,735	\$ 23,904,549	\$ 11,365,000
Capital notes payable	1,275,000	-	410,000	865,000	425,000
Compensated absences	1,570,066	1,727,790	1,666,901	1,630,955	81,548
Long-Term Liabilities	\$ 20,656,621	\$ 10,253,519	\$ 4,509,636	\$ 26,400,504	\$ 11,871,548

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 Human Service Fund.

There were refunding bonds issued in October of 2017. The new bonds are Series 2017A, and 2017B. The proceeds will be used to retire the three refunding 2011 refunding bonds used to retire the three 2002 bonds used to build the new jail and courthouse complex. This will result in a Net Present Value interest savings of \$407,461. The final payments on the 2011 Refunding Bonds will be made in February 2018.

**FREEBORN COUNTY
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NOTES TO THE FINANCIAL STATEMENTS
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9. FUND BALANCES

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

General Fund	\$6,795,893
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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.

**FREEBORN COUNTY
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10. POST-EMPLOYMENT BENEFITS

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, 2015, 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, 2015, 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.

**FREEBORN COUNTY
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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 2017. Public Employees Police and Fire Fund members were required to contribute 10.80 percent of their annual covered salary in 2017. Public Employees Correctional Fund members were required to contribute 5.83 percent of their annual covered salary in 2017.

In 2017, 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, 2017, to the pension plans were:

General Employees Retirement Fund	\$ 981,012
Public Employees Police and Fire Fund	279,030
Public Employees Correctional Fund	176,923
Total Contributions	\$ <u>1,436,965</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, 2017, the County reported a liability of \$12,723,180 for its proportionate share of the General Employees Retirement Fund's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the County's proportion was .1993 percent. It was .1951 percent measured as of June 30, 2016. The County recognized pension expense of \$1,336,574 for its proportionate share of the General Employees Retirement Fund's pension expense.

The County also recognized \$159,980 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$6 million to the General Employees Retirement Plan each year, starting September 15, 2016, through September 15, 2031.

County's proportionate share of the net pension liability	\$ 12,723,180
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>159,980</u>
Total	<u><u>\$ 12,883,160</u></u>

**FREEBORN COUNTY
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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	\$ 419,317	\$ 797,432
Difference between projected and actual investment earnings	24,124	-
Changes in actuarial assumptions	2,067,810	1,275,501
Changes in proportion	369,779	78,684
Contributions paid to PERA subsequent to the measurement date	<u>489,405</u>	<u>-</u>
Total	<u>\$ 3,370,435</u>	<u>\$ 2,151,617</u>

A total of \$489,405 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, 2018. 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>
2018	\$ 596,358
2019	841,131
2020	(168,004)
2021	<u>(540,073)</u>
Total	<u>\$ 729,412</u>

**FREEBORN COUNTY
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Public Employees Police and Fire Fund

At December 31, 2017, the County reported a liability of \$2,119,687 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, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2017, the County’s proportion was .1570 percent. It was .1500 percent measured as of June 30, 2016. The County recognized pension expense of \$ 763,278 for its proportionate share of the Public Employees Police and Fire Fund’s pension expense.

The County also recognized \$13,500 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute \$9 million to the Public Employees Police and Fire Fund each year, starting in fiscal year 2015, 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	\$ 48,791	\$ 535,882
Difference between projected and actual investment earnings	-	7,124
Changes in actuarial assumptions	2,650,350	3,009,429
Changes in proportion	271,976	21,601
Contributions paid to PERA subsequent to the measurement date	<u>141,421</u>	<u>-</u>
Total	<u>\$ 3,112,538</u>	<u>\$ 3,574,036</u>

**FREEBORN COUNTY
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A total of \$141,421 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, 2018. 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
2018	\$ 49,818
2019	49,818
2020	(7,549)
2021	(135,301)
2022	(545,305)
Total	\$ (588,518)

**FREEBORN COUNTY
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Public Employees Correctional Fund

At December 31, 2017, the County reported a liability of \$2,764,510 for its proportionate share of the Public Employees Correctional Fund’s net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA’s participating employers. On June 30, 2017, the County’s proportion was .9700 percent. It was .9800 percent measured as of June 30, 2016. The County recognized pension expense of \$849,450 for its proportionate share of the Public Employees Correctional Fund’s pension expense.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 2,102	\$ 44,717
Difference between projected and actual investment earnings	-	14,681
Changes in actuarial assumptions	1,520,627	481,217
Changes in proportion	772	28,343
Contributions paid to PERA subsequent to the measurement date	<u>86,072</u>	<u>-</u>
Total	<u>\$ 1,609,573</u>	<u>\$ 568,958</u>

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A total of \$86,072 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, 2018. 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
2018	\$ 594,661
2019	614,747
2020	(178,143)
2021	(76,955)
Total	\$ 954,310

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Total Pension Expense

The County's reported aggregate share related to all three plans in 2017 is shown below.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 470,210	\$ 1,378,031
Difference between projected and actual investment earnings	24,125	21,805
Changes in actuarial assumptions	6,238,785	4,766,147
Changes in proportion	642,528	128,628
Contributions paid to PERA subsequent to the measurement date	716,898	-
Total	<u>\$ 8,092,546</u>	<u>\$ 6,294,611</u>

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2018	\$ 1,240,837
2019	1,505,696
2020	(353,696)
2021	(752,329)
2022	(545,305)
Total	<u>\$ 1,095,204</u>

Total pension expense for all plans recognized by the County for the year ended December 31, 2017, was \$2,949,535

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Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%	per	year
Active Member Payroll Growth	3.25%	per	year
Investment Rate of Return	7.50%	per	year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be one percent per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5 percent thereafter for both plans, and 2.5 percent for all years for the Correctional Plan.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- 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, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Police and Fire Fund

- 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.

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

Correctional Fund

- 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.

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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	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	.75%
Alternative Assets	20%	5.90%
Cash	<u>2%</u>	0.0%
Total	100%	

A. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. 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 and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2061. Beginning in fiscal year ended June 30, 2062, when projected benefit payments exceed the fund's projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 3.56% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.96% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 3.56% after.

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B. 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)

	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Lower	6.50%	\$19,734,598	6.50%	\$3,991,989	4.96%	\$4,555,566
Current						
Discount	7.50%	12,723,180	7.50%	2,1119,687	5.96%	2,764,510
Rate						
1% Higher	8.50%	6,983,061	8.50%	573,998	6.96%	1,366,565

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.

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

**FREEBORN COUNTY
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Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the Freeborn County during the year ended December 31, 2017, were:

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

Other Postemployment Benefits (OPEB)

The County provides health insurance benefits for qualifying retired employees under a single-employer self-insured plan, financed and administered by Freeborn County and the Southeast Service Cooperative. Blue Cross and Blue Shield of Minnesota (BCBSM), under contract with Southeast Service Cooperative, is the claims administrator. The County provides benefits for retirees as required by Minn. Stat. § 471.61, subd. 2b. Active employees, who retire from the County when eligible to receive a retirement benefit from PERA (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County’s health benefits program. Retirees are required to pay 100 percent of the total group rate. Retirees hired prior to April 7, 1987, are entitled to a fixed County contribution of \$113.02 per month. This benefit can be used only with the County insurance plan. The premium is based on a Medicare Supplement rate determined on retiree population for all retirees 65 and older. As of January 1, 2008, there were 61 retirees receiving Medicare Supplements health benefits from the County’s health plan. There were 6 retirees rated with the active employee plan. The County’s health insurance plan is a defined contribution plan.

As of the year-end, the County has 61 eligible participants. The County finances the plan on a pay-as-you-go basis. During 2017, the County expended \$70,717 for these benefits.

Elected Officials

The County offers the same benefit to elected officials. This benefit is funded on a pay-as-you-go basis. Freeborn County has four former elected officials eligible for this benefit. The County expended \$5,448 for this benefit in 2017.

**FREEBORN COUNTY
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Annual OPEB Cost and Net OPEB Obligations

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer. The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2017, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

ARC	\$	76,165
Interest on net OPEB obligation		-
Adjustment to ARC		-
		-
Annual OPEB cost	\$	76,165
Contribution during the year		(76,165)
		-
Increase in net OPEB obligation	\$	-
Net OPEB Obligation - Beginning of Year		-
		-
Net OPEB Obligation - End of Year	\$	-
		-

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2015, 2016, and 2017, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
December 31, 2015	\$ 77,007	\$ 77,007	100%	\$ -
December 31, 2016	77,412	77,412	100%	-
December 31, 2017	76,165	76,165	100%	-

**FREEBORN COUNTY
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Funded Status and Funding Progress

As of December 31, 2017, the actuarial accrued liability for benefits was \$1,104,091, all of which was unfunded. The covered payroll (annual payroll of 10 active employees covered by the plan) was \$718,091 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 153.8 percent. This compares to 41 active employees in 2008. The total liability was \$2,242,530, and the total payroll was \$2,159,836, with a ratio of 103.8 percent. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress - Other Postemployment Benefits, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

Retirement age for 10 active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 65, or at the first subsequent year in which the members would qualify for benefits.

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

Mortality - Life expectancies were based on mortality tables from the "Social Security On-Line" statistics. The 2017 Trustee Report Cohort Life Tables V.A4 for Males and for Females was used.

**FREEBORN COUNTY
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Turnover - Non group-specific, age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

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

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

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

In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2017, was 21 years.

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

11. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

Risk Management

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

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

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

Contingent Liabilities

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

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

**FREEBORN COUNTY
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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 2017, 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
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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 \$6,000 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 \$231,587 to the Cooperative.

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DECEMBER 31, 2017**

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 \$270,400 to the Library.

Greater Blue Earth River Basin Alliance (GBERBA)

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

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

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

Minnesota Criminal Justice Data Communications Network

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

Sentence to Service

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

South Central Community Based Initiative

The South Central Community Based Initiative Joint Powers Board was established pursuant to Minn. Stat. §§ 471.59 and 245.4661 and a joint powers agreement effective June 20, 2008. The purpose of this joint powers agreement is to provide services to persons with mental illness in the most clinically-appropriate, person-centered, least restrictive, and cost effective ways. The focus is on improved access and outcomes for persons with mental illness as a result of the collaboration between state-operated services programs and community-based treatment. The membership of the Board is comprised of one representative appointed by Blue Earth, Brown, Faribault, Freeborn, Le Sueur, Martin, Nicollet, Rice, Sibley, and Watonwan Counties. The County did not contribute to the Joint Powers Board in 2017.

