

NEW ISSUE: FULL BOOK-ENTRY ONLY**RATING BY MOODY'S: "Aa2"**

(See "Rating" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Series 2022A Bonds, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates, or trusts. See "TAX EXEMPTION and RELATED TAX CONSIDERATIONS" herein.

OFFICIAL STATEMENT

\$9,275,000⁽¹⁾ GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2022A
FREEBORN COUNTY, MINNESOTA

Dated Date: July 20, 2022**Principal Due:** February 1, 2024 through 2043**Minimum Proposal:** Not less than \$9,200,800 (99.2% of Par)**Good Faith Deposit:** \$93,000

Freeborn County, Minnesota (the "County") is issuing \$9,275,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2022A (the "Bonds") pursuant to the provisions of Minnesota Statutes, Chapter 475 and Section 373.40. The proceeds of the Bonds will be used to (i) finance a portion of the costs of the capital improvement projects included in the County's 2022-2026 Capital Improvement Plan, and (ii) pay the financing costs associated with the issuance of the Bonds. The Bonds are general obligations of the County, for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes (see "Security and Source of Payment" herein).

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal, payable annually on each February 1 commencing February 1, 2024, and interest, payable semi-annually on each February 1 and August 1 commencing February 1, 2023, will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds.

The Bonds will mature on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Yield*</u>	<u>CUSIPS*</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate*</u>	<u>Yield*</u>	<u>CUSIPS*</u>
2024	\$ 320,000	—%	—%	—	2034	\$ 460,000	—%	—%	—
2025	330,000	—%	—%	—	2035	475,000	—%	—%	—
2026	345,000	—%	—%	—	2036	495,000	—%	—%	—
2027	355,000	—%	—%	—	2037	510,000	—%	—%	—
2028	370,000	—%	—%	—	2038	530,000	—%	—%	—
2029	385,000	—%	—%	—	2039	555,000	—%	—%	—
2030	400,000	—%	—%	—	2040	575,000	—%	—%	—
2031	420,000	—%	—%	—	2041	600,000	—%	—%	—
2032	435,000	—%	—%	—	2042	620,000	—%	—%	—
2033	450,000	—%	—%	—	2043	645,000	—%	—%	—

The Bonds maturing on February 1, 2033 and thereafter are subject to optional redemption on February 1, 2032 and any date thereafter at a price of par plus accrued interest to the redemption date.

LEGAL OPINION:

Kutak Rock LLP, Minneapolis, Minnesota

PAYING AGENT/REGISTRAR:

UMB Bank, Minneapolis, Minnesota

BANK QUALIFIED:

The Bonds are designated as "Qualified Tax-Exempt Obligations."

PROPOSALS RECEIVED UNTIL:

11:00 A.M. Central Time on Tuesday, June 28, 2022

In the offices of PFM Financial Advisors LLC, Minneapolis, Minnesota

PROPOSALS CONSIDERED:

No later than 2:00 P.M. on Tuesday, June 28, 2022

DELIVERY:

The Bonds will be available for delivery on or about July 20, 2022

The date of this Official Statement is June 21, 2022.

⁽¹⁾ Preliminary, subject to change.

* Interest rates, reoffering yields or prices and CUSIPS will be set forth in the Final Official Statement described herein.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)



No dealer, broker, salesman or other person has been authorized by the County, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement or the Final Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County, the Municipal Advisor or the Underwriters. This Official Statement or the Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but it is not to be construed as a representation by the Municipal Advisor or Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement or the Final Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the County or in any other information contained herein, since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the \$9,275,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2022A (the “Bonds”) issued by Freeborn County, Minnesota (the “County”) and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

Issuer:	Freeborn County, Minnesota
Authorization:	The Bonds are issued pursuant to the provisions of Minnesota Statutes, Chapter 475 and Section 373.40.
Purpose:	The proceeds of the Bonds will be used to (i) finance a portion of the costs of the capital improvement projects included in the County’s 2022-2026 Capital Improvement Plan, and (ii) pay the financing costs associated with the issuance of the Bonds.
Security:	The Bonds are general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes.
Dated Date:	The Bonds are dated July 20, 2022.
Principal Payments:	Principal on the Bonds is payable annually on February 1 in the years 2024 through 2042.
Interest Payments:	Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2023.
Optional Redemption:	The Bonds maturing on February 1, 2033 and any date thereafter are subject to optional redemption on February 1, 2032 and any date thereafter at a price of par plus accrued interest to the redemption date.
Denominations:	Individual purchases may be made in denominations of \$5,000 or integral multiples thereof.
Book-Entry Only:	The Bonds will be issued as book-entry only securities through DTC.
Record Date:	Interest on the Bonds will be paid to DTC or to other persons in whose names the Bonds are registered at the close of business on the fifteenth day of the calendar month next preceding the interest payment, whether such day is a business day.
Tax Status:	Generally exempt from federal and state income taxes (see “TAX EXEMPTION AND RELATED TAX CONSIDERATIONS” herein).
Legal Matters:	Validity, tax exemption, and legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Kutak Rock LLP, Bond Counsel. The opinion will be substantially in the form set forth in “APPENDIX B – Form of Legal Opinions” attached hereto.
Professional Consultants:	<i>Municipal Advisor:</i> PFM Financial Advisors LLC Minneapolis, Minnesota <i>Bond Counsel:</i> Kutak Rock LLP Minneapolis, Minnesota <i>Paying Agent:</i> UMB Bank N.A. Minneapolis, Minnesota
Delivery:	On or about July 20, 2022.

⁽¹⁾ Preliminary, subject to change.

**Conditions Affecting
Issuance of the Bonds:**

The Bonds are offered when, as and if issued, subject to the approving legal opinion of Kutak Rock LLP.

**Limitations on Offering or
Reoffering Securities:**

No dealer, broker, salesperson or other person has been authorized by the County, the Municipal Advisor or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County, the Municipal Advisor or the Underwriters. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Official Statement is in a form deemed final as of its date for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) (the "Rule"), but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Bonds, the County shall provide copies of the Final Official Statement, as that term is used in the Rule, to the purchasers of the Bonds. The Final Official Statement will be the Official Statement dated June 21, 2022 revised to include the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law. The purchasers will be supplied with Final Official Statements in a quantity sufficient to meet its request. Up to 25 copies of the Final Official Statement will be furnished without cost.

Questions regarding the Bonds or the Official Statement can be directed to and additional copies of the Official Statement, the County's audited financial reports and the resolution awarding the sale of the Bonds may be obtained from PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, MN 55402, (612/338-3535), the County's Municipal Advisor.

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DESCRIPTION OF THE BONDS

Authorization and Purpose

The Bonds are issued pursuant to the provisions of Minnesota Statutes, Chapter 475 and Section 373.40 (i) finance a portion of the costs of the capital improvement projects included in the County's 2022-2026 Capital Improvement Plan, and (ii) pay the financing costs associated with the issuance of the Bonds.

This issue includes financing for projects at the following locations:

- Government Center
- Human Services Building
- Environmental Services Building
- Truck Shop

Security and Source of Payment

The Bonds will be general obligations of the County for which the County pledges its full faith and credit and power to levy direct general ad valorem taxes.

Interest Computation

Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2023. It will be computed on a 360-day year, 30-day month basis, to the owners of record as of the close of business on the fifteenth of the immediately preceding month. Payments coming due on a non-business day will be paid on the next business day.

Redemption Provisions

Optional Redemption

The Bonds maturing on February 1, 2033 and any date thereafter are subject to optional redemption on February 1, 2032 and any date thereafter at a price of par plus accrued interest to the redemption date.

Notice of Redemption

Notice of redemption for the Bonds shall be published and mailed, first-class postage prepaid, not less than thirty (30) days prior to the redemption date, to registered holder(s) of Bonds to be redeemed; but no defect in or failure to give such mailed notice shall affect the validity of the proceedings for redemption as to any Bond not affected by such defect or failure.

Mandatory Sinking Fund Redemption

The Bonds maturing on February 1, ____, are required to be redeemed in part prior to maturity on February 1 at the principal amount thereof plus accrued interest to the redemption date, in the amounts set forth below:

Year

Amount

(Final Maturity)

Sources and Uses of Funds

Table 1 below presents the sources and uses of funds for the Bonds.

Table 1
Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds	<u>\$ 9,275,000⁽¹⁾</u>
---------------------	-----------------------------------

Uses of Funds

Deposit into Project Fund
Cost of Issuance/Underwriter's Discount
Contingency
Total Uses of Funds

⁽¹⁾ Preliminary, subject to change.

Bondholders' Risk

Global Health Emergency Risk

On March 11, 2020, the World Health Organization proclaimed the novel Coronavirus (COVID-19) to be a pandemic. The United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and its spread is an emerging and evolving issue. As the federal, state and local governments, including the County, continue efforts to contain and limit the spread of COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the County and its ability to fund debt obligations, including the Bonds, in accordance with their terms. The County is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the County or its financial long-term position.

The United States Congress has enacted several COVID-19 related bills, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, which provides over \$2 trillion of direct financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic. On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Such prices could be substantially different from the original purchase price of the Bonds.

EACH PROSPECTIVE PURCHASER IS RESPONSIBLE FOR ASSESSING THE MERITS AND RISKS OF AN INVESTMENT IN THE BONDS AND MUST BE ABLE TO BEAR THE ECONOMIC RISK OF SUCH INVESTMENT. THE SECONDARY MARKET FOR THE BONDS, IF ANY, COULD BE LIMITED.

Book-Entry Only System

The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF BONDS.

Continuing Disclosure

In order to permit proposers for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the County will covenant and agree, for the benefit of the registered holders or beneficial owners, to provide the County's audited financial statements and certain financial information and operating data (the "Annual Report") 12 months after the end of each fiscal year, commencing with the Fiscal Year ending December 31, 2022, and notice of the occurrence of certain events, if material, as hereinafter described (the "Disclosure Covenants") not more than ten business days after occurrence of the event. Information to be provided on an annual basis, the events as to which notice is to be given, if material, and the forms of Continuing

Disclosure Undertakings, including the other provisions of the Disclosure Covenants, including termination, amendment and remedies, are included in APPENDIX C to this Official Statement.