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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 \$300 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 FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS
DECEMBER 31, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
December 31, 2015	\$ -	\$ 1,368,099	\$ 1,368,099	0.0%	\$ 1,057,041	129.4%
December 31, 2016	-	1,400,395	1,400,395	0.0	859,576	162.9
December 31, 2017	-	1,104,091	1,104,091	0.0	718,091	153.8

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 10,625,428	\$ 10,625,428	\$ 10,385,807	\$ (239,621)
Special assessments	405,000	405,000	419,420	14,420
Licenses and permits	111,825	111,825	93,076	(18,749)
Intergovernmental	4,092,474	4,381,482	4,584,015	202,533
Charges for services	3,840,836	4,159,836	4,167,833	7,997
Fines and forfeits	18,800	18,800	30,170	11,370
Gifts and contributions	3,500	3,500	36,668	33,168
Investment earnings	250,600	250,600	214,219	(36,381)
Miscellaneous	516,600	636,600	703,168	66,568
Total Revenues	\$ 19,865,063	\$ 20,593,071	\$ 20,634,376	\$ 41,305
Expenditures				
Current				
General government				
Commissioners	\$ 304,082	\$ 341,082	\$ 341,037	\$ 45
Courts	140,543	202,543	202,365	178
County administration	1,315,573	1,386,573	1,385,874	699
County auditor-treasurer	664,435	670,435	669,641	794
License bureau	276,818	276,818	274,456	2,362
County assessor	527,912	457,912	451,819	6,093
Elections	112,000	22,000	17,574	4,426
Data processing	873,268	1,059,268	1,059,086	182
Attorney	683,592	740,592	737,229	3,363
Law library	17,900	17,900	15,857	2,043
Recorder	449,853	517,853	514,159	3,694
Surveyor	25,000	2,000	397	1,603
Planning and zoning	264,323	170,323	170,093	230
Buildings and plant	995,333	1,230,333	1,230,254	79
Veterans service officer	150,490	177,990	177,902	88
Other general government	-	-	-	-
Total general government	\$ 6,801,122	\$ 7,273,622	\$ 7,247,743	\$ 25,879

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 2,713,520	\$ 3,001,520	\$ 2,999,788	\$ 1,732
Boat and water safety	2,350	2,350	659	1,691
Coroner	91,431	91,431	91,242	189
E-911 system	12,000	117,400	117,348	52
County jail	3,144,064	3,826,064	3,825,480	584
Community corrections	1,077,517	1,206,167	1,205,702	465
Dispatch	649,914	585,514	585,460	54
Sheriff's contingent	6,500	500	-	500
Civil defense	100,747	119,447	117,211	2,236
Other public safety	27,100	41,100	40,378	722
Total public safety	\$ 7,825,143	\$ 8,991,493	\$ 8,983,268	\$ 8,225
Highways and streets				
Administration	\$ 8,000	\$ 8,000	\$ 7,792	\$ 208
Sanitation				
Solid waste	\$ 16,500	\$ 37,000	\$ 23,941	\$ 13,059
Recycling	497,090	544,190	544,127	63
Total sanitation	\$ 513,590	\$ 581,190	\$ 568,068	\$ 13,122
Health				
Community health	\$ 569,379	\$ 587,379	\$ 587,229	\$ 150
Administration	349,335	405,835	405,627	208
Health education	16,000	22,500	22,072	428
WIC	261,738	261,738	276,129	(14,391)
Maternal and child health	184,151	240,651	240,555	96
Bioterrorism	27,511	9,511	9,381	130
Disease prevention	62,304	27,304	26,779	525
Child and teen checkups	88,268	89,768	89,759	9
Home health	835,935	709,935	709,564	371
Total health	\$ 2,394,621	\$ 2,354,621	\$ 2,367,095	\$ (12,474)

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current (Continued)				
Culture and recreation				
Parks	\$ 138,300	\$ 98,300	\$ 95,267	\$ 3,033
Museum	33,600	33,600	29,694	3,906
County/regional library	270,400	270,400	270,400	-
Other culture and recreation	1,275	1,275	1,250	25
Total culture and recreation	\$ 443,575	\$ 403,575	\$ 396,611	\$ 6,964
Conservation of natural resources				
County extension	\$ 284,373	\$ 191,873	\$ 191,594	\$ 279
Soil and water conservation	183,000	183,000	183,000	-
Agricultural inspection	35,096	37,196	37,170	26
Agricultural society/County fair	85,000	85,000	85,000	-
Water planning	225,208	198,708	198,688	20
Water quality	60,335	89,835	89,834	1
Environmental services	2,000	123,200	123,125	75
Total conservation of natural resources	\$ 875,012	\$ 908,812	\$ 908,411	\$ 401
Economic development				
Community development	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Other economic development	15,000	15,000	15,000	-
Total economic development	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Capital outlay				
General government	\$ -	\$ 96,500	\$ 96,179	\$ 321
Public safety	116,000	153,000	152,593	407
Highways and streets	888,000	999,500	999,376	124
Human services	-	53,000	52,239	761
Total capital outlay	\$ 1,004,000	\$ 1,302,000	\$ 1,300,387	\$ 1,613
Total Expenditures	\$ 19,890,063	\$ 21,848,313	\$ 21,804,375	\$ 43,938
Excess of Revenues Over (Under)				
Expenditures	\$ (25,000)	\$ (1,255,242)	\$ (1,169,999)	\$ 85,243

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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 313,534	\$ 313,534
Transfers out	-	-	(200,000)	(200,000)
Proceeds from sale of capital assets	25,000	25,000	-	(25,000)
Total Other Financing Sources (Uses)	\$ 25,000	\$ 25,000	\$ 113,534	\$ 88,534
Net Change in Fund Balance	\$ -	\$ (1,230,242)	\$ (1,056,465)	\$ 173,777
Fund Balance - January 1	12,645,981	12,645,981	12,645,981	-
Fund Balance - December 31	\$ 12,645,981	\$ 11,415,739	\$ 11,589,516	\$ 173,777

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,376,386	\$ 5,693,386	\$ 5,598,146	\$ (95,240)
Licenses and permits	6,000	6,000	10,273	4,273
Intergovernmental	8,255,000	9,078,400	9,128,072	49,672
Charges for services	46,250	46,250	34,689	(11,561)
Miscellaneous	6,500	97,100	132,099	34,999
Total Revenues	\$ 13,690,136	\$ 14,921,136	\$ 14,903,279	\$ (17,857)
Expenditures				
Current				
Highways and streets				
Administration	\$ 345,740	\$ 553,740	\$ 543,547	\$ 10,193
Maintenance	3,120,177	3,670,177	3,662,027	8,150
Construction	8,568,562	9,191,562	9,191,173	389
Equipment maintenance and shop	1,063,629	913,629	893,969	19,660
Total highways and streets	\$ 13,098,108	\$ 14,329,108	\$ 14,290,716	\$ 38,392
Capital outlay				
Highways and streets	242,028	242,028	242,028	-
Total Expenditures	\$ 13,690,136	\$ 14,921,136	\$ 14,892,812	\$ 28,324
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 10,467	\$ 10,467
Net Change in Fund Balance	\$ -	\$ -	\$ 10,467	\$ 10,467
Fund Balance - January 1	4,827,182	4,827,182	4,827,182	-
Increase (decrease) in inventories	-	-	(40,362)	(40,362)
Fund Balance - December 31	\$ 4,827,182	\$ 4,827,182	\$ 4,797,287	\$ (29,895)

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,449,079	\$ 5,449,079	\$ 5,343,035	\$ (106,044)
Intergovernmental	5,320,589	5,320,589	5,795,139	474,550
Charges for services	544,000	544,000	639,019	95,019
Fines and forfeits	1,500	1,500	2,159	659
Gifts and contributions	-	-	714	714
Miscellaneous	297,600	297,600	254,345	(43,255)
Total Revenues	\$ 11,612,768	\$ 11,612,768	\$ 12,034,411	\$ 421,643
Expenditures				
Current				
Public safety				
Victim crisis	\$ 168,426	\$ 264,426	\$ 264,224	\$ 202
Human services				
Income maintenance	\$ 3,371,796	\$ 3,000,796	\$ 2,950,954	\$ 49,842
Social services	6,092,042	5,996,042	6,165,932	(169,890)
Mental health center	1,980,504	2,351,504	2,350,930	574
Total human services	\$ 11,444,342	\$ 11,348,342	\$ 11,467,816	\$ (119,474)
Total Expenditures	\$ 11,612,768	\$ 11,612,768	\$ 11,732,040	\$ (119,272)
Excess of Revenues Over (Under)				
Expenditures	\$ -	\$ -	\$ 302,371	\$ 302,371
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ (313,534)	\$ (313,534)
Net Change in Fund Balance	\$ -	\$ -	\$ (11,163)	\$ (11,163)
Fund Balance - January 1	5,806,384	5,806,384	5,806,384	-
Fund Balance - December 31	\$ 5,806,384	\$ 5,806,384	\$ 5,795,221	\$ (11,163)

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Special assessments	\$ 1,574,445	\$ 1,574,445	\$ 1,468,868	\$ (105,577)
Intergovernmental	330,000	330,000	260,269	(69,731)
Miscellaneous	-	-	15,317	15,317
	<u>1,904,445</u>	<u>1,904,445</u>	<u>1,744,454</u>	<u>(159,991)</u>
Total Revenues	\$ 1,904,445	\$ 1,904,445	\$ 1,744,454	\$ (159,991)
Expenditures				
Current				
Conservation of natural resources				
Other	\$ 1,316,000	\$ 2,416,000	\$ 2,348,973	\$ 67,027
Debt service				
Principal	\$ 285,000	\$ 276,060	\$ 276,060	\$ -
Interest	24,945	34,153	34,153	-
Administrative (fiscal) charges	-	1,120	1,116	4
	<u>309,945</u>	<u>311,333</u>	<u>311,329</u>	<u>4</u>
Total debt service	\$ 309,945	\$ 311,333	\$ 311,329	\$ 4
Total Expenditures	\$ 1,625,945	\$ 2,727,333	\$ 2,660,302	\$ 67,031
Net Change in Fund Balance	\$ 278,500	\$ (822,888)	\$ (915,848)	\$ (92,960)
Fund Balance - January 1	1,680,209	1,680,209	1,680,209	-
Fund Balance - December 31	\$ 1,958,709	\$ 857,321	\$ 764,361	\$ (92,960)

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

ALBERT LEA, MINNESOTA

EXHIBIT A-6

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2017

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	States Proportionate Share of the Net Pension Liability Associated with Freeborn County (b)	Employer's Proportionate Share of the Net Pension Liability and the States Related Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1907%	\$ 9,883,064	\$ -	\$ 9,883,064	\$ 11,454,147	86.28%	78.19%
2016	0.1951%	\$ 15,841,152	\$ 206,746	\$ 16,047,898	\$ 12,016,640	131.83%	68.91%
2017	0.1993%	\$ 12,723,180	\$ 159,980	\$ 12,883,160	\$ 13,080,160	97.27%	75.90%

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, 2017**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 859,061	\$ 859,061	\$ -	\$ 11,454,147	7.50%
2016	\$ 901,248	\$ 901,248	\$ -	\$ 12,016,640	7.50%
2017	\$ 981,012	\$ 981,012	\$ -	\$ 13,080,160	7.50%

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, 2017**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1450%	\$ 1,647,539	\$ 1,309,122	125.85%	86.60%
2016	0.1500%	\$ 6,019,761	\$ 1,471,663	409.04%	63.88%
2017	0.1570%	\$ 2,119,687	\$ 1,722,407	123.07%	63.88%

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2017**

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

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, 2017**

<u>Measurement Date</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</u>	<u>Covered Payroll (b)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.9700%	\$ 149,962	\$ 1,609,145	9.32%	96.90%
2016	0.9800%	\$ 3,580,077	\$ 1,708,854	209.50%	58.16%
2017	0.9700%	\$ 2,764,510	\$ 2,021,977	136.72%	67.89%

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, 2017**

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

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, 2017

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, 2017:

General Employees Retirement Plan

- 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, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

Public Employees Police and Fire Plan

- 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.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

Public Employees Correctional Plan

- 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.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

2. Budgetary Information

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

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

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

3. Excess of Expenditures Over Appropriations

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

4. Other Postemployment Benefits

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

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

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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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 2,801,600	\$ 2,801,600	\$ 2,748,519	\$ (53,081)
Special assessments	194,497	194,497	158,542	(35,955)
Total Revenues	\$ 2,996,097	\$ 2,996,097	\$ 2,907,061	\$ (89,036)
Expenditures				
Debt service				
Principal	\$ 2,485,000	\$ 2,493,940	\$ 2,493,940	\$ -
Interest	505,910	506,271	506,271	-
Bond issuance costs	-	71,245	67,002	4,243
Administrative (fiscal) charges	5,187	6,587	5,309	1,278
Total Expenditures	\$ 2,996,097	\$ 3,078,043	\$ 3,072,522	\$ 5,521
Excess of Revenues Over (Under) Expenditures	\$ -	\$ (81,946)	\$ (165,461)	\$ (83,515)
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 200,000	\$ 200,000
Bonds issued	-	8,075,000	8,075,000	-
Premium on bonds/notes issued	-	450,730	450,729	(1)
Total Other Financing Sources (Uses)	\$ -	\$ 8,525,730	\$ 8,725,729	\$ 199,999
Net Change in Fund Balance	\$ -	\$ 8,443,784	\$ 8,560,268	\$ 116,484
Fund Balance - January 1	3,461,556	3,461,556	3,461,556	-
Fund Balance - December 31	\$ 3,461,556	\$ 11,905,340	\$ 12,021,824	\$ 116,484

**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, 2017**

	Special Revenue Revolving Loan	Permanent U.S. Fish and Wildlife	Total (Exhibit 3)
<u>Assets</u>			
Cash and pooled investments	\$ 68,879	\$ 203,051	\$ 271,930
Accrued interest receivable	-	129	129
Total Assets	\$ 68,879	\$ 203,180	\$ 272,059
<u>Liabilities and Fund Balances</u>			
Liabilities			
Due to other governments	\$ -	\$ 341	\$ 341
Fund Balances			
Nonspendable			
Endowment permanent	\$ -	\$ 202,839	\$ 202,839
Restricted			
Future revolving loans	68,879	-	68,879
Total Fund Balances	\$ 68,879	\$ 202,839	\$ 271,718
Total Liabilities and Fund Balances	\$ 68,879	\$ 203,180	\$ 272,059

**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, 2017**

	Special Revenue Revolving Loan	Permanent U.S. Fish and Wildlife	Total (Exhibit 5)
Revenues			
Investment earnings	\$ -	\$ 341	\$ 341
Total Revenues	\$ -	\$ 341	\$ 341
Expenditures			
Current			
Conservation of natural resources	-	341	341
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance - January 1	68,879	202,839	271,718
Fund Balance - December 31	\$ 68,879	\$ 202,839	\$ 271,718

**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, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>AGENCY COLLECTIONS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 487,144</u>	<u>\$ 7,077,956</u>	<u>\$ 6,803,685</u>	<u>\$ 761,415</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 487,144</u>	<u>\$ 7,077,956</u>	<u>\$ 6,803,685</u>	<u>\$ 761,415</u>
 <u>COLLABORATIVE</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 151,189</u>	<u>\$ 301,950</u>	<u>\$ 189,718</u>	<u>\$ 263,421</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 151,189</u>	<u>\$ 301,950</u>	<u>\$ 189,718</u>	<u>\$ 263,421</u>
 <u>RECORDER'S AGENCY COLLECTIONS</u>				
<u>Assets</u>				
Cash and pooled investments	<u>\$ 2,916</u>	<u>\$ 45,013</u>	<u>\$ 45,518</u>	<u>\$ 2,411</u>
<u>Liabilities</u>				
Due to other governments	<u>\$ 2,916</u>	<u>\$ 45,013</u>	<u>\$ 45,518</u>	<u>\$ 2,411</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

*EXHIBIT D-1
(Continued)*

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31</u>
<u>TAX COLLECTION</u>				
<u>Assets</u>				
Cash and pooled investments	\$ -	\$ 55,495,304	\$ 55,434,483	\$ 60,821
Due from other governments	714	-	714	-
Total Assets	\$ 714	\$ 55,495,304	\$ 55,435,197	\$ 60,821
<u>Liabilities</u>				
Due to other funds	\$ -	\$ 26,605,598	\$ 26,605,598	\$ -
Due to other governments	-	28,889,706	28,828,885	60,821
Advance from governmental funds	714	-	714	-
Total Liabilities	\$ 714	\$ 55,495,304	\$ 55,435,197	\$ 60,821
<u>SUPPLEMENTAL INSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 14,931	\$ 1,492,483	\$ 1,442,707	\$ 64,707
Due from other governments	40,000	501	40,000	501
Total Assets	\$ 54,931	\$ 1,492,984	\$ 1,482,707	\$ 65,208
<u>Liabilities</u>				
Accounts payable	\$ 14,931	\$ 1,492,483	\$ 1,482,707	\$ 24,707
Advance from governmental funds	40,000	20,718	-	60,718
Total Liabilities	\$ 54,931	\$ 1,513,201	\$ 1,482,707	\$ 85,425
<u>INSURANCE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 258,913	\$ 2,092,138	\$ 2,341,611	\$ 9,440
Accounts receivable	-	175,560	-	175,560
Total Assets	\$ 258,913	\$ 2,267,698	\$ 2,341,611	\$ 185,000
<u>Liabilities</u>				
Accounts Payable	\$ 73,913	\$ 2,267,698	\$ 2,341,611	\$ -
Advance from governmental funds	185,000	-	-	185,000
Total Liabilities	\$ 258,913	\$ 2,267,698	\$ 2,341,611	\$ 185,000

**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, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>MOTOR VEHICLE</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 2,185	\$ 6,537,026	\$ 6,536,944	\$ 2,267
<u>Liabilities</u>				
Due to other governments	\$ 2,185	\$ 6,537,026	\$ 6,536,944	\$ 2,267
 <u>TURTLE CREEK WATERSHED</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 115,725	\$ 3,046,926	\$ 3,093,530	\$ 69,121
Accounts receivable	278,775	519,462	278,775	519,462
Total Assets	\$ 394,500	\$ 3,566,388	\$ 3,372,305	\$ 588,583
<u>Liabilities</u>				
Due to other governments	\$ -	\$ 3,046,926	\$ 2,977,805	\$ 69,121
Advance from governmental funds	394,500	519,462	394,500	519,462
Total Liabilities	\$ 394,500	\$ 3,566,388	\$ 3,372,305	\$ 588,583

**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, 2017**

	Balance January 1	Additions	Deductions	Balance December 31
<u>TOTAL ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and pooled investments	\$ 1,033,003	\$ 76,088,796	\$ 75,888,196	\$ 1,233,603
Accounts receivable	278,775	695,022	278,775	695,022
Due from other governments	40,714	501	40,714	501
	\$ 1,352,492	\$ 76,784,319	\$ 76,207,685	\$ 1,929,126
<u>Liabilities</u>				
Accounts payable	\$ 88,844	\$ 3,760,181	\$ 3,824,318	\$ 24,707
Due to other funds	-	26,605,598	26,605,598	-
Due to other governments	643,434	45,898,577	45,382,555	1,159,456
Advance from governmental funds	620,214	540,180	395,214	765,180
	\$ 1,352,492	\$ 76,804,536	\$ 76,207,685	\$ 1,949,343

OTHER SCHEDULES

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT E-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Appropriations and Shared Revenue

State

Highway users tax	\$ 5,685,145
PERA rate reimbursement	44,126
Disparity reduction aid	45,481
Police aid	206,434
County program aid	1,538,124
Aquatic invasive species program aid	53,537
Market value credit	385,159
Market value credit-manufactured home	10,697
Enhanced 911	109,375
SCORE	88,738
	88,738

Total shared revenue **\$ 8,166,816**

Reimbursement for Services

State

Minnesota Department of Human Services	\$ 870,710
	870,710

Payments

Local

Local contributions	\$ 78,717
Payments in lieu of taxes	35,247
	35,247

Total payments **\$ 113,964**

Grants

State

Minnesota Department/Board of	
Public Safety	\$ 181,420
Health	290,178
Natural Resources	1,970
Human Services	2,622,695
Veterans Affairs	10,000
Corrections	120,386
Transportation	563,565
Water and Soil Resources	58,135
Pollution Control Agency	265,266
	265,266