Within the last five years, the County has never failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events. A failure by the County to comply with the Undertakings will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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THE COUNTY

Freeborn County was founded in 1855. The County is located in southcentral Minnesota about 90 miles south of Minneapolis and St. Paul along the Minnesota-Iowa border. The County consists of 722 square miles and includes 19 cities and 20 townships with 4 unincorporated communities. Its population according to the 2020 Federal census was 30,895 and the estimated population as of July 2021 was 30,749. The county seat is the City of Albert Lea located at the intersection of Interstate Highways 90 and 35.

Organization and Administration

The County was organized in 1855, and has ever since continued in existence as a county governed by the general laws of the State of Minnesota. The County has been established as an organized County having the powers, duties, and privileges granted counties by Minnesota Statutes, Chapter 373.

The County is governed by the Board of County Commissioners, which include five members elected to four-year terms. The County Auditor/Treasurer, Sheriff, Recorder, and Attorney are also elected to four-year terms. Regular meetings are held at the County Courthouse on the first and third Tuesdays of each month. The tables below present the current Board of Commissioners and other County Officials.

BOARD OF COUNTY COMMISSIONERS

<u>Name</u>	<u>Position</u>	<u>Expiration of Current Term</u>
Christopher Shoff	<i>Chair</i>	2022
Dan Belshan	<i>Commissioner</i>	2022
Brad Edwin	<i>Commissioner</i>	2024
John Forman	<i>Commissioner</i>	2024
Ted Herman	<i>Commissioner</i>	2024

ADMINISTRATION

<u>Name</u>	<u>Position</u>
Vacant	<i>County Administrator</i>
Patricia Martinson	<i>County Auditor/Treasurer</i>
David Walker	<i>County Attorney</i>
Kurt Freitag	<i>County Sheriff</i>
Pat Paquin	<i>Finance Director</i>

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Retirement Plans

Defined Benefits Plans

Information regarding Defined Benefit Pension Plans is included in Note 10, pages 73-86 to the County's Audited Financial Statements in Appendix A herein.

Defined Contribution Plans

Information regarding Defined Contribution Pension Plans is included in Note 10, pages 86-87 to the County's Audited Financial Statements in Appendix A herein.

Other Post-Employment Benefits

Information regarding Other Post-Employment Benefits is included in Note 10, pages 87-89 to the County's Audited Financial Statements in Appendix A herein.

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Table 2 lists the population of the County and the State of Minnesota for the last five decennial censuses, and the most recent estimate available published by the U.S. Census Bureau.

Table 2
Population

<u>Year</u>	<u>Freeborn County</u>	<u>State of Minnesota</u>
2021 (Estimate)	30,749	5,707,390
2020	30,895	5,706,494
2010	31,255	5,303,925
2000	32,584	4,919,479
1990	33,060	4,375,099
1980	36,329	4,075,970

Source: United States Census Bureau, www.census.gov.

Labor Force and Unemployment Statistics

Table 3 lists the annual average labor force and unemployment rate for Freeborn County as compared to the unemployment rate for the State of Minnesota and the United States for the years 2017 through 2021, and the most recent figure available for 2022. Information in this table has not been seasonally adjusted.

Table 3
Labor Force and Unemployment Statistics

	<u>Freeborn County</u>		<u>State of Minnesota</u>	<u>United States</u>
	<u>Labor Force</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
2022 ⁽¹⁾	14,888	1.7%	1.6%	3.3%
2021	15,765	3.6%	3.4%	5.3%
2020	16,336	5.2%	6.3%	8.1%
2019	16,185	3.5%	3.4%	3.7%
2018	16,044	3.2%	3.1%	3.9%
2017	16,145	3.6%	3.5%	4.4%

⁽¹⁾ As of April 2022.

Source: Minnesota Department of Employment and Economic Development, Local Area Unemployment Statistics, <http://mn.gov/deed>

Major Employers

Table 4 lists the ten largest employers in the County.

Table 4
Major Employers

<u>Employer</u>	<u>Products/Services</u>	<u>Approximate Employees</u>
Mayo Clinic Health System	Medical Services	1000
Albert Lea ISD No. 241	Education	795
Albert Lea Select Foods	Meat Processing	432
Innovance (Lou-Rich & Almco)	Metal Fabrication	394
Cargill	Food Processor	353
Freeborn County	Local Government	323
St. John's Lutheran Community	Nursing Care Facilities	306
Hy-Vee	Retailer	293
Wal-Mart	Retailer	285
Mrs. Gerry's	Food Processor	274

Source: Freeborn County Audited Financial Statements

Housing and Income Statistics

Table 5 below presents key housing and income statistics for the County as compared with the State of Minnesota.

Table 5
Housing and Income Statistics

	<u>Freeborn County</u>	<u>State of Minnesota</u>
Median Value of Home	\$ 121,600	\$ 235,700
Median Household Income	\$ 54,628	\$ 73,382
Per Capita Personal Income		
2020	\$ 50,364	\$ 62,005
2019	45,543	58,426
2018	44,169	56,986
2017	43,034	54,670
2016	41,037	52,890

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates (2016-2020), <http://www.census.gov>
U.S. Bureau of Economic Analysis, Personal Income and Employment, <http://www.bea.gov>

Education

There are eight school districts within the County providing K12 education. Private institutions are also available. The Albert Lea School District serves approximately 3,600 students. The Glenville-Emmons School District serves the southern and southwestern area of Freeborn County. Lyle Public Schools, Austin Public Schools and Blooming Prairie Public Schools provide education to the residents along the eastern border, with NRHEG School District (Hartland, Geneva) and USC School District (Freeborn) on the northern border. The western part of the county is in the Alden-Conger School District.

Riverland Community College is a regional comprehensive community college offering over 100 academic programs

FINANCIAL SUMMARY

(This summary is subject in all respects to more complete information contained in this Official Statement)

Economic Market Value (2021/22)	\$ 5,057,131,451
Estimated Market Value (2021/22)	\$ 4,436,650,200
Taxable Market Value (2021/22)	\$ 4,199,287,800
Net Tax Capacity (2021/22)	\$ 40,549,209
General Obligation Debt Supported by Tax Levy (Includes the Bonds)	\$ 11,385,000
Overlapping General Obligation Debt	\$ 83,530,504
Population of the County (2021 Estimate)	30,749
Area	720 Square Miles

Debt Ratios:

	<u>Amount</u>	<u>Per Capita (30,749)</u>	<u>% of Economic Market Value</u>
General Obligation Debt	\$ 11,385,000	\$ 370	0.23%
Overlapping Debt	<u>83,530,504</u>	<u>2,717</u>	<u>1.74%</u>
Total	<u>\$ 94,915,504</u>	<u>\$ 3,087</u>	<u>1.97%</u>

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INDEBTEDNESS

General Obligation Long-Term Debt

Table 6 below, summarize the County's general obligation long-term debt outstanding as of the issuance of the Bonds.
Table 7 on the following page presents the annual maturity schedule for those outstanding bonds.

Table 6
General Obligation Long-Term Debt by Issue

<u>Date of Issue</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Interest Rate Outstanding</u>	<u>Maturities Outstanding</u>	<u>Principal Outstanding</u>
Debt Supported by Tax Levy					
10/09/13	G.O. Capital Improvement Bonds, 2013B	\$ 3,300,000	3.00%	02/01/23	\$ 395,000
11/09/17	G.O. Refunding Bonds, 2017A	5,760,000	3.00%	02/01/23	1,225,000
11/09/17	Unlimited Tax Law Enforcement Center Refunding Bonds, 2017B	2,315,000	3.00%	02/01/23	490,000
06/30/22	G.O. Capital Improvement Bonds, 2022A	9,275,000 ⁽¹⁾	The Bonds	02/01/24-43	<u>9,275,000⁽¹⁾</u>
Total General Obligation Debt					<u>\$ 11,385,000</u>

⁽¹⁾ Estimate, subject to adjustment.

Table 7
General Obligation Levy Supported Debt⁽¹⁾
Annual Maturity Schedule

<u>Fiscal Year</u>	<u>Outstanding Debt</u>		<u>The Bonds</u>		<u>Total Debt</u>
<u>(December 31)</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal⁽¹⁾</u>	<u>Interest⁽¹⁾</u>	<u>Service</u>
2022	\$ --	\$ 31,650	\$ --	\$ --	\$ 31,650
2023	2,110,000	31,650	--	366,409	2,508,059
2024	--	--	315,000	349,245	664,245
2025	--	--	330,000	336,345	666,345
2026	--	--	340,000	322,945	662,945
2027	--	--	355,000	309,045	664,045
2028	--	--	370,000	294,545	664,545
2029	--	--	385,000	279,445	664,445
2030	--	--	400,000	263,745	663,745
2031	--	--	415,000	247,445	662,445
2032	--	--	430,000	232,695	662,695
2033	--	--	445,000	219,347	664,347
2034	--	--	460,000	204,400	664,400
2035	--	--	475,000	188,038	663,038
2036	--	--	495,000	171,062	666,062
2037	--	--	515,000	152,100	667,100
2038	--	--	535,000	131,100	666,100
2039	--	--	555,000	109,300	664,300
2040	--	--	580,000	86,600	666,600
2041	--	--	600,000	63,000	663,000
2042	--	--	625,000	38,500	663,500
2043	--	--	<u>650,000</u>	<u>13,000</u>	<u>663,000</u>
Total	<u>\$ 2,110,000</u>	<u>\$ 63,300</u>	<u>\$ 9,275,000</u>	<u>\$ 4,378,311</u>	<u>\$ 15,826,611</u>

⁽¹⁾ Preliminary, subject to change.

Future Financing

The County does not anticipate that it will issue general obligation debt within the next six months.

Debt Limit

The statutory limit on “net debt” of any County, according to Minnesota Statutes, Sec. 475.53, is three percent of the estimated market value of taxable property in the municipality. “Net debt” is the amount of debt issued by the County remaining after deducting from the gross debt certain types of debt including, but not limited to, obligations issued to finance any public revenue producing convenience.

Table 8
Debt Limit

Estimated Market Value (2021/22)	\$ 4,436,650,200
	<u>3%</u>
Total Debt Limit (100.00%)	\$ 133,099,506
General Obligation Debt (8.55%)	<u>11,385,000</u>
Legal Debt Limit Margin (91.45%)	<u>\$ 121,714,506</u>

Overlapping Debt

Listed below are taxing jurisdictions which overlap the County and which have general obligation debt. Table 9 sets forth the general obligation debt as of June 1, 2022 unless otherwise noted for each of these jurisdictions and the amount of that debt allocable to the County.

Table 9
Overlapping Debt

<u>Entity</u>	<u>General Obligation Debt Outstanding⁽¹⁾</u>	<u>% Applicable to the County</u>	<u>\$ Allocable to the County</u>
Cities:			
Albert Lea	\$ 16,434,000	100.00%	\$ 16,434,000
Alden ⁽²⁾	1,956,000	100.00%	1,956,000
Conger ⁽²⁾	515,000	100.00%	515,000
Hayward ⁽²⁾	17,000	100.00%	17,000
Manchester ⁽²⁾	76,000	100.00%	76,000
School Districts:			
Albert Lea ISD No. 241	34,514,000	100.00%	34,514,000
Alden-Conger ISD No. 242	10,300,000	99.24%	10,221,720
Austin ISD No. 492	41,625,000	8.00%	3,330,000
Lyle ISD No. 497	3,875,000	14.02%	543,275
Blooming Prairie ISD No. 756	38,265,000	20.32%	7,775,448
United South Central ISD No. 2134	18,360,000	22.84%	4,193,424
New Richland ISD No. 2168	9,290,000	26.53%	2,464,637
Other Governmental Units:			
Shell Rock River WD	1,490,000	100.00%	<u>1,490,000</u>
Total			<u>\$ 83,530,504</u>

⁽¹⁾ Excludes General Obligation debt payable from revenues, special assessments, and tax increment.

⁽²⁾ As of 12/31/2021

PROPERTY VALUATIONS AND TAXES

Property Valuations

The County Assessor, pursuant to State law, is responsible for the assessment of all taxable property located within a county. State law provides, with certain exceptions, that all taxable property is to be valued at its market value. All real property subject to taxation must be listed and shall be valued each year with reference to its value as of January 2. The assessor views and reappraises all parcels at maximum intervals of five years. Personal property subject to taxation must also be listed and assessed annually as of January 2.

With certain exemptions, all property is valued at its Estimated Market Value (“EMV”), which is the value the assessor determines to be the price the property to be fairly worth. Taxable Market Value (“TMV”) is EMV less certain exclusions, including the exclusions under the “This Old House” program for certain improvements made to homes over 45 years old and, for taxes payable in 2012 and thereafter, a homestead market value exclusion (“Homestead Exclusion”) for homesteads valued at under \$413,800. The Homestead Exclusion replaces the former residential homestead market value credit (“Homestead Credit”), which provided an offset of an amount of residential homeowner property taxes with a credit, which was reimbursed to the County by the State.

Net Tax Capacity (“NTC”) is the value upon which taxes are levied and collected. The NTC is computed by applying the class rate percentages specific to each type of property classification against the TMV. Class rate percentages vary depending on the type of property. The following table shows the class rates for selected property types for taxes payable in 2022.

Table 10
Property Class Rates

<u>Type of Property</u>	<u>Pay 2022 Class Rates</u>
Residential Homestead	
First \$500,000 Taxable Market Value	1.00%
Over \$500,000 Taxable Market Value	1.25%
Agricultural Homestead	
First \$500,000 – HGA	1.00%
Over \$500,000 – HGA	1.25%
First \$1,900,000 – Land	0.50%
Over \$1,900,000 – Land	1.00%
Agricultural Non-Homestead	1.00%
Commercial/Industrial	
First \$150,000 Taxable Market Value	1.50%
Over \$150,000 Taxable Market Value	2.00%
Non-Homestead Market Rate Apartments	1.25%

Neither the net tax capacity nor the market value may accurately represent what a property’s actual market value would be in the marketplace. By dividing the taxable market value used for tax purposes by the State Equalization Aid Review Committee’s (“EARC”) Sales Ratio for any particular year, an Economic Market Value can be calculated which approximates actual market value. The Economic Market Value replaces the Indicated Market Value which was previously calculated by dividing the TMV by the Sales Ratio. Sales ratios represent the relationship between the market value used for tax purposes and actual selling prices which were obtained in real estate transactions within a governmental unit in any particular year. The 2021 Sales Ratio for the County is 87.44%.

Table 11 below presents the Economic Market Value, EMV, TMV and NTC of taxable property within the County for assessment year 2021/collection year 2022.

Table 11
Property Values in the County 2021/2022

	<u>Economic Market Value⁽¹⁾</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Net Tax Capacity</u>
Freeborn County				
Real Estate	\$ 4,940,137,351	\$ 4,319,656,100	\$ 4,082,293,700	\$ 38,503,317
Personal Property	116,994,100	116,994,100	116,994,100	2,335,047
Less: Captured tax capacity of Tax Increment Dist.	---	---	---	(289,155)
Total	<u>\$ 5,057,131,451</u>	<u>\$ 4,436,650,200</u>	<u>\$ 4,199,287,800</u>	<u>\$ 40,549,209</u>

⁽¹⁾ Economic Market Value is calculated using the Estimated Market Value of real estate divided by the sales ratio plus the Estimated Market Value of personal property.

Source: Freeborn County Auditor.

Table 12 below presents the Economic Market Value, EMV, TMV and the NTC for the current year and five prior years.

Table 12
Trend of Property Values

<u>Assessment Year/ Collection Year</u>	<u>Economic Market Value</u>	<u>Sales Ratio</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Tax Capacity⁽¹⁾</u>
2021/22	\$ 5,057,131,451	87.44%	\$ 4,436,650,200	\$ 4,199,287,800	\$ 40,838,364
2020/21	4,676,431,865	92.39%	4,320,555,400	4,084,555,500	39,129,897
2019/20	4,704,616,733	92.39%	4,346,595,400	4,109,264,000	38,909,411
2018/19	4,537,857,748	94.48%	4,287,368,000	4,052,575,950	38,477,734
2017/18	4,564,420,473	91.73%	4,186,942,900	3,949,674,100	37,192,252
2016/17	4,517,368,136	96.39%	4,359,354,200	4,122,823,700	38,510,188

⁽¹⁾ Prior to deduction of tax increment captured tax capacity.

Source: Freeborn County Auditor.

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Table 13 below presents the total Net Tax Capacity of real estate property within the County by the various types of property.

Table 13
Net Tax Capacity by Category
Assessment Year 2021/Collection Year 2022

<u>Real Estate Only</u>	<u>Net Tax Capacity</u>	<u>% of Total Net Tax Capacity</u>
Residential Homestead	\$ 10,337,110	26.85%
Agricultural	19,149,997	49.74%
Commercial and Industrial		
Public Utility	1,101,840	2.86%
Railroad	547,270	1.42%
All Other Commercial/Industrial	5,027,581	13.06%
Non-Homestead Residential	2,294,516	5.96%
Residential Seasonal	45,003	0.12%
Total	<u>\$ 38,503,317</u>	<u>100.00%</u>

Source: Freeborn County Auditor.

Property Tax Levies and Collections

The tax year in Minnesota is January 1 to December 31. Taxes are collected by the County Treasurer. The sequence of events in the taxation of property begins with the certification of the property tax levy to the County Auditor by December 28. The County Auditor then calculates the tax capacity rates and spreads the taxes designed to meet these budget requirements. The resulting taxes on property are payable the following year. The due dates for taxes on real property are one-half on or before May 15 and one-half on or before October 15. The due dates for payment of personal property taxes are one-half on or before February 28 and one-half on or before July 20.

Penalties on unpaid taxes occur as follows: On May 16, unpaid property taxes (first one-half) are penalized at a rate of 3% on property classified as homestead and 7% on property classified as non-homestead. Thereafter, an additional 1% is charged on the 16th day of each month up to and including September 16 for both homestead and non-homestead property. On September 16 unpaid property taxes (second one-half) are penalized at a rate of 4% for both homestead and non-homestead property. Thereafter, an additional 2% on homestead property and 4% on non-homestead property is charged on the 16th day of each month up to and including December 16. An additional 2% penalty is charged on the first business day in January following the year in which the taxes were due. Interest is charged based on variable rates per annum, on the full amount of the taxes, penalties, and costs unpaid. Personal property tax not paid when due is penalized at a rate of 8%. Table 14 shows the County's tax levies and collections for collection years 2018 through 2021, and the gross and net levies for the current collection year.

Table 14
Tax Collections in the County

<u>Collection Year</u>	<u>Gross Levy</u>	<u>Net Levy</u>	<u>Collected First Year</u>		<u>Collected as of 3/18/22</u>	
			<u>Amount</u>	<u>% of Net Levy</u>	<u>Amount</u>	<u>% of Net Levy</u>
2022	\$ 25,920,943	\$ 25,507,251	In Process of Collection			
2021	25,287,143	24,867,024	\$ 24,511,431	98.57%	\$ 24,511,431	98.57%
2020	24,694,555	24,274,185	23,949,504	98.66%	24,191,309	99.66%
2019	23,318,878	22,891,000	22,610,578	98.77%	22,822,621	99.70%
2018	22,314,275	21,884,111	21,580,934	98.61%	21,837,290	99.79%

Source: Freeborn County Auditor.

Tax Rates

Table 15 shows the tax rates for County residents in in the City of Albert Lea and its overlapping jurisdictions for the collection years 2018 through 2022.

Table 15
Tax Rates

	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>
Freeborn County	64.108%	64.819%	63.657%	60.768%	60.150%
City of Albert Lea	60.676%	60.337%	60.064%	61.908%	64.866%
Albert Lea HRA	0.953%	0.981%	1.004%	1.069%	1.120%
ISD No. 241	26.077%	27.558%	27.968%	27.605%	27.357%
Shell Rock River Watershed	<u>2.062%</u>	<u>1.991%</u>	<u>2.020%</u>	<u>2.071%</u>	<u>2.137%</u>
Total	<u>153.876%</u>	<u>155.686%</u>	<u>154.713%</u>	<u>153.421%</u>	<u>155.630%</u>

Source: Freeborn County Auditor.