Total state **\$ 4,113,615**

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 495,675
Justice	102,060
Education	2,591
Health and Human Services	2,864,259
Social Security Administration	665
Homeland Security	494,523
Transportation	2,542,617
	<hr/>
Total federal	\$ 6,502,390
	<hr/>
Total state and federal grants	\$ 10,616,005
	<hr/>
Total Intergovernmental Revenue	\$ 19,767,495
	<hr/>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT E-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	12-700-00073	\$ 268,631
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	17172MN101S2514	230,928
WIC Grants To States (WGS)	10.578	17172MN101S2514	13,938
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	Not Provided	<u>502</u>
Total U.S. Department of Agriculture			\$ 513,999
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	Not Provided	<u>130,928</u>
Total U.S. Department of Justice			\$ 130,928
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00024	\$ 3,015,919
U.S. Department of Education			
Passed Through Minnesota Department of Employment and Economic Development Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	Not Provided	\$ 175
Passed Through Albert Lea School District #241 Special Education-Grants for Infants and Families	84.181	Not Provided	<u>2,416</u>
Total U.S. Department of Education			\$ 2,591
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	12-700-00073	\$ 38,337
Universal Newborn Hearing Screening	93.251	12-700-00073	450
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00073	225
PPHF 2012 National Public Health Improvement Initiative	93.507	12-700-00073	-
Temporary Assistance for Needy Families	93.558	12-700-00073	16,948
(Total Temporary Assistance for Needy Families 93.558 \$474,620)			
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, 2017**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	State Pass Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed Through Minnesota Department of Human Services			
Promoting Safe and Stable Families	93.556	1701MNRCMA	\$ 7,759
Temporary Assistance for Needy Families	93.558	1702MNTANF	457,672
(Total Temporary Assistance for Needy Families 93.558 \$474,620)			
Child Support Enforcement	93.563	1704MNCEST	521,800
Refugee and Entrant Assistance_State Administered Programs	93.566	1701MNRCMA	569
Child Care and Development Block Grant	93.575	G1701MNCCDF	11,876
Community-Based Child Abuse Prevention Grants	93.590	G-1502MNFRRPG	8,658
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1701MNCWSS	5,711
Foster Care_Title IV-E	93.658	1701MNFOST	329,963
Social Services Block Grant	93.667	1701MNSOSR	208,172
Chafee Foster Care Independence Program	93.674	G-1701MNCILP	4,900
Children's Health Insurance Program	93.767	1705MN5021	268
Medical Assistance Program	93.778	05-1705MN5ADM	1,338,600
Total U.S. Department of Health and Human Services			\$ 2,990,197
U.S. Social Security Administration			
Passed Through Minnesota Department of Human Services			
Social Security_Disability Insurance	96.001	Not Provided	\$ 665
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	047-99047-01	501,082
Emergency Management Performance Grants	97.042	Not Provided	49,051
Total U.S. Department of Homeland Security			\$ 550,133
Total Federal Awards			\$ 7,204,432

During 2017, the County did not pass any federal money to subrecipients

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017. 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)	\$ 6,502,390
Unavailable in 2016, recognized as revenue in 2017	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA #10.561)	(30,462)
Promoting Safe and Stable Families (CFDA #93.556)	(1,296)
Temporary Assistance for Needy Families (CFDA #93.558)	(96,380)
Child Support Enforcement (CFDA #93.563)	(21,087)
Stephanie Tubbs Jones Child Welfare Services Program (#93.645)	(854)
Chafee Foster Care Independence Program (CFDA #93.674)	(2,427)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	(335,775)
Grants received more than 60 days after year-end, unavailable in 2017	
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
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Expenditures per Schedule of Expenditures of Federal Awards (Exhibit E-2)	\$ 7,204,432

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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**

	2008	2009	2010	2011
Governmental Activities				
Net Investments in Capital Assets	\$ 54,877,456	\$ 57,788,446	\$ 54,564,938	\$ 55,735,038
Restricted	5,119,553	4,972,742	5,037,551	13,563,329
Unrestricted	10,785,738	13,219,721	13,832,287	8,946,106
Total Governmental Activities	<u>\$ 70,782,747</u>	<u>\$ 75,980,909</u>	<u>\$ 73,434,776</u>	<u>\$ 78,244,473</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>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 57,967,546	\$ 61,821,070	\$ 63,259,574	\$ 67,044,403	\$ 70,598,432	\$ 76,357,232
6,921,109	11,147,528	8,283,014	9,900,452	8,696,772	8,015,434
18,402,056	13,574,553	8,389,282	6,195,523	6,614,367	5,092,491
<u>\$ 83,290,711</u>	<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>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2008	2009	2010	2011
Expenses				
General Government	\$ 5,682,175	\$ 4,517,111	\$ 4,409,570	\$ 4,862,792
Public Safety	5,595,363	6,074,484	9,607,279	8,096,946
Highways and Streets	8,137,598	9,783,266	10,430,230	7,781,427
Sanitation	428,622	408,694	397,808	366,181
Human Services	9,855,640	8,045,315	7,292,340	7,673,360
Health	3,472,671	3,390,253	3,345,068	3,318,388
Culture and Recreation	346,859	399,260	561,488	378,002
Conservation of Natural Resources	2,111,470	1,431,238	1,641,086	2,106,960
Economic Development	118,207	35,000	17,942	15,000
Interest on Long-Term Debt	1,217,757	1,113,919	1,241,791	1,295,440
Total Governmental Activities Expenses	<u>\$ 36,966,362</u>	<u>\$ 35,198,540</u>	<u>\$ 38,944,602</u>	<u>\$ 35,894,496</u>
Program Revenues				
Charges for Services				
General Government	\$ 733,713	\$ 860,546	\$ 850,865	\$ 811,161
Public Safety	2,175,384	1,686,943	2,489,412	2,447,262
Highways and Streets	179,430	148,153	73,333	92,212
Sanitation	1,140	1,785	3,188	381,347
Human Services	544,885	989,438	462,245	585,738
Health	1,040,025	761,065	1,099,792	723,528
Culture and Recreation	9,872	19,635	56,681	24,884
Conservation of Natural Resources	93,398	382,545	63,797	141,233
Economic Development	467,294	464,400	-	-
Operating Grants and Contributions				
General Government	276,366	202,354	98,836	203,143
Public Safety	728,328	740,569	693,472	1,600,359
Highways and Streets	4,745,527	4,616,625	5,456,426	4,554,340
Sanitation	353,842	357,238	370,663	23,446
Human Services	3,951,455	3,579,259	3,415,990	3,434,776
Health	1,501,386	1,395,382	1,751,141	1,756,507
Culture and Recreation	66,312	63,591	63,563	38,138
Conservation of Natural Resources	1,496,839	1,647,653	1,263,069	1,233,115
Economic Development	-	-	-	-
Capital Grants and Contributions				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highways and Streets	-	4,679,024	186,587	1,047,763
Conservation of Natural Resources	17,958	8,038	26	-
Total Governmental Activities Program Revenues	<u>\$ 18,383,154</u>	<u>\$ 22,604,243</u>	<u>\$ 18,399,086</u>	<u>\$ 19,098,952</u>

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

2012	2013	2014	2015	2016	2017
\$ 7,177,110	\$ 6,922,425	\$ 7,047,344	\$ 7,602,191	\$ 8,202,415	\$ 8,400,796
6,315,878	6,469,525	7,126,489	7,632,105	10,258,704	10,716,975
9,525,421	11,371,372	11,468,587	9,883,628	9,723,394	12,125,094
371,488	404,776	496,413	511,389	576,287	587,424
7,620,459	9,204,595	9,587,868	11,032,285	12,123,000	11,879,425
3,165,890	1,539,475	1,731,079	2,069,495	2,344,957	2,497,723
321,489	388,287	320,811	378,127	336,666	396,611
1,099,583	4,011,503	1,901,209	1,888,375	2,333,311	3,291,533
400,000	50,963	366,203	11,500	12,647	25,000
705,080	914,091	698,092	614,147	592,930	438,249
<u>\$ 36,702,398</u>	<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>
\$ 907,321	\$ 944,388	\$ 1,351,213	\$ 1,071,249	\$ 1,014,402	\$ 944,287
2,401,345	1,924,810	1,965,755	2,233,899	2,931,845	3,670,889
177,802	248,135	65,545	221,754	49,854	170,664
4,319	-	406,340	381,253	429,102	430,754
341,349	603,130	382,900	890,412	1,249,098	914,573
1,032,223	431,983	692,535	330,537	361,276	290,664
13,240	1,149	-	26	148	22,964
89,890	65,550	1,641,115	1,441,825	1,663,978	1,490,401
-	-	-	-	-	-
193,811	243,425	361,181	180,206	245,220	128,353
1,500,782	552,713	486,814	701,778	814,384	869,301
5,629,421	6,939,180	6,103,421	5,963,482	6,229,049	6,747,665
362,961	393,379	-	-	-	-
3,381,837	4,079,179	4,459,479	4,711,913	5,183,990	5,610,581
1,450,562	830,602	652,169	1,475,226	1,435,570	1,423,389
88,988	-	-	-	-	-
961,434	4,031,465	621,962	263,911	684,436	790,941
400,000	-	-	-	-	-
-	-	-	1,940,278	-	-
1,747,638	1,467,744	3,359,833	114,775	1,120,690	3,579,484
-	-	54,804	-	-	492,000
<u>\$ 20,684,923</u>	<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>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2008	2009	2010	2011
Net (Expense) Revenue				
General Government	\$ (4,672,096)	\$ (3,454,211)	\$ (3,459,869)	\$ (3,848,488)
Public Safety	(2,691,651)	(3,646,972)	(6,424,395)	(4,049,325)
Highways and Streets	(3,212,641)	(339,464)	(4,713,884)	(2,087,112)
Sanitation	(73,640)	(49,671)	(23,957)	38,612
Human Services	(5,359,300)	(3,476,618)	(3,414,105)	(3,652,846)
Health	(931,260)	(1,233,806)	(494,135)	(838,353)
Culture and Recreation	(270,675)	(316,034)	(441,244)	(314,980)
Conservation of Natural Resources	(503,275)	606,998	(314,194)	(732,612)
Economic Development	349,087	429,400	(17,942)	(15,000)
Interest on Long-Term Debt	(1,217,757)	(1,113,919)	(1,241,791)	(1,295,440)
Total Governmental Activities Net (Expense) Revenue	<u>\$ (18,583,208)</u>	<u>\$ (12,594,297)</u>	<u>\$ (20,545,516)</u>	<u>\$ (16,795,544)</u>
General Revenues and Other Changes in Net Position				
Taxes	\$ 14,775,706	\$ 14,270,659	\$ 15,077,709	\$ 17,370,342
Payment in Lieu of Taxes	35,324	15,672	34,323	50,343
Unrestricted Grants and Contributions	3,024,053	3,277,584	2,580,137	2,630,103
Investment Earnings	534,835	176,194	143,512	172,524
Miscellaneous	53,931	47,445	108,849	1,368,024
Gain on Sale of Capital Assets	143,551	4,905	54,853	13,905
Total Governmental Activities	<u>\$ 18,567,400</u>	<u>\$ 17,792,459</u>	<u>\$ 17,999,383</u>	<u>\$ 21,605,241</u>
Change in Net Position	<u>\$ (15,808)</u>	<u>\$ 5,198,162</u>	<u>\$ (2,546,133)</u>	<u>\$ 4,809,697</u>