Principal Taxpayers

A list of the ten largest taxpaying parcels in the County with the highest net tax capacities on the 2021 assessment year is presented in Table 16 below.

Table 16
Principal Taxpayers

<u>Taxpayer</u>	<u>2021/22 Net Tax Capacity</u>	<u>Percent of Total Net Tax Capacity⁽¹⁾</u>
ITC Midwest LLC	\$ 802,433	1.96%
Northern Natural Gas Company	685,136	1.68%
Alliance Pipeline LP	661,180	1.62%
Dairyland Power Co-Op	292,211	0.72%
Minnesota Energy Resources	264,044	0.65%
Pembina Cochin LLC	228,010	0.56%
Union Pacific Corporation	202,700	0.50%
ITC Midwest LLC	193,396	0.47%
Freeborn Mower Electric Co-Op	184,010	0.45%
Cedar River Railroad Co.	<u>169,974</u>	<u>0.42%</u>
Total	<u>\$ 3,683,094</u>	<u>9.02%</u>

⁽¹⁾ Based on the 2021/2022 Total Net Tax Capacity of \$40,838,364. The total Net Tax Capacity includes real and personal property and is not adjusted for tax increment financing.

Source: Freeborn County.

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FINANCIAL INFORMATION

Financial Statements

The County's financial statements are audited on an annual basis by an independent auditor. Copies of the County's audited financial statements are available upon request from PFM Financial Advisors LLC, the County's Municipal Advisor, on the County's website or through the Electronic Municipal Market Access website as part of the County's annual continuing disclosure reports. See APPENDIX A for the County's audited financial statements for fiscal year ended December 31, 2021.

General Fund Budgets

The table below presents the County's budget summary for the General Fund, including the Public Health and Capital Improvement Funds for the fiscal years 2021 and 2022.

Table 17
General Fund Budgets

	<u>2021 Budget</u>	<u>2021 Actual</u>	<u>2022 Budget</u>
Revenues			
County Tax Levy	\$ 14,097,284	\$ 13,270,929	
Other Sources	<u>14,465,286</u>	<u>13,088,771</u>	
Total Revenues	<u>\$ 28,562,570</u>	<u>\$ 26,359,700</u>	<u>\$ 26,396,873</u>
Expenditures			
Total Expenditures	<u>\$ 26,646,706</u>	<u>\$ 24,941,365</u>	<u>\$ 28,845,723</u>

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Results of Operations

Statements of revenues and expenditures of the General Fund of the County have been compiled from the County's audited financial statements. They have been organized in such a manner as to facilitate year-to-year comparisons. Table 18 presents a statement of revenues and expenditures of the County's General Fund for the fiscal years ended December 31, 2019 through 2021.

Table 18
General Fund Revenues and Expenditures and Changes in Fund Balance
(Years Ended December 31)

Revenues	<u>2021</u>	<u>2020</u>	<u>2019</u>
Taxes	\$ 13,270,929	\$ 12,665,813	\$ 11,713,969
Special Assessments	705,994	689,573	499,794
Licenses and Permits	170,330	148,553	119,555
Intergovernmental	8,401,765	9,748,077	4,612,192
Charges for Services	3,158,596	4,028,165	4,682,005
Fines and Forfeits	30,687	18,785	26,895
Gifts and Contributions	3,250	1,025	6,486
Investment Earnings	8,537	474,896	924,836
Miscellaneous	<u>609,612</u>	<u>484,367</u>	<u>628,197</u>
Total Revenues	<u>\$ 26,359,700</u>	<u>\$ 28,259,254</u>	<u>\$ 23,213,929</u>
Expenditures			
Current			
General Government	\$ 8,189,353	\$ 7,707,028	\$ 8,077,721
Public Safety	9,891,753	9,574,304	9,429,838
Highways and Streets	--	3,226	10,376
Sanitation	688,339	570,015	584,417
Human Services	--	8,517	3,376
Health	3,976,131	4,958,785	2,681,238
Culture and Recreation	404,925	396,989	346,595
Conservation of Natural Resources	946,913	782,099	834,501
Economic Development	25,500	25,500	30,500
Capital Outlay	<u>818,451</u>	<u>1,871,430</u>	<u>2,090,433</u>
Total Expenditures	<u>\$ 24,941,365</u>	<u>\$ 25,897,893</u>	<u>\$ 24,088,995</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ 1,418,335</u>	<u>\$ 2,361,361</u>	<u>\$ (875,066)</u>
Other Financing Sources (Uses)			
Transfers In	\$ 319,620	\$ 3,430,013	\$ 1,725,317
Transfers Out	--	--	--
Proceeds From Sale of Capital Assets	<u>150,511</u>	<u>--</u>	<u>93,310</u>
Total Other Financing Sources (Uses)	<u>\$ 470,131</u>	<u>\$ 3,430,013</u>	<u>\$ 1,818,627</u>
Net Change in Fund Balance	<u>\$ 1,888,466</u>	<u>\$ 5,791,374</u>	<u>\$ 943,561</u>
Fund Balance, Beginning	<u>16,542,453</u>	<u>10,751,079</u>	<u>9,761,514</u>
Fund Balance, Ending	<u>\$ 18,430,919</u>	<u>\$ 16,542,453</u>	<u>\$ 10,751,079</u>

Source: The County's audited Financial Statements for the fiscal years ended July 20, 2019 through 2021.

MUNICIPAL ADVISOR

The County has retained PFM Financial Advisors LLC, of Minneapolis, Minnesota, as Municipal Advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

Requests for information concerning the County should be addressed to PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402 (612/338-3535, 612/338-7264 FAX).

RATING

Moody’s Investors Service (“Moody’s”) assigned a rating of “Aa2” to the Bonds. A rating is subject to change or withdrawal by the rating agency at any time; change or withdrawal of a rating may have an adverse effect on the marketability of the Bonds. For an explanation of the significance of the rating, an investor should communicate with the rating agency.

TAX CONSIDERATIONS

Tax Exemption. It is the opinion of Kutak Rock LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the County with certain covenants (the “Tax Covenants”), that interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes. Such interest is, however, included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions.

Certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), however, impose continuing requirements that must be met after the issuance of the Bond in order for interest thereon to be and remain not includable in federal gross income and in Minnesota taxable net income of individuals, estates and trusts. These requirements include, but are not limited to, provisions regarding the use of Bonds proceeds and the facilities financed with such proceeds; restrictions on the investment of Bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements may cause interest on the Bonds to be includable in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Compliance with the Tax Covenants will satisfy the current requirements of the Code with respect to exemption of interest on the Bonds. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds becomes includable in federal gross income or in Minnesota taxable net income.

Related Tax Considerations. Interest on the Bonds is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits. Passive investment income, including interest on the Bonds, may be subject to taxation under section 1375 of the Code, and corresponding provisions of Minnesota law, for an S corporation that has

accumulated earnings and profits at the close of the taxable year, if more than 25 percent of its gross receipts is passive investment income. In the case of an insurance company subject to the tax imposed by section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under section 832(b)(5) of the Code must be reduced by an amount equal to 15 percent of the interest on the Bonds that is received or accrued during the taxable year. Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by section 884 of the Code, and is included in net investment income of foreign insurance companies under section 842(b) of the Code.

From time to time, there are legislative proposals that, if enacted, could adversely affect the federal and state tax matters referred to herein, adversely affect the marketability or market value of the Bonds, or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, both former President Obama and the former Chairman of the Committee on Ways and Means of the U.S. House of Representatives have proposed legislation that effectively would impose a partial tax on otherwise tax exempt interest for certain higher income taxpayers. In addition, regulatory and administrative actions may from time to time be announced that could adversely affect the market value, marketability or tax status of the Bonds. No prediction is made concerning future events. The opinions expressed by Bond Counsel in connection with the issuance of the Bonds are based upon existing law. Purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed legislation, and regulatory or administrative actions.

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. Prospective purchasers or bondholders should consult their tax advisors with respect to collateral tax consequences and applicable state and local tax rules in states other than Minnesota.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The County will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

LITIGATION

There is not now pending or threatened any litigation seeking to restrain or enjoin the sale, issuance, execution or delivery of the Bonds, or in any manner questioning or affecting the validity of the Bonds, or the proceedings or authority pursuant to which the Bonds are to be issued and sold.

It is the opinion of the County’s Legal Counsel, based upon the past experience of the payment of claims and judgement amounts, that there are presently no outstanding claims, litigation, pending litigation or contingent liabilities which would exceed the funds accumulated for this purpose and funds currently appropriated by the County for these purposes, and that outstanding claims and suits would not materially affect the financial position of the County as of the date of this Official Statement.

CERTIFICATION

The County will furnish a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the opinions of Kutak Rock LLP, Bond Counsel, as to validity and tax exemption. The opinions will be substantially in the forms set forth in APPENDIX B attached hereto. Except as to the information contained under the captions “DESCRIPTION OF THE BONDS - *Security and Source of Payment*” and “TAX EXEMPTION AND RELATED TAX CONSIDERATIONS,” Bond Counsel has not been requested to, and has not undertaken to, verify the accuracy of the information contained in this Official Statement and expresses no opinion with respect thereto.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and are not representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of any Bonds.

This Official Statement has been approved by the County for distribution by the Finance Director to prospective purchasers of the Bonds.