Source: Freeborn County's Yearly Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ (6,075,978)	\$ (5,734,612)	\$ (5,334,950)	\$ (4,410,458)	\$ (6,942,793)	\$ (7,328,156)
(2,413,751)	(3,992,002)	(4,673,920)	(4,681,477)	(6,512,475)	(6,176,785)
(1,970,560)	(2,716,313)	(1,939,788)	(3,583,617)	(2,323,801)	(1,627,281)
(4,208)	(11,397)	(90,073)	(130,136)	(147,185)	(156,670)
(3,897,273)	(4,522,286)	(4,745,489)	(5,429,960)	(5,689,912)	(5,354,271)
(683,105)	(276,890)	(386,375)	(263,732)	(548,111)	(783,670)
(219,261)	(387,138)	(320,811)	(378,101)	(336,518)	(373,647)
(48,259)	85,512	416,672	(182,639)	15,103	(518,191)
-	(50,963)	(366,203)	(11,500)	(12,647)	(25,000)
(705,080)	(914,091)	(698,092)	(614,147)	(592,930)	(438,249)
<u>\$ (16,017,475)</u>	<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>
\$ 18,884,863	\$ 20,175,011	\$ 20,084,107	\$ 20,915,483	\$ 23,651,372	\$ 24,064,810
53,110	2,828	31,597	97,317	28,560	35,247
1,682,574	1,459,818	1,625,409	1,543,235	1,712,330	2,023,587
192,679	102,769	132,099	245,464	432,665	213,862
143,579	28,616	50,000	18,228	-	-
106,908	3,578	-	74,548	35,535	-
<u>\$ 21,063,713</u>	<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>\$ 5,046,238</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>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

	2008	2009	2010	2011
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 2,165,953
Restricted (Reserved 2008-2010)	2,082,742	1,446,035	-	413,087
Committed	-	-	\$ 1,687,121	-
Assigned (Designated 2008-2010)	3,476,270	4,083,787	4,099,768	148,645
Unassigned (Undesignated 2008-2010)	-	549,027	2,223,391	7,719,849
Total General Fund	<u>\$ 5,559,012</u>	<u>\$ 6,078,849</u>	<u>\$ 8,010,280</u>	<u>\$ 10,447,534</u>
All Other Governmental Funds				
Nonspendable	\$ 970	\$ 256	\$ -	\$ 434,263
Restricted	1,028,608	1,052,047	1,128,396	66,551
Assigned				
Road and Bridge	2,203,144	1,843,770	2,828,566	2,511,201
Debt Service Fund	1,849,797	2,009,360	1,992,995	8,510,291
Human Service	2,745,059	2,750,023	2,764,097	6,586,152
Unassigned (Undesignated 2008-2010)	410,950	2,585,902	2,912,980	(1,697)
Total All Other Governmental Funds	<u>\$ 8,238,528</u>	<u>\$ 10,241,358</u>	<u>\$ 11,627,034</u>	<u>\$ 18,106,761</u>
All Governmental Funds				
Nonspendable	\$ 970	\$ 256	\$ -	\$ 2,600,216
Restricted (Reserved 2008-2010)	3,111,350	2,498,082	1,128,396	479,638
Committed	-	-	1,687,121	-
Assigned (Designated 2008-2010)	10,274,270	10,686,940	11,685,426	17,756,289
Unassigned (Undesignated 2008-2010)	410,950	3,134,929	5,136,371	7,718,152
Total All Governmental Funds	<u>\$ 13,797,540</u>	<u>\$ 16,320,207</u>	<u>\$ 19,637,314</u>	<u>\$ 28,554,295</u>

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 493,557	\$ 443,805	\$ 618,818	\$ 341,917	\$ 385,419	\$ 935,925
365,224	383,386	762,262	715,509	998,176	1,040,571
224,846	261,128	356,228	408,633	3,049,860	2,817,127
388,657	1,357,696	1,632,890	-	-	-
10,818,868	9,940,813	8,623,639	10,034,644	8,212,526	6,795,893
<u>\$ 12,291,152</u>	<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>
\$ 570,706	\$ 525,371	\$ 462,228	\$ 461,542	\$ 707,005	\$ 433,751
1,127,344	9,514,658	5,703,717	5,705,943	6,258,286	15,047,024
3,053,068	1,271,550	3,107,310	3,678,532	3,674,377	3,432,531
2,910,321	-	-	-	-	-
7,570,104	7,989,595	8,381,777	7,165,337	5,806,384	5,795,221
(480,746)	(511,259)	(437,868)	(218,908)	(399,003)	(1,058,116)
<u>\$ 14,750,797</u>	<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>
\$ 1,064,263	\$ 969,176	\$ 1,081,046	\$ 803,459	\$ 1,092,424	\$ 1,369,676
1,492,568	9,898,044	6,465,979	6,421,452	7,256,462	16,087,595
224,846	261,128	356,228	408,633	3,049,860	2,817,127
13,922,150	10,618,841	13,121,977	10,843,869	9,480,761	9,227,752
10,338,122	9,429,554	8,185,771	9,815,736	7,813,523	5,737,777
<u>\$ 27,041,949</u>	<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>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2008	2009	2010	2011
Revenues				
Taxes	\$ 14,668,402	\$ 14,149,912	\$ 15,080,750	\$ 17,396,373
Special Assessments	1,686,572	2,037,641	1,572,932	1,462,512
Licenses and Permits	100,784	126,841	138,561	104,291
Intergovernmental	14,777,139	15,952,106	14,145,031	14,080,209
Charges for Services	2,612,993	3,225,241	4,249,626	3,813,994
Fines and Forfeits	37,064	34,690	39,329	37,709
Gifts and Contributions	46,940	71,092	51,258	50,636
Investment Income	534,835	176,194	143,512	172,524
Miscellaneous	1,498,612	1,796,825	947,218	2,779,387
Total Revenues	\$ 35,963,341	\$ 37,570,542	\$ 36,368,217	\$ 39,897,635
Expenditures				
Current				
General Government	\$ 6,190,611	\$ 5,056,887	\$ 4,909,011	\$ 5,281,337
Public Safety	5,383,171	5,945,299	9,536,984	7,988,624
Highways and Streets	7,786,142	9,774,352	6,871,241	8,161,703
Sanitation	428,622	393,711	382,825	351,197
Social Services	10,136,796	7,748,168	7,807,237	7,684,378
Health	3,469,911	3,380,118	3,351,695	3,325,377
Culture and Recreation	346,859	399,260	561,488	378,002
Conservation of Natural Resources	2,110,616	1,419,444	1,646,871	2,104,149
Economic Development	118,207	35,000	17,942	15,000
Intergovernmental				
Highways and Streets	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Capital Outlay	160,352	165,498	763,522	558,160
Debt Service				
Principal Retirement	1,312,307	1,314,319	875,451	7,436,439
Interest	523,475	454,315	517,435	516,056
Bond Issuance Costs	-	-	21,663	177,534
Administrative (fiscal) charges	3,511	2,961	20,456	26,368
Total Expenditures	\$ 37,970,580	\$ 36,089,332	\$ 37,283,821	\$ 44,004,324
Revenues Over (Under) Expenditures	\$ (2,007,239)	\$ 1,481,210	\$ (915,604)	\$ (4,106,689)
Other Financing Sources (Uses)				
Transfers In	\$ 90,250	\$ -	\$ 92,619	\$ 6,260,956
Transfers Out	(90,250)	-	(92,619)	(11,076,546)
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	149,700	4,905	61,065	13,905
Loans Issued	-	-	-	-
Total Other Financing Sources (Uses)	149,700	1,056,425	4,161,065	12,964,227
Net Change in Fund Balance	\$ (1,857,539)	\$ 2,537,635	\$ 3,245,461	\$ 8,857,538

Debt Service as a Percentage of Noncapital Expenditures	4.86%	4.93%	3.93%	18.77%
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Source: Freeborn County's Financial Statements

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

CHANGES IN GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS

2012	2013	2014	2015	2016	2017
\$ 19,005,885	\$ 20,187,009	\$ 20,090,378	\$ 20,878,781	\$ 23,715,974	24,075,507
1,670,999	2,283,803	2,088,263	2,172,363	2,245,972	2,046,830
134,192	121,255	118,079	106,821	164,509	103,349
17,815,054	15,717,420	17,768,440	15,826,392	16,382,810	19,767,495
4,156,976	3,647,235	3,565,791	3,765,702	3,975,878	4,841,541
26,436	29,756	64,065	41,664	34,772	32,329
29,606	12,242	6,553	13,019	23,099	37,382
184,419	111,029	132,099	245,464	432,665	214,560
1,142,182	1,374,589	1,006,351	982,627	1,353,027	1,104,929
<u>\$ 44,165,749</u>	<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>

\$ 6,340,666	\$ 6,067,026	\$ 6,191,688	\$ 6,643,520	\$ 6,984,439	\$ 7,247,743
13,639,438	6,335,469	6,949,396	7,437,235	8,389,229	9,247,492
11,016,683	13,866,152	14,180,809	9,396,052	10,818,218	14,298,508
356,505	389,793	481,430	495,023	555,980	568,068
7,606,046	9,166,814	9,551,357	10,865,074	11,582,745	11,467,816
3,159,918	1,524,573	1,703,256	2,030,585	2,197,002	2,367,095
321,489	388,287	320,811	378,127	336,666	396,611
1,095,605	1,637,650	1,896,751	1,883,629	2,291,269	3,257,725
400,000	397,409	19,757	11,500	12,647	25,000
308,595	318,877	330,135	348,751	361,195	360,068
-	2,364,690	-	-	-	-
805,285	764,263	999,715	2,100,910	1,124,568	1,542,415
1,267,547	2,122,159	3,295,000	2,725,000	2,720,000	2,770,000
649,036	707,994	767,088	688,016	611,710	540,424
-	89,790	-	-	-	67,002
29,839	5,893	5,425	3,525	5,061	6,425
<u>\$ 46,996,652</u>	<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>

\$ (2,830,903)	\$ (2,662,501)	\$ (1,852,599)	\$ (974,114)	\$ 337,977	\$ (1,938,470)
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\$ 7,697,008	\$ -	\$ -	\$ -	\$ 1,060,736	\$ 513,534
(6,624,421)	-	-	-	(1,060,736)	(513,534)
-	6,680,000	-	-	-	-
-	-	-	-	-	8,075,000
-	178,196	-	-	-	450,729
-	(19,144)	-	-	-	-
109,527	3,578	-	74,548	49,333	-
-	-	-	-	-	-
<u>1,182,114</u>	<u>6,842,630</u>	<u>-</u>	<u>74,548</u>	<u>49,333</u>	<u>8,525,729</u>
<u>\$ (1,648,789)</u>	<u>\$ 4,180,129</u>	<u>\$ (1,852,599)</u>	<u>\$ (899,566)</u>	<u>\$ 387,310</u>	<u>\$ 6,587,259</u>

4.21%	7.43%	10.06%	7.96%	7.12%	6.30%
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**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
2008	\$ 14,518,759	\$ 14,205,333	97.8	\$ 313,426	\$ 14,518,759
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	297,268	17,120,279
2012	18,917,961	18,615,152	98.4	297,121	18,912,273
2013	19,211,499	18,971,938	98.8	232,537	19,204,475
2014	19,219,518	19,036,870	99.0	169,485	19,206,355
2015	19,846,355	19,605,075	98.8	213,947	19,819,021
2016	20,703,982	20,513,131	99.1	130,653	20,643,784
2017	21,135,172	20,885,092	98.8	-	20,885,092

(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**

<u>Total Collections as a Percent of Current Levy (2)</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due</u>	<u>Total Delinquent Assessments</u>
100.0	\$ 1,723,182	\$ 1,689,642	98.1	\$ 33,540
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
99.9	1,979,342	1,948,884	98.5	30,458
99.9	2,134,718	2,120,400	99.3	14,318
99.7	2,269,156	2,260,738	99.6	8,418
98.8	2,035,207	2,019,183	99.2	16,024

**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
2007	2008	\$ 26,519,210	\$ 2,745,715,400	\$1,462,966	\$ 73,575,700
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

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

Source: Freeborn County Auditor/Treasurer -Abstract of Assessment of Real and Personal Property for 2016

(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
\$ 27,982,176	5.27	\$ 2,819,291,100	1.0
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

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2008			2017		
		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	\$ 371,014	3	1.4 %	\$ 832,045	1	2.2 %
ITC Midwest, LLC	Utilities	-	-	-	734,382	2	1.9
Alliance Pipeline LP	Utilities	881,970	1	3.3	700,112	3	1.8
Freeborn Mower Electric Coop	Utilities	-	-	-	373,662	4	1.0
Dairyland Power Cooperative	Utilities	110,494	6	0.4	232,335	5	0.6
Minnesota Energy Resources Cor	Utilities	-	-	-	204,162	6	0.5
Union Pacific Corporation	Commercial	-	-	-	174,542	7	0.5
ITC Midwest, LLC	Utilities	-	-	-	154,282	8	0.4
Wal-Mart Real Estate Business	Commercial	105,176	7	0.4	144,537	9	0.4
Steven P & Leann Anderson	Agriculture	-	-	-	131,642	10	0.3
Interstate Power & Light Co	Utilities	449,420	2	1.7	-	-	-
Continental Albert Lea LLP	Commercial	115,116	4	0.4	-	-	-
Adams MN Farms, LLC	Agriculture	93,475	9	0.4	-	-	-
O. Dale Larson Trust	Industrial	-	-	-	-	-	-
Swenson Goveland Farms, LLC	Agriculture	-	-	-	-	-	-
MCB Properties LTD Partnership	Industrial	111,968	5	0.4	-	-	-
Carrington Family Trust	Commercial	90,478	10	0.3	-	-	-
Agra Resources Coop	Agriculture	101,295	8	0.4	-	-	-
Home Depot U.S.A., Inc	Commercial	-	-	-	-	-	-
Albert Lea Port Authority	Industrial	-	-	-	-	-	-
All Others		23,932,232		90.8	34,828,487		90.4
		<u>\$ 26,362,638</u>		<u>100.0 %</u>	<u>\$ 38,510,188</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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Freeborn County										
General	21.1360	22.1540	21.0830	20.4620	21.6640	21.0590	16.3390	16.5030	19.2720	20.1280
Road and Bridge	9.9150	9.5920	9.1740	10.3630	11.9310	12.0750	9.8790	9.8870	10.5130	8.9680
Social Services	16.1010	17.2370	17.4870	16.7600	17.7410	15.8070	12.7250	11.8080	12.5550	14.1500
Waste	-	-	-	-	0.2310	0.2160	0.1770	0.1700	0.1590	0.1480
Capital Improvements	2.3910	2.3140	2.1530	1.8280	3.1560	2.9550	2.4170	2.3160	2.8940	3.1020
Library	1.5330	1.4860	1.3270	1.2350	1.2030	1.1330	0.8760	0.8560	0.9320	0.9450
Capital Equipment	-	-	-	-	-	-	-	-	-	-
Capital Bond	-	-	-	-	-	-	1.0880	1.0430	1.1320	1.1140
2011A	-	-	-	-	2.3420	2.1940	1.7960	1.6170	1.7170	1.7420
2011B	-	-	-	-	1.8470	1.7300	1.4160	1.2750	1.3640	1.3670
2011C	-	-	-	-	2.3750	2.2250	1.8210	1.6460	1.7220	1.7320
Armony	0.1270	0.1220	-	-	-	-	-	-	-	-
37 Jail	2.7410	2.6430	2.4650	2.3630	-	-	-	-	-	-
38 HRA	2.1450	2.0750	1.9310	1.8510	-	-	-	-	-	-
39 HRA	2.9970	2.9000	2.6990	2.5860	-	-	-	-	-	-
Radio	-	-	-	1.4810	1.5670	1.4680	1.2010	1.1520	1.1630	1.1710
Public Health	-	-	-	-	-	-	-	1.3870	1.6430	1.6580
Total Freeborn County	59.0860	60.5230	58.3190	58.9290	64.0570	60.8620	49.7350	49.6600	55.0660	56.2250
Townships										
Albert Lea	17.5000	18.9560	17.1020	19.6670	22.1650	20.7970	16.4310	15.6260	16.3100	16.4730
Alden	10.3940	9.3630	8.0620	8.5610	9.5810	9.0230	6.4850	6.1470	7.1320	7.5090
Bancroft	13.5060	13.8640	13.0300	12.6190	13.3220	12.3080	10.5110	10.0850	11.5060	11.4210
Bath	9.6380	12.2270	11.8170	10.9880	11.0700	10.6340	8.2930	7.9060	8.5860	8.7480
Carlston	10.3410	11.5400	10.9610	10.0150	11.6630	13.2080	10.0060	9.7610	10.9200	10.6020
Freeborn	15.3150	16.2710	13.9300	12.7380	13.7750	14.1210	10.2660	9.1040	9.7430	9.5140
Freeman	9.2870	8.0190	7.7870	7.4450	7.8820	7.8940	6.7020	6.7590	8.1090	8.3360
Geneva	17.3960	16.8600	14.3930	13.5500	13.5660	11.9460	8.8770	8.3430	9.2040	9.4730
Hartland	10.0270	9.6750	9.6240	9.2630	9.3090	8.1930	5.9960	5.6300	6.2760	6.4730
Hayward	16.5180	17.6540	16.5040	15.4860	14.7720	13.3610	10.0520	9.3600	9.4620	9.0080
London	14.8230	14.9130	17.0630	16.4620	16.2340	14.4740	10.0950	9.4730	10.7060	11.0290
Manchester	9.4350	10.1250	8.9030	9.1900	8.8800	7.8440	6.0770	5.6650	6.0120	5.4060
Mansfield	14.2710	15.4720	13.2120	12.8100	13.2050	11.6570	8.2710	8.4920	9.7050	10.0710
Moscow	16.9520	19.5820	17.2030	16.2060	17.2140	15.8810	12.4950	11.7540	12.9230	13.4940
Newry	15.8940	15.3190	12.1390	11.1330	11.1830	11.0100	8.4420	8.5020	9.4390	9.7350
Nunda	12.7970	15.3450	14.2450	10.8160	14.7580	13.1340	9.9350	9.1870	10.0000	10.1990
Oakland	11.3570	11.4320	10.4460	10.5960	11.4640	11.2600	9.1840	9.3510	10.2590	10.4380
Pickereel Lake	9.5060	9.5600	8.8730	8.5790	7.4530	7.0740	5.8350	5.9100	6.3160	6.5020
Riceland	12.8840	12.6640	12.4300	11.5670	12.0970	10.7220	8.1190	7.6160	8.2930	8.4430
Shell Rock	11.0410	11.5510	10.0460	9.8960	9.3600	8.3880	6.1020	5.6420	6.1730	6.2650
Cities										
Albert Lea	43.1440	44.1790	46.0590	49.1630	57.1250	60.6320	62.0500	63.2160	64.3220	63.0870
Alden	65.8230	64.7480	64.3510	68.8150	87.4770	89.6730	89.0060	100.4690	99.7370	93.6570
Clarks Grove	29.4140	31.4830	30.3220	31.7390	39.9950	43.0910	44.1710	52.8210	54.6880	55.0710
Conger	87.7350	91.7220	94.6160	100.7930	134.8240	155.3090	136.2020	139.3750	143.8460	143.6260
Emmons	96.4050	91.5350	93.4200	96.9720	136.2420	134.7630	145.2370	146.6990	145.4870	144.3780
Freeborn	84.7540	87.7970	93.7980	100.5350	143.2810	147.4650	151.5210	155.4240	159.6660	162.2870
Geneve	34.6050	33.0790	34.5410	34.9410	41.0740	45.2780	45.3850	49.8020	50.4430	48.2690
Glenville	56.5190	58.7820	59.1030	59.1180	50.2860	50.7820	51.5010	45.8360	45.8920	46.7430
Hartland	81.6310	86.6280	97.7580	105.0440	131.4280	133.9210	138.0870	140.2610	146.5790	147.6840
Hayward	103.6950	102.6800	102.5920	103.7320	133.1350	149.6770	165.2590	164.5510	155.5250	154.2900
Hollandale	95.0360	88.4660	86.5930	87.9480	111.7950	116.2920	117.3300	114.6910	114.7110	107.1110
Manchester	47.7950	49.1310	56.0080	64.6870	81.3670	86.6390	95.7060	104.6640	109.0210	134.0360
Myrtle	37.2350	38.1550	37.6030	37.7450	56.9500	62.0160	69.2000	69.3400	68.9850	75.0470
Twin Lakes	30.9190	31.0080	30.7390	30.6410	15.9950	16.4760	15.8540	15.9450	16.2940	15.8910
School Districts										
SD 241	25.5560	25.7000	24.5770	25.9440	29.0580	28.8770	25.1790	25.1970	25.0870	25.4820
SD 242	28.5040	29.0900	24.7810	23.5820	26.9030	21.4490	15.0250	14.9850	20.6190	24.5390
SD 492	21.2680	22.3320	21.4720	21.6600	32.2050	29.0950	27.5920	28.3740	27.4910	26.8870
SD 497	48.2320	37.9210	33.0260	32.9290	37.4720	28.3020	20.5760	21.8200	26.9350	24.0810
SD 756	26.2070	24.7550	25.4610	23.7980	21.5150	21.6450	24.3790	19.8120	23.6980	23.2860
SD 2134	6.9250	7.2240	8.4240	7.3220	7.5360	25.8080	18.1620	18.0700	22.1450	18.6450
SD 2168	15.1230	18.5710	16.9340	17.1690	17.5590	16.3550	16.6160	8.5410	8.6990	7.3980
SD 2886	7.3680	7.4890	5.6680	4.7940	4.2550	3.4240	3.4560	3.2790	3.4200	3.7400