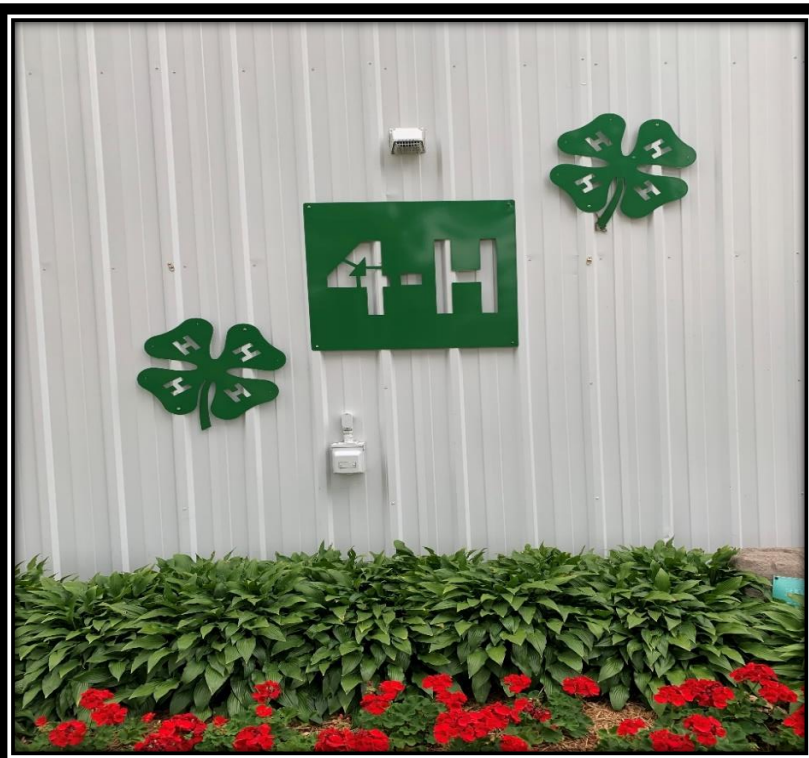
FREEBORN COUNTY, MINNESOTA

By: _____
Finance Director

APPENDIX A

**The County's Comprehensive Annual Financial Report for the
Fiscal Year Ending December 31, 2021**

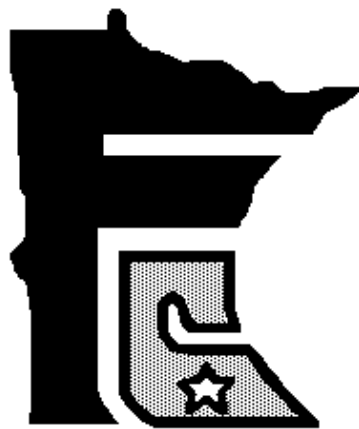
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Freeborn County, Minnesota

Annual Comprehensive Financial Report
For the Year Ending December 31, 2021

FREEBORN COUNTY, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2021



Prepared by: Freeborn County Administration

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

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FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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FREEBORN COUNTY
ALBERT LEA, MINNESOTA

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INTRODUCTORY SECTION



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

507/377-5116
Fax 507/377-5109

Date: May 5, 2022

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 Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2021. 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 29,883. 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 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. Two of these departments, Attorney and Sheriff, are headed by department heads who are elected into office. The remaining department heads are appointed by the Board of Commissioners.

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

ECONOMIC CONDITION AND OUTLOOK

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

The County is a strong agricultural based community with long-time standing farms throughout. Due to the County's large rural area, it is attractive to renewable energy prospects. This is apparent through companies, both wind and solar, who have decided to explore development within the County. One of the projects that has created a positive impact on the County is the Bent Tree Wind Farm development, which provides over a combined million dollars per year to the County and its citizens. Another great impact is the Bio-refining facilities in the area, which have provided stable job opportunities within Freeborn County.

MAJOR INITIATIVES

Recent Past Years:

As the COVID 19 pandemic continued into 2021, Freeborn County again made the difficult decision to close all County facilities on one occasion in 2021, totaling three complete closures in 18 months. We were able to maintain a high level of service with dedicated staff and a robust staff telecommuting program. The year 2021 continued to be a formidable challenge. Freeborn County received the first of two (2) financial aid packages from the Federal Government in the form of ARPA funding. The funds were utilized to offset the substantial expenses Freeborn County incurred over 2021 because of the pandemic that were necessary for the safety and

protection of the citizens of Freeborn County. This effort continues today.

The financial health of the county is critical to the Board of Commissioners. To uphold this financial health, the Board adopted a new fund balance policy in 2019. This policy continues and directs that fund balances should be 50% of the next year's budgeted levy. When a fund balance exceeds 50% of the budgeted levy, Administration will recommend that the balance over 50% be transferred to Capital Outlays for use by the County Commissioners to fund ongoing infrastructure and capital asset needs of the County. The overall fund balance for Freeborn County increased by 3.8 million and leaves the County in a healthy financial condition.

The County has also completed its first Strategic Plan in early 2020. Goals of this plan were to redesign for sustainability, collaboration/cooperation with governmental agencies and to attract and retain high quality employees to provide exceptional services and ensure the needs of its citizens will be met over the coming years. These goals have been met by increased inter-governmental revenue county wide, increased telecommuting to allow for continued progression into the future and by completing an overhaul of all job descriptions and implementing the first class and compensation study since 1999.

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

For the Future:

Freeborn County sees the need to plan for the future. Careful budgeting and quality management of its strategic asset plan will continue into 2022. Providing quality service to its citizens is also an important goal for the County. The County will also be researching the possibility of using solar energy for its facilities. With the recent Federal American Rescue Plan (ARP) funding in the amount of 5.9 million appropriated for Freeborn County, the Board of Commissioners has made commitments for projects that will resolve current issues and address future needs of Freeborn County

The economic growth of the County as a whole is also important to Freeborn County. Freeborn County, the City of Albert Lea and Greater Jobs Inc. of Albert Lea have combined, under new leadership in several important decision-making roles, to seek out new economic opportunities for the area. Discussions will be happening in 2022 regarding expanding the Bent Tree wind power development constructed in 2009 and a 1600-acre solar array in the eastern part of Freeborn County are slated to begin in 2022.

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 Annual Comprehensive 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 Annual Comprehensive 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 2020 and 2021 to 5.9% and 2.4% respectively.

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 2022. Due to the property tax calendar in Minnesota, collections do not come in on an even basis. As a result, the County needs to maintain sufficient balances for cash flow purposes. Because GASB 54 changed the way available funds for cash flow purposes are to be reported in the financial statements, a separate note has been included in notes to the financial statements (Note 9), describing the amounts necessary for cash flow purposes.

DEBT ADMINISTRATION

The County has a Standard and Poor's rating of Aa2. Freeborn County currently utilizes only 7.42% of the total allowable general obligation debt according to Minnesota State Statutes. The notes to the financial statements, as well as the Debt Capacity tables in the Statistical Section explain more fully the debt position and future obligations of the County.

RISK MANAGEMENT

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

FIDUCIARY OPERATIONS

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

INDEPENDENT AUDIT

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

INVITATIONS, AWARDS, AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Freeborn County for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the seventh 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 annual comprehensive 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 annual comprehensive 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 annual comprehensive financial report. This report will allow readers to gain a solid understanding of our financial position. If you have any questions regarding any of the materials presented herein, please contact the Administration Office at Freeborn County. We also invite you to visit our County

web page at www@co.freeborn.mn.us. Our goal with this report is to keep you as well informed as possible about your government.

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

Respectfully submitted,



Timothy Patrick Paquin
Freeborn County Finance Manager



LaRae Cassens
Accounting Specialist, Senior



Government Finance Officers Association

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

Presented to

**Freeborn County
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

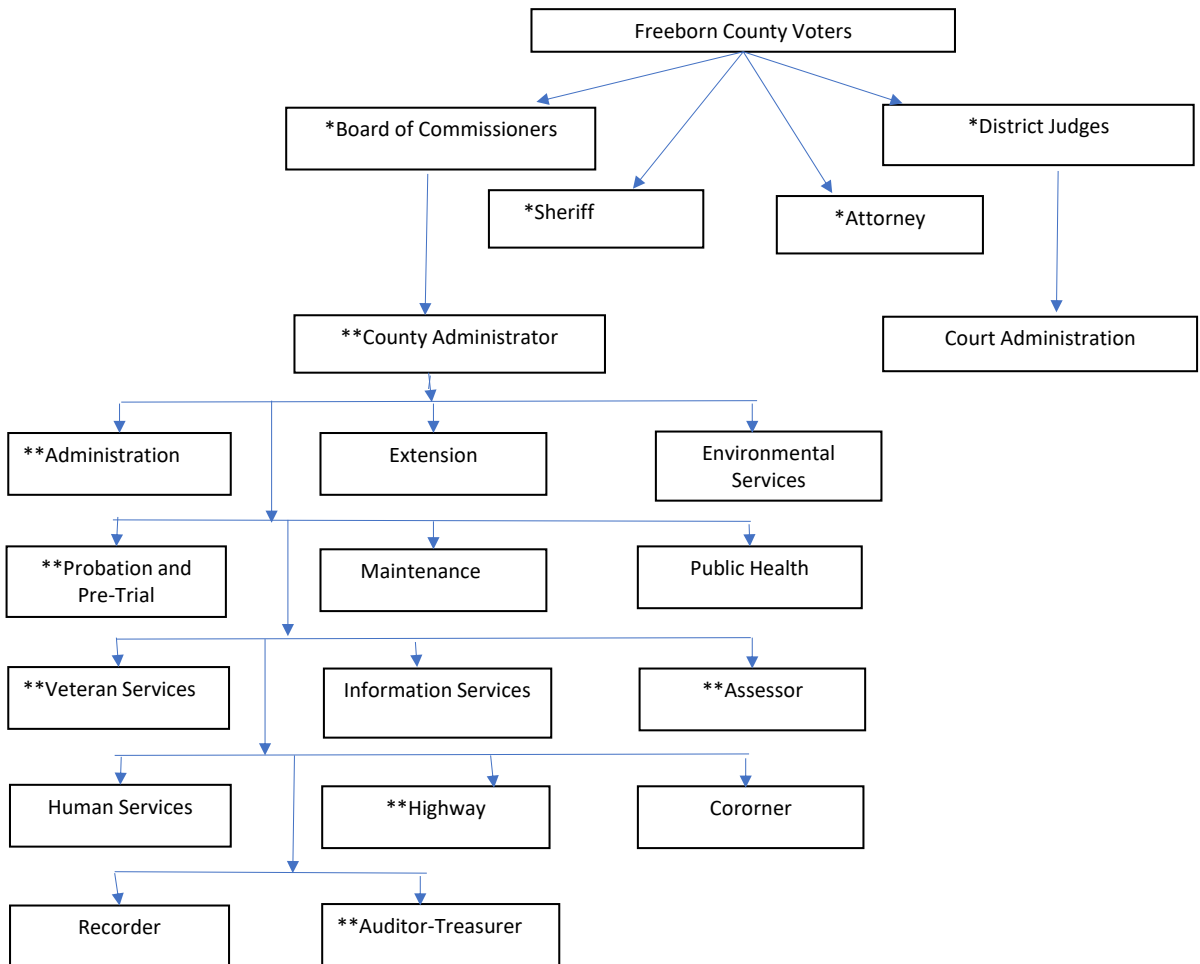
**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2021**

Office	Name	Term Expires
Board of County Commissioners		
District 1	Brad Edwin	January 2025
District 2	Daniel Belshan	January 2023
District 3	John Forman	January 2025
District 4	Christopher Shoff *	January 2023
District 5	Ted Herman	January 2025
County Officers		
Elected		
Attorney	David Walker	January 2023
District Judge	Ross Leuning	January 2023
District Judge	Steven Schwab	January 2023
Sheriff	Kurt Freitag	January 2023
Appointed		
Assessor	Jaci Koeppen	Indefinite
Auditor/Treasurer	Pat Martinson	Indefinite
Court Administrator	Becky Mittag	Indefinite
Probation and Pre-Trial	Lyndon Stinson	Indefinite
Public Works Director	Philip Wacholz	Indefinite
Veterans Service Officer	Brandon Servantez	Indefinite
Recorder/Registrar of Titles	Kelly Callahan	Indefinite

*Chair

FREEBORN COUNTY
ALBERT LEA, MINNESOTA
ORGANIZATIONAL CHART
2021



* Elected Officials
** Appointed Officials

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Freeborn County
Albert Lea, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Freeborn County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 the County, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freeborn County's basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
May 5, 2022

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021.