Source: Freeborn County Auditor/Treasurer

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

TAX CAPACITY BY CLASSIFICATION
LAST TEN FISCAL YEARS

Payable Year	Agriculture	Residential	Commercial	Industrial	Utilities	Personal Property	Tax Increment	Net Tax Capacity
2008	10,345,877	11,768,034	2,447,310	1,275,368	682,621	1,462,966	(322,474)	27,659,702
% of Total	37%	43%	9%	5%	2%	5%	-1%	
2009	10,740,600	11,846,090	2,763,828	1,450,799	646,626	1,485,457	(313,893)	28,619,507
% of Total	38%	41%	10%	5%	2%	5%	-1%	
2010	12,695,506	11,739,137	2,797,222	1,482,667	678,311	1,551,388	(169,698)	30,774,533
% of Total	42%	38%	9%	5%	2%	5%	-1%	
2011	13,848,537	11,459,581	2,797,456	1,487,576	958,197	1,653,738	(123,343)	32,081,742
% of Total	42%	36%	9%	5%	3%	5%	0%	
2012	14,148,293	9,378,519	2,666,839	1,406,420	804,732	2,028,290	(114,763)	30,318,330
% of Total	46%	30%	9%	5%	3%	7%	0%	
2013	16,412,219	9,092,224	2,663,690	1,407,655	839,959	2,054,524	(141,250)	32,329,021
% of Total	51%	28%	8%	4%	3%	6%	0%	
2014	23,078,678	8,758,029	3,031,284	1,696,880	915,210	2,279,255	(224,141)	\$39,535,195
% of Total	59%	22%	8%	4%	2%	6%	-1%	
2015	24,711,441	8,770,777	3,001,570	1,672,736	884,410	2,343,838	(138,126)	\$41,246,646
% of Total	60%	21%	7%	4%	2%	6%	0%	
2016	21,762,538	8,856,814	3,016,707	1,622,741	1,084,133	2,557,017	(118,829)	\$38,781,121
% of Total	56%	23%	8%	4%	3%	7%	0%	
2017	20,785,418	9,421,729	3,039,218	1,623,251	1,167,647	2,762,326	(289,401)	\$38,510,188
% of Total	54%	24%	8%	4%	3%	7%	-1%	

Source: Freeborn County Auditor/Treasurer Abstract of Assessment of Real and Personal Property for 2016

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Market Valuation of Taxable Property (1)	\$ 2,819,291,100	\$ 2,940,869,100	\$ 3,183,480,900	\$ 3,330,918,200
Legal Debt Percentage Allowed (2)	3.00%	3.00%	3.00%	3.00%
Legal Debt Limit	84,578,733	88,226,073	95,504,427	99,927,546
Amount of Debt Applicable to Debt Limit				
General Obligation Debt	25,263,157	24,354,678	21,387,419	23,985,000
Less: Amount Available in Debt Service Funds	<u>1,849,797</u>	<u>2,009,360</u>	<u>1,992,995</u>	<u>2,150,569</u>
Total Debt Applicable to Limit	<u>23,413,360</u>	<u>22,345,318</u>	<u>19,394,424</u>	<u>21,834,431</u>
Unused Margin of Indebtedness	<u>\$ 61,165,373</u>	<u>\$ 65,880,755</u>	<u>\$ 76,110,003</u>	<u>\$ 78,093,115</u>
Percent of Legal Debt Incurred	29.87%	27.60%	22.39%	24.00%

(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**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,415,799,900	\$ 3,656,665,100	\$ 4,442,538,500	\$ 4,709,106,500	\$ 4,433,917,900	\$ 4,357,662,300
<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
102,473,997	109,699,953	133,276,155	141,273,195	133,017,537	130,729,869
22,755,000	27,345,000	24,050,000	21,325,000	18,605,000	23,910,000
<u>2,910,321</u>	<u>5,100,159</u>	<u>4,493,278</u>	<u>4,284,934</u>	<u>4,261,379</u>	<u>4,564,815</u>
<u>19,844,679</u>	<u>22,244,841</u>	<u>19,556,722</u>	<u>17,040,066</u>	<u>14,343,621</u>	<u>19,345,185</u>
<u>\$ 82,629,318</u>	<u>\$ 87,455,112</u>	<u>\$ 113,719,433</u>	<u>\$ 124,233,129</u>	<u>\$ 118,673,916</u>	<u>\$ 111,384,684</u>
22.21%	24.93%	18.05%	15.09%	13.99%	18.29%

**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:					
2008	\$ 8,315,000	\$ 175,827	\$ -	\$ 2,683,881	\$ 215,000
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	-

(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>				
\$ 14,038,157	\$ 25,427,865	2.30%	31,187	815
13,349,678	24,457,382	2.22%	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	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
2008	31,187	\$ 1,109,293,000	\$ 2,819,291,100	\$ 27,982,176	\$ 22,353,157	\$ 1,587,947
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	23,796,200	1,656,190
2011	31,160	1,232,138,000	3,330,918,200	32,205,085	28,936,340	7,975,383
2012	31,027	1,273,548,000	3,415,799,900	30,433,093	20,977,086	1,745,190
2013	30,917	1,224,806,000	3,656,665,100	32,502,893	22,644,992	2,029,446
2014	30,831	1,245,146,000	4,442,538,500	39,759,336	20,739,159	2,482,523
2015	30,642	1,266,479,000	4,591,440,800	39,040,934	18,467,718	2,446,394
2016	30,446	1,219,212,000	4,305,573,100	36,342,933	16,131,277	2,400,494
2017	n/a	n/a	4,219,103,400	36,037,263	22,265,566	12,008,058

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 %
\$ 20,765,210	\$ 716.75	\$ 665.83	0.8	0.7	79.9	74.2	2.0	1.9
19,185,158	\$ 670.85	618.18	0.7	0.7	72.0	66.3	1.9	1.7
22,140,010	\$ 761.36	708.37	0.7	0.7	76.9	71.5	2.1	1.9
20,960,957	\$ 928.64	672.69	0.9	0.6	89.9	65.1	2.3	1.7
19,231,896	\$ 676.09	619.84	0.6	0.6	68.9	63.2	1.6	1.5
20,615,546	\$ 732.44	666.80	0.6	0.6	69.7	63.4	1.8	1.7
18,256,636	\$ 672.67	592.15	0.5	0.4	52.2	45.9	1.7	1.5
16,021,324	\$ 602.69	522.86	0.4	0.3	47.3	41.0	1.5	1.3
13,730,783	\$ 529.83	450.99	0.4	0.3	44.4	37.8	1.3	1.1
10,257,508	n/a	n/a	0.5	0.2	61.8	28.5	n/a	n/a

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

COMPUTATION OF UNDERLYING, OVERLAPPING, AND DIRECT DEBT
DECEMBER, 31 2017

	Net G.O. Debt Outstanding	Applicable to Freeborn County	
		Percent (1)	Amount
Cities			
City of Alden	\$ 737,000	100.0	\$ 737,000
City of Conger	568,596	100.0	568,596
City of Freeborn	1,153,000	100.0	1,153,000
City of Glenville	85,185	100.0	85,185
City of Hartland	1,554,095	100.0	1,554,095
City of Hayward	343,871	100.0	343,871
City of Manchester	105,000	100.0	105,000
City of Albert Lea	22,317,731	100.0	22,317,731
Total Cities	<u>26,864,478</u>		<u>26,864,478</u>
Independent School Districts			
No. 241	25,459,920	100.0	25,459,920
No. 242	9,825,000	99.3	9,756,225
No. 492	38,151,103	6.4	2,441,671
No. 497	5,905,000	13.8	814,890
No. 756	10,580,000	25.0	2,645,000
No. 2134	26,115,000	23.8	6,215,370
No. 2168	3,790,000	29.5	1,118,050
No. 2886	807,466	100.0	807,466
Total Independent School Districts	<u>120,633,489</u>		<u>49,258,592</u>
Total Overlapping Debt	147,497,967	100.0	76,123,070
Freeborn County Direct Debt	<u>24,769,549</u>	100.0	<u>24,769,549</u>
Totals	<u>\$ 172,267,516</u>		<u>\$ 100,892,619</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**