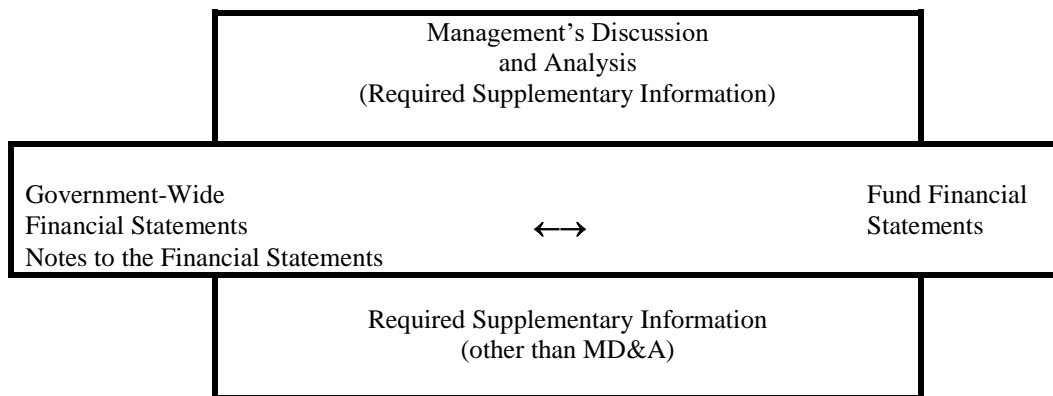
FINANCIAL HIGHLIGHTS

- At year-end 2021, Freeborn County's assets and deferred outflows of resources exceeded its liabilities and deferred inflow of resources by \$136.3 million (net position).
- Net position consisted of:
 - ✓ \$14.3 million, or 10.49% of total net position was *restricted* for specific purposes.
 - ✓ \$108.4 million, or 79.53% of net position, represented the County's *net investment in capital assets*.
 - ✓ \$13.6 million, or 9.98% 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 2021, the County's net position increased by \$21.6 million. This increase is due to an increase in net investment of capital assets of \$8.4 million (debt amount is decreasing and the County increased the infrastructure and equipment items owned), and increases in deferred outflows related to pension outflows of \$7.6 million.
- The County's governmental funds reported ending fund balances of \$31.5 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 resources.
 - ✓ \$1.2 million, or 3.81%, of total governmental fund balances are non-spendable and consist of advances to other funds, long-term loans/notes receivable, inventories, prepaid taxes and permanent endowments.
 - ✓ \$8.2 million, or 26.03%, of total governmental fund balances have been restricted for specific purposes such as construction of long-term assets and repayment of refunded bonds.
 - ✓ \$11.2 million, or 35.56%, of total governmental fund balances has been committed for certain necessary purposes and will be spent in future years.
 - ✓ \$4.9 million, or 15.55%, of total governmental fund balances has been assigned for certain necessary purposes and will be spent in future years.
 - ✓ \$6.0 million, or 19.05%, 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 \$18.4 million. The fund balance represents 73.90% 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 \$114,731,949 to \$136,334,249. 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	
	2021	2020
Assets		
Current and other assets	\$ 45.2	\$ 35.1
Capital assets	113.2	106.6
Total Assets	\$ 158.4	\$ 141.7
Deferred Outflows of Resources	\$ 10.6	\$ 3.0
Liabilities		
Long-term liabilities outstanding	\$ 17.4	\$ 25.4
Other liabilities	2.1	1.8
Total Liabilities	\$ 19.5	\$ 27.2
Deferred Inflows of Resources	\$ 13.2	\$ 2.8
Net Position		
Net investment in capital assets	\$ 108.4	\$ 100.0
Restricted	14.3	11.4
Unrestricted	13.6	3.3
Total Net Position	\$ 136.3	\$ 114.7

Net position of the County's governmental activities increased to \$136.3 million compared to \$114.7 million in 2020. 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 \$3.3 million at December 31, 2020, to \$13.6 million at the end of this year (2021). Unrestricted net position increased due to an increase in deferred outflows related to deferred pension outflows of \$7.6 million.

Table 2
Changes in Net Position
(in millions)

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Fees, fines, charges, and other	\$ 8.3	\$ 8.1
Operating grants and contributions	24.2	22.8
Capital grants and contributions	3.5	2.9
General revenues		
Property taxes	24.8	24.3
Grants and contributions	2.1	2.2
Other general revenues	3.7	3.6
Total Revenues	<u>\$ 66.6</u>	<u>\$ 63.9</u>
Program Expenses		
General government	\$ 8.9	\$ 8.6
Public safety	9.2	9.3
Highways and streets	7.3	12.1
Sanitation	0.7	0.6
Human services	11.2	12.5
Health	3.9	4.9
Culture and recreation	0.4	0.4
Conservation of natural resources	3.3	2.3
Interest	0.1	0.2
Total Program Expenses	<u>\$ 45.0</u>	<u>\$ 50.9</u>
Change in Net Position	21.6	13.0
Net Position – January 1	<u>114.7</u>	<u>101.7</u>
Net Position at Year End	<u><u>\$ 136.3</u></u>	<u><u>\$ 114.7</u></u>

(Unaudited)

Governmental Activities

Revenues were \$66.6 million, and expenses were \$45.0 million for the County's governmental activities. This resulted in an increase of \$21.6 million to net position in the year ended December 31, 2021.

The amount that taxpayers ultimately financed for these activities through County taxes and other general sources was only \$9.0 million because some of the cost was paid by those who directly benefited from the programs (\$8.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$27.7 million). The County paid for the remaining "public benefit" portion of governmental activities with \$30.6 million in general revenues, primarily taxes including a highway sales tax of \$2.4 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)

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Human services	\$ 11.2	\$ 4.3	\$ 12.5	\$ 5.3
Public safety	9.2	6.3	9.3	5.6
General government	8.9	1.8	8.6	6.8
Highway and streets	7.3	(5.3)	12.1	0.3
Health	3.9	0.8	4.9	(1.7)
Conservation of natural resources	3.3	0.6	2.3	0.3
All others	1.2	0.5	1.2	0.5
Total	<u>\$ 45.0</u>	<u>\$ 8.7</u>	<u>\$ 50.9</u>	<u>\$ 17.1</u>

(Unaudited)

THE COUNTY'S FUNDS

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

The following Table 4 summarizes changes in governmental fund balances during 2021:

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	\$ 16.5	\$ 4.7	\$ 2.8	\$ 0.7	\$ 3.2	\$ 0.3	\$ 28.2
Revenues and other financing sources	26.8	16.4	12.4	1.8	2.6	0.1	60.1
(Less) Expenditures and other financing uses	(24.9)	(14.4)	(12.5)	(1.5)	(3.5)	-	(56.8)
Ending Fund Balance	<u>\$ 18.4</u>	<u>\$ 6.7</u>	<u>\$ 2.7</u>	<u>\$ 1.0</u>	<u>\$ 2.3</u>	<u>\$ 0.4</u>	<u>\$ 31.5</u>

Changes in fund balances to the major funds are:

- The General Fund's fund balance is the County's principal liquidity reserve and includes amounts set aside for restricted fund balance and subsequent year's appropriated budget. The fund balance increased \$1.9 million during the year primarily due to the County's fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Road and Bridge Fund are set aside for inventories, liabilities and other fund purposes. The fund balance increased \$2.0 million due to the County's fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Social Services Fund are set aside for liabilities and other fund purposes. The fund balance decreased \$0.1 million due to the County's fund balance policy to require each fund to keep 50% of their next year's tax levy for reserves.
- Fund balances in the Ditch Fund are set aside for debt and repairs and maintenance of the individual ditches. The fund balance increased by \$0.3 million. The increase was primarily due to assessing more to build up the individual ditches reserves.
- Fund balances in the Debt Service Fund are set aside for future principal and interest payments. The fund balance decreased by \$0.9 million due to bond payments being slightly higher than taxes levied.

General Fund Budgetary Highlights

The General Fund budget represents the original budget.

The original General Fund budgeted revenues were \$25.6 million. Actual revenues exceeded the original budget by \$0.7 million. Actual intergovernmental revenues exceeded the original budgeted amount by \$3.4 million from mostly the Coronavirus Relief Fund money that was not part of the original budget.

The original General Fund budgeted expenditures were \$25.6 million. Actual expenditures were under the original budget by \$0.7 million. Actual health expenditures were over the original budget by \$1.0 million directly related to Coronavirus Relief Fund money that was not part of the original budget. Conservation of natural resources expenditures were over the original budget by \$0.1 million that was also related to improvements at the fairgrounds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the County had \$113.2 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 \$6.6 million, or 6.19 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	
	2021	2020
Land	\$ 5.5	\$ 5.4
Land improvements	0.8	0.8
Work in progress	12.7	7.2
Buildings and improvements	19.2	20.0
Machinery, vehicles, furniture, and equipment	5.8	4.4
Infrastructure	69.2	68.8
Total	<u>\$ 113.2</u>	<u>\$ 106.6</u>

(Unaudited)

Debt

At year-end, the County had \$4.1 million in bonds and notes outstanding versus \$7.4 million last year, a decrease of 44.59 percent, as shown in Table 6. This decrease is due to \$3.3 million of principal payments on bonds in 2021.