Fiscal Year	(1) Farm	(1) Residential	(1) Commercial Industrial	(1) Total	(2) Bank Deposits
2008	\$ 3,695,800	\$ 11,053,200	\$ 4,456,300	\$ 19,205,300	\$ 493,000,000
2009	4,200,600	7,519,400	3,818,100	15,538,100	536,000,000
2010	3,056,300	6,868,000	2,467,900	12,392,200	537,000,000
2011	4,811,700	8,105,800	987,300	13,904,800	563,000,000
2012	6,530,600	6,072,700	1,990,600	14,593,900	567,000,000
2013	5,602,500	5,461,500	5,512,600	16,576,600	587,000,000
2014	3,497,700	7,499,100	4,534,600	15,531,400	588,000,000
2015	3,759,500	6,359,300	2,580,800	12,699,600	590,000,000
2016	1,584,500	10,808,800	2,159,200	14,552,500	618,000,000
2017	3,068,200	7,449,800	1,528,300	12,046,300	615,000,000

(1) Source: Freeborn County Assessor

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

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

COUNTY EMPLOYEES BY DEPARTMENT

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Courts	1.50	1.50	1.50	1.00	2.00	1.00	1.00	1.00	1.00	1.00
Administration (1)	8.50	4.50	4.50	5.50	5.00	5.00	6.00	6.00	6.00	6.60
Auditor/Treasurer	8.50	7.50	8.00	8.50	8.50	10.00	8.50	7.00	6.00	8.00
Assessor	8.00	7.00	7.50	7.50	7.50	7.00	7.00	7.00	7.00	7.00
Motor Vehicle	5.00	5.00	5.00	5.00	5.00	6.00	6.50	5.00	5.00	5.00
Information Technology (1)	-	4.50	4.00	4.00	5.00	5.00	5.00	6.00	6.00	5.00
Attorney	7.00	7.00	7.00	7.00	7.00	7.00	8.00	7.00	7.00	8.00
Recorder	5.00	5.00	5.00	5.00	5.00	6.00	5.00	5.00	5.00	5.00
Maintenance	7.00	7.00	7.50	6.50	7.00	6.50	7.50	6.50	6.50	8.00
Veterans Service	2.00	2.00	2.00	2.00	2.00	3.00	2.00	2.50	2.50	2.00
Medical Death Investigators	-	-	-	-	-	6.00	5.00	4.00	4.00	4.00
Coroner (2)	1.00	-	-	-	-	-	-	-	-	-
Sheriff (3)	27.00	31.50	34.00	35.00	33.50	33.50	26.50	23.00	21.00	26.00
Dispatch (4)	-	-	-	-	-	-	-	9.00	8.00	7.00
Boat and Water Safety	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-	-
Transport Deputies (3)	-	-	-	-	-	-	6.00	3.00	8.00	8.00
Detention Center	31.00	42.00	45.00	41.00	38.00	36.00	38.00	33.00	35.00	40.00
Court Services	8.50	8.50	8.50	8.50	9.00	10.00	9.00	11.00	9.00	10.00
Emergency Management	-	-	-	-	-	1.00	1.00	1.00	1.00	1.00
Public Health	24.00	22.00	23.00	23.00	26.00	25.50	26.00	25.00	24.00	31.00
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	7.00	7.50	9.00	7.50	7.50	7.50	9.00	6.00	6.00	6.00
Total General Fund	<u>157.50</u>	<u>169.00</u>	<u>179.00</u>	<u>174.50</u>	<u>175.50</u>	<u>182.50</u>	<u>183.50</u>	<u>174.00</u>	<u>174.00</u>	<u>194.60</u>
Road and Bridge Fund										
Road and Bridge	31.50	29.00	29.50	30.00	32.50	33.50	34.00	34.00	35.00	36.00
Social Services Fund										
Social Services	87.00	82.00	82.00	82.50	79.00	80.00	81.50	84.00	91.00	88.00
Ditch Fund										
Ditch	0.50	0.50	0.50	0.50	0.50	1.00	0.50	0.50	1.00	1.00
Total Employees	<u>276.50</u>	<u>280.50</u>	<u>291.00</u>	<u>287.50</u>	<u>287.50</u>	<u>297.00</u>	<u>299.50</u>	<u>292.50</u>	<u>301.00</u>	<u>319.60</u>

The above numbers represent full time employee equivalents

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

Source: Freeborn County Administration

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

LABOR AGREEMENTS

Union	Number of Employees (1)	Contract Term
American Federation of State, County and Municipal Employees, AFL-CIO Council 65, Local 1018A	77	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional Officers)	38	1.1.17 - 12.31.17
Minnesota Public Employees Association (Patrol Deputies)	11	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Correctional sergeants)	4	1.1.17 - 12.31.17
Minnesota Public Employees' Association (Patrol Sergeants)	3	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Dispatch)	8	1.1.17 - 12.31.17
Minnesota Teamsters Public and Law Enforcement Employees' Union, Local No. 320 (Transport)	8	1.1.17 - 12.31.17
Non Union	143.5	
Total	292.5	

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

Source: County Administration

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

TEN LARGEST EMPLOYERS
CURRENT AND NINE YEARS AGO

Employer	Business/Service	2017			2008		
		Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
Mayo Clinic Health Systems	Medical Services	1,004	1	6.2 %	1230	1	7.9 %
Albert Lea Area Schools	Education	715	2	4.4	480	2	3.1
Albert Lea Select Foods	Meat Processing	430	3	2.7	308	5	2.0
Innovance (Lou-Rich & Almco)	Metal Fabrication	358	4	2.2	385	3	2.5
Freeborn County	Local Government	351	5	2.2	-	-	-
St. John's Lutheran Home	Nursing Care Facilities	308	6	1.9	289	8	1.9
City of Albert Lea	Local Government	299	7	1.9	-	-	-
Wal-Mart	Retailer	245	8	1.5	-	-	-
Mrs. Gerry's	Meat Processing	223	9	1.4	-	-	-
Cargill Value Added Meats	Meat Processing	215	10	1.3	-	-	-
Good Samaritan Center	Outpatient Care Center	-	-	-	308	6	2.0
Schweigert Foods	Other Food Manufacturing	-	-	-	365	4	2.4
Streater Store Fixtures	Lumber & Other Const Materials Wholesaler	-	-	-	305	7	2.0
Ventura Foods LLC	Food Processor	-	-	-	185	9	1.2
Trails Travel Center	Automotive	-	-	-	135	10	0.9
All Other Employees		<u>11,949</u>		<u>74.2</u>	<u>11,521</u>		<u>74.1</u>
Total Employees		<u>16,097</u>		<u>100.0 %</u>	<u>15,511</u>		<u>100.0 %</u>

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

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**POPULATION GROWTH COMPARISONS
LAST TEN FISCAL YEARS**

Year	Freeborn County				State of Minnesota	
	Population	Percent Increase (Decrease)	Households	Percent Increase (Decrease)	Population	Percent Increase (Decrease)
2008	31,187	(1.0) %	13,393	(0.4) %	5,287,976	0.5 %
2009	31,035	(0.5)	13,374	(0.1)	5,300,942	0.2
2010	31,255	0.7	13,177	(1.5)	5,303,925	0.1
2011	31,160	0.3	13,195	0.1	5,332,246	0.5
2012	31,027	0.4	13,179	(0.1)	5,368,972	0.7
2013	30,917	0.4	13,143	(0.3)	5,417,838	0.9
2014	30,831	(0.2)	13,123	(0.2)	5,489,594	1.3
2015	30,642	(0.6)	13,071	(0.4)	5,490,216	0.0
2016	30,446	(0.6)	13,046	(0.2)	5,525,050	0.6
2017	N/A	N/A	N/A	N/A	5,576,606	0.9

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. 10, 1996	19,029	2,581	13.6	Nov. 5, 1996	19,204	16,166	84.2
Sept. 15, 1998	18,529	4,655	25.1	Nov. 3, 1998	18,606	14,029	75.4
Sept. 12, 2000	18,050	5,740	31.8	Nov. 7, 2000	18,340	16,331	89.0
Sept. 10, 2002	18,236	7,525	41.3	Nov. 5, 2002	18,512	15,987	86.4
Sept. 14, 2004	18,659	4,219	22.6	Nov. 2, 2004	18,918	17,775	94.0
Sept. 12, 2006	19,264	3,861	20.0	Nov. 7, 2006	19,378	15,252	78.7
Sept. 09, 2008	19,189	4,081	21.3	Nov. 4, 2008	19,376	17,369	89.6
Aug. 10, 2010	18,627	5,841	31.4	Nov. 2, 2010	18,716	13,564	72.5
Aug. 14, 2012	17,714	2,813	15.9	Nov. 6, 2012	17,946	16,817	93.7
Aug. 12, 2014	17,563	3,889	22.1	Nov. 4, 2010	17,709	12,528	70.7
Aug. 10, 2016	17,282	1,421	8.2	Nov. 8, 2010	17,920	16,195	90.4

Source: Freeborn County Auditor/Treasurer

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Year	Unemployment Percentages (1)			Personal Income (2)	Per Capita Personal Income (2)		
	Freeborn County	State of Minnesota	United States	Freeborn County	Freeborn County	State of Minnesota	United States
2008	5.7 %	5.5 %	5.8 %	\$ 1,109,293,000	\$ 35,475	\$ 43,074	\$ 40,873
2009	8.4	7.8	9.3	1,105,401,000	35,302	41,230	39,379
2010	7.7	7.3	9.6	1,151,565,000	36,897	42,572	40,144
2011	6.6	6.4	8.9	1,232,138,000	39,605	45,220	42,332
2012	5.8	5.5	8.1	1,273,548,000	40,998	47,377	44,200
2013	5.0	4.8	7.4	1,224,806,000	39,576	47,500	44,765
2014	4.2	4.0	6.2	1,245,146,000	40,374	48,711	46,129
2015	3.7	3.7	4.8	1,204,670,000	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	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 EIGHT FISCAL YEARS

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

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government buildings	3	3	3	3	3	3	3	3	3	3
Highways:										
Miles	634	634	634	634	634	634	634	634	634	634
Buildings	9	9	9	9	9	9	9	10	10	10
Culture and Recreation:										
Parks acreage	256	256	256	256	256	256	256	256	256	256
Miles	-	-	-	-	-	-	-	13	13	13
County parks	4	4	4	4	4	4	4	4	4	4

Source: Freeborn County Highway and Administration Departments