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

	Governmental Activities	
	2021	2020
General obligation bonds	\$ 4.1	\$ 6.1
General obligation special assessment bonds	-	1.3
Total	<u>\$ 4.1</u>	<u>\$ 7.4</u>

The County's general obligation bond rating was "Aa2" at its last bond review. 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 2022 budget and tax rates.

- County General Fund expenditures for 2022 are budgeted to increase 12.5 percent over 2021.
- The combined budget for 2022 increased \$5,364,979 or 9.18 percent, over the 2021 budget.
- Property tax levies have increased 2.5 percent for 2022.
- In 2021, Freeborn County was dealing with many challenges relating to the COVID-19 pandemic. Many staff remained working from home and the full impact of the pandemic has not yet been determined.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT 1

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Assets

Cash and pooled investments	\$ 30,529,061
Petty cash and change funds	2,815
Taxes receivable	431,259
Special assessments receivable	
Prior	70,723
Noncurrent	1,626,000
Accounts receivable - net	809,092
Accrued interest receivable	81,340
Loans receivable	870,677
Due from other governments	10,064,299
Inventories	284,372
Prepays	249,286
Net pension asset	148,296
Capital assets	
Non-depreciable	18,885,800
Depreciable - net of accumulated depreciation	94,350,498
	<hr/>
Total Assets	\$ 158,403,518

Deferred Outflows of Resources

Deferred pension outflows	\$ 10,620,565
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The notes to the financial statements are an integral part of this statement.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

***EXHIBIT 1
(Continued)***

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021**

Liabilities

Accounts payable	\$ 662,004
Salaries payable	415,513
Contracts payable	551,867
Due to other governments	169,797
Accrued interest payable	56,875
Unearned revenue	270,877
Noncurrent Liabilities:	
Due within one year	
Bonds and notes payable	2,045,000
Compensated absences	92,556
Total other postemployment benefits (OPEB) liability	101,690
Due in more than one year	
Bonds and notes payable	2,286,666
Compensated absences	1,758,574
Net pension liability	10,615,150
Total other postemployment benefits (OPEB) liability	458,863
Total Liabilities	<u>\$ 19,485,432</u>

Deferred Inflows of Resources

Deferred pension inflows	<u>\$ 13,204,402</u>
--------------------------	-----------------------------

Net Position

Net investment in capital assets	\$ 108,352,765
Restricted for	
General government	745,651
Public safety	676,718
Highways and streets	6,294,644
Conservation of natural resources	3,989,856
Debt service	2,238,004
Held in trust for other purposes - nonexpendable	361,388
Unrestricted	13,675,223
Total Net Position	<u>\$ 136,334,249</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, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
<u>Functions/Programs</u>					
Primary government					
Governmental activities					
General government	\$ 8,882,060	\$ 947,145	\$ 6,118,104	\$ -	\$ (1,816,811)
Public safety	9,175,128	1,977,620	931,683	-	(6,265,825)
Highways and streets	7,283,774	249,140	8,894,444	3,501,174	5,360,984
Sanitation	703,322	702,283	-	-	(1,039)
Human services	11,208,170	1,165,878	5,720,740	-	(4,321,552)
Health	3,877,664	988,881	2,088,090	-	(800,693)
Culture and recreation	405,681	17,994	-	-	(387,687)
Conservation of natural resources	3,328,745	2,284,294	399,703	-	(644,748)
Economic development	25,500	-	-	-	(25,500)
Interest	99,879	-	-	-	(99,879)
Total Governmental Activities	\$ 44,989,923	\$ 8,333,235	\$ 24,152,764	\$ 3,501,174	\$ (9,002,750)
General Revenues					
Property taxes				\$ 24,750,759	
Gravel taxes				150,470	
Mortgage registry and deed tax				37,718	
Wheelage taxes				335,273	
Local sales taxes				502,413	
Local highway sales tax				2,422,334	
Payments in lieu of tax				37,291	
Grants and contributions not restricted to specific programs				2,140,101	
Unrestricted investment earnings				24,664	
Miscellaneous				92,285	
Gain on sale of capital assets				111,742	
Total general revenues				\$ 30,605,050	
Change in net position				\$ 21,602,300	
Net Position - Beginning				\$ 114,731,949	
Net Position - Ending				\$ 136,334,249	

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, 2021**

	<u>General</u>	<u>Road and Bridge</u>
<u>Assets</u>		
Cash and pooled investments	\$ 15,477,924	\$ 6,535,023
Petty cash and change funds	2,765	-
Taxes receivable		
Prior	431,259	-
Special assessments		
Prior	45,357	-
Noncurrent	-	-
Accounts receivable - net	58,805	-
Accrued interest receivable	81,335	-
Loans receivable	870,677	-
Due from other funds	319,620	362,837
Due from other governments	4,484,972	4,572,315
Inventories	-	284,372
Prepays	249,286	-
Advances to other funds	1,247,553	-
Total Assets	<u>\$ 23,269,553</u>	<u>\$ 11,754,547</u>

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

EXHIBIT 3
(Continued)

<u>Special Revenue Funds</u>			<u>Permanent</u>	
<u>Social</u>	<u>Ditch</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Services</u>		<u>Service</u>	<u>U.S. Fish</u>	
			<u>and Wildlife</u>	
\$ 3,510,905	\$ 2,348,885	\$ 2,294,879	\$ 361,445	\$ 30,529,061
50	-	-	-	2,815
-	-	-	-	431,259
-	25,366	-	-	70,723
-	1,626,000	-	-	1,626,000
750,287	-	-	-	809,092
-	-	-	5	81,340
-	-	-	-	870,677
-	-	-	-	682,457
887,468	119,544	-	-	10,064,299
-	-	-	-	284,372
-	-	-	-	249,286
-	-	-	-	1,247,553
<u>\$ 5,148,710</u>	<u>\$ 4,119,795</u>	<u>\$ 2,294,879</u>	<u>\$ 361,450</u>	<u>\$ 46,948,934</u>

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>Road and Bridge</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>		
Liabilities		
Accounts payable	\$ 221,017	\$ 183,309
Salaries payable	285,156	46,690
Contracts payable	-	551,867
Due to other funds	-	-
Due to other governments	27,914	-
Unearned revenue	-	270,877
Advances from other funds	-	-
Total Liabilities	<u>\$ 534,087</u>	<u>\$ 1,052,743</u>
Deferred Inflows of Resources		
Unavailable revenue	<u>\$ 4,304,547</u>	<u>\$ 3,967,391</u>
Fund Balances		
Nonspendable		
Advances to other funds	\$ 201,168	\$ -
Long-term loans/notes receivable	98,106	-
Inventories	-	284,372
Prepaid items	249,286	-
Endowment permanent	-	-
Restricted for		
Law library	61,626	-
Recorder's technology equipment	41,584	-
Recorder's equipment	373,745	-
E-911	502,696	-
Attorney's forfeited property	46,330	-
Sheriff's forfeited property	25,726	-
Highway construction projects	-	2,240,084
Gravel pit postclosure	87,168	-
Ditch maintenance and repairs	-	-
Debt service	-	-
Aquatic invasive species	222,366	-
Committed		
Highway construction projects	-	2,000,000
Individual sewage treatment system	385,655	-
Capital equipment	4,007,152	-
IT hardware	280,000	-
Administration	150,000	-
Trail maintenance	466,844	-
Highway building roof	300,000	-
Computer purchases	200,000	-
Payroll	300,000	-
Broadband	1,000,000	-
Economic development	750,000	-
Fair ground infrastructure	700,000	-
Environment service building	640,000	-
Assigned		
Road and bridge	-	2,209,957
Social services	-	-
Unassigned	7,341,467	-
Total Fund Balances	<u>18,430,919</u>	<u>6,734,413</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,269,553</u>	<u>\$ 11,754,547</u>

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

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

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

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

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

Net pension liabilities used in governmental activities are not available resources and therefore, are not reported in the funds

Other postemployment benefits (OPEB) liabilities are not available resources and therefore, are not reported in the funds

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

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

Net position of Governmental Activities

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

EXHIBIT 3
(Continued)

<u>Special Revenue Funds</u>			<u>Permanent</u>	
<u>Social</u>	<u>Ditch</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Services</u>		<u>Service</u>	<u>U.S. Fish</u>	
			<u>and Wildlife</u>	
\$ 250,367	\$ 7,311	\$ -	\$ -	\$ 662,004
82,274	1,393	-	-	415,513
-	-	-	-	551,867
682,457	-	-	-	682,457
25,572	116,249	-	62	169,797
-	-	-	-	270,877
-	1,247,553	-	-	1,247,553
<u>\$ 1,040,670</u>	<u>\$ 1,372,506</u>	<u>\$ -</u>	<u>\$ 62</u>	<u>\$ 4,000,068</u>
<u>\$ 1,405,937</u>	<u>\$ 1,762,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,440,346</u>
\$ -	\$ -	\$ -	\$ -	\$ 201,168
-	-	-	-	98,106
-	-	-	-	284,372
-	-	-	-	249,286
-	-	-	361,388	361,388
-	-	-	-	61,626
-	-	-	-	41,584
-	-	-	-	373,745
-	-	-	-	502,696
-	-	-	-	46,330
-	-	-	-	25,726
-	-	-	-	2,240,084
-	-	-	-	87,168
-	2,350,329	-	-	2,350,329
-	-	2,294,879	-	2,294,879
-	-	-	-	222,366
-	-	-	-	2,000,000
-	-	-	-	385,655
-	-	-	-	4,007,152
-	-	-	-	280,000
-	-	-	-	150,000
-	-	-	-	466,844
-	-	-	-	300,000
-	-	-	-	200,000
-	-	-	-	300,000
-	-	-	-	1,000,000
-	-	-	-	750,000
-	-	-	-	700,000
-	-	-	-	640,000
-	-	-	-	2,209,957
2,702,103	-	-	-	2,702,103
-	(1,365,511)	-	-	5,975,956
<u>2,702,103</u>	<u>984,818</u>	<u>2,294,879</u>	<u>361,388</u>	<u>31,508,520</u>
<u>\$ 5,148,710</u>	<u>\$ 4,119,795</u>	<u>\$ 2,294,879</u>	<u>\$ 361,450</u>	
				148,296
				113,236,298
				10,620,565
				(6,239,671)
				(10,615,150)
				(560,553)
				(13,204,402)
				<u>11,440,346</u>
				<u>\$ 136,334,249</u>

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>General</u>	<u>Road and Bridge</u>
Revenues		
Taxes	\$ 13,270,929	\$ 7,177,706
Special assessments	705,994	-
Licenses and permits	170,330	22,045
Intergovernmental	8,401,765	8,603,173
Charges for services	3,158,596	19,836
Fines and forfeits	30,687	-
Gifts and contributions	3,250	-
Investment earnings	8,537	-
Miscellaneous	609,612	207,259
Total Revenues	\$ 26,359,700	\$ 16,030,019
Expenditures		
Current		
General government	\$ 8,189,353	\$ -
Public safety	9,891,753	-
Highways and streets	-	13,924,862
Sanitation	688,339	-
Human services	-	-
Health	3,976,131	-
Culture and recreation	404,925	-
Conservation of natural resources	946,913	-
Economic development	25,500	-
Intergovernmental		
Highways and streets	-	399,398
Capital outlay	818,451	-
Debt service		
Principal	-	-
Interest	-	-
Administrative (fiscal) charges	-	-
Total Expenditures	\$ 24,941,365	\$ 14,324,260
Excess of Revenues Over (Under) Expenditures	\$ 1,418,335	\$ 1,705,759
Other Financing Sources (Uses)		
Transfers in	\$ 319,620	\$ 362,837
Transfers out	-	-
Proceeds from sale of capital assets	150,511	-
Total Other Financing Sources (Uses)	\$ 470,131	\$ 362,837
Net Change in Fund Balance	\$ 1,888,466	\$ 2,068,596
Fund Balance - January 1	16,542,453	4,705,802
Increase (decrease) in inventories	-	(39,985)
Fund Balance - December 31	\$ 18,430,919	\$ 6,734,413

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

EXHIBIT 4

Social Services	Ditch	Debt Service	Nonmajor U.S. Fish and Wildlife	Total
\$ 5,584,680	\$ -	\$ 2,171,160	\$ -	\$ 28,204,475
-	1,754,315	94,116	-	2,554,425
-	-	-	-	192,375
5,658,059	-	-	-	22,662,997
1,034,093	-	-	-	4,212,525
1,531	-	-	-	32,218
2,320	-	-	-	5,570
-	-	-	62	8,599
148,445	12,217	327,066	90,450	1,395,049
\$ 12,429,128	\$ 1,766,532	\$ 2,592,342	\$ 90,512	\$ 59,268,233
\$ -	\$ -	\$ -	\$ -	\$ 8,189,353
303,613	-	-	-	10,195,366
-	-	-	-	13,924,862
-	-	-	-	688,339
11,533,295	-	-	-	11,533,295
-	-	-	-	3,976,131
-	-	-	-	404,925
-	1,497,307	-	63	2,444,283
-	-	-	-	25,500
-	-	-	-	399,398
-	-	-	-	818,451
-	-	3,280,000	-	3,280,000
-	30,738	184,000	-	214,738
-	-	2,700	-	2,700
\$ 11,836,908	\$ 1,528,045	\$ 3,466,700	\$ 63	\$ 56,097,341
\$ 592,220	\$ 238,487	\$ (874,358)	\$ 90,449	\$ 3,170,892
\$ -	\$ -	\$ -	\$ -	\$ 682,457
(682,457)	-	-	-	(682,457)
-	-	-	-	150,511
\$ (682,457)	\$ -	\$ -	\$ -	\$ 150,511
\$ (90,237)	\$ 238,487	\$ (874,358)	\$ 90,449	\$ 3,321,403
2,792,340	746,331	3,169,237	270,939	28,227,102
-	-	-	-	(39,985)
\$ 2,702,103	\$ 984,818	\$ 2,294,879	\$ 361,388	\$ 31,508,520

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, 2021**

Net change in fund balances - total governmental funds (Exhibit 4) \$ 3,321,403

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	\$ 11,440,346	
Unavailable revenue - January 1	(5,136,653)	6,303,693

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

Expenditures for general capital assets and infrastructure	\$ 10,479,863	
Net book value of assets disposed	24,153	
Current year depreciation	(3,902,487)	6,601,529

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	\$ 2,000,000	
Special assessment general obligation bonds	1,280,000	3,280,000

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	\$ 35,033	
Change in net pension asset	148,296	
Change in net pension liability	4,586,846	
Change in other postemployment benefits	84,338	
Change in compensated absences	(4,689)	
Amortization of discounts/premiums	82,526	
Change in deferred outflows of resources	7,591,757	
Change in deferred inflows of resources	(10,388,447)	
Change in inventories	(39,985)	2,095,675

Change in Net Position of Governmental Activities (Exhibit 2) \$ 21,602,300

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, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
	<hr/>	<hr/>
<u>Assets</u>		
Cash and pooled investments	\$ 42,432	\$ 1,543,418
Taxes receivable	-	570,618
Special assessments receivable	-	745,845
	<hr/>	<hr/>
Total Assets	\$ 42,432	\$ 2,859,881
	<hr/>	<hr/>
<u>Liabilities</u>		
Due to other governments	\$ -	\$ 1,286,228
Loans payable	-	745,845
	<hr/>	<hr/>
Total Liabilities	\$ -	\$ 2,032,073
	<hr/>	<hr/>
<u>Net Position</u>		
Restricted for		
Individuals, organizations, other governments	\$ 42,432	\$ 827,808
	<hr/>	<hr/>
Total Net Position	\$ 42,432	\$ 827,808
	<hr/> <hr/>	<hr/> <hr/>

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, 2021**

	Social Welfare Private-Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Individuals	\$ 491,991	\$ 392,603
Investment earnings:		
Interest, dividends, other	10	351
Property tax collections for other governments	-	79,814,299
Special assessments	-	1,001,026
License and fees collected for state	-	7,953,144
Miscellaneous	-	1,121,230
Total Additions	\$ 492,001	\$ 90,282,653
Deductions		
Beneficiary payments to individuals	\$ 495,617	\$ 371,850
Payments of property tax to other governments	-	79,758,680
Payments to state	-	7,943,448
Payments to vendors	-	1,471,348
Payments to other entities	-	439,949
Total Deductions	\$ 495,617	\$ 89,985,275
Change in net position	\$ (3,616)	\$ 297,378
Net Position – January 1	\$ 46,048	\$ 530,430
Net Position – December 31	\$ 42,432	\$ 827,808

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, 2021**

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021. 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 2021 and has no assets, liabilities or fund balance/net position.

<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, 2021**

B. Basic Financial Statements

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

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

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

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

The County reports the following major governmental funds:

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

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

The County reports the following nonmajor governmental fund:

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

Additionally, the County reports the following fiduciary fund types:

The Private-Purpose Trust Fund accounts for resources legally held in trust for others.

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

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

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021. 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 2021 were \$8,599.

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

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

All receivables are shown net of an allowance for uncollectibles.

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

Inventories: All inventories are valued at cost using the weighted average method. Inventories in governmental funds are recorded as expenditures when purchased rather than when consumed.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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:

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

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

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

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

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

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

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

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

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

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

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 the Human Service and Road and Bridge funds at 50% of the following years tax levy based on County policy. In the General Fund, assigned amounts represent intended uses established by the County Board.

Unassigned - the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, or committed, or assigned to those purposes.

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 \$6,239,671 difference are as follows:

G.O. bonds payable	\$ 4,155,000
Plus: Issuance premium (to be amortized over life of debt)	176,666
Accrued interest payable	56,875
Compensated absences	<u>1,851,130</u>

Net adjustment to reduce fund balance - total governmental funds to arrive at net position – governmental activities	<u>\$ 6,239,671</u>
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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 Services, and Ditch Special Revenue Funds; and the Debt Service Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles.

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 fund level.

The Debt Service Fund reported an excess of expenditures in excess of budget by \$945,012. The excess of expenditures resulted from the County's decision to redeem the 2013A General Obligation Special Assessment Bonds and save on the related interest costs. The payoff of these bonds was funded by existing fund balance in the Debt Service Fund.

Ditch Special Revenue Fund Equity: Using the modified accrual basis of accounting, noncurrent receivables and bonds payable do not affect fund balance. Noncurrent receivables are deferred, and bonds payable are not reported. Using this basis of accounting, 19 ditches had fund deficits.

Account balances	\$ 2,350,329
Account deficits	<u>(1,365,511)</u>
Fund Balance - Modified Accrual Basis	<u><u>\$ 984,818</u></u>

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

Deposits

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

Governmental activities	
Cash and pooled investments	\$ 30,529,061
Petty cash and change funds	2,815
Fiduciary funds	
Cash and pooled investments	
Private-Purpose Trust Fund	42,432
Custodial funds	<u>1,543,418</u>
 Total Cash and Investments	 <u><u>\$ 32,117,726</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, 2021, 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
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NOTES TO THE FINANCIAL STATEMENTS
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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, 2021, 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, 2021, and information relating to potential investment risks:

Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Negotiable certificates of deposit					
Sterling Bank POP BL MO	N/A	N/A	<5%	04-Jan-22	\$ 245,074
Ally Bank	N/A	N/A	<5%	14-Feb-22	245,779
First Western Bank & Trust	N/A	N/A	<5%	28-Feb-22	246,276
First Citizens National Bank	N/A	N/A	<5%	28-Feb-22	246,156
Merrick Bank	N/A	N/A	<5%	07-Mar-22	246,276
Third Federal Savings & Loan Association of Cleveland	N/A	N/A	<5%	30-May-22	248,109
Sallie May Bank UT US	N/A	N/A	<5%	13-Jun-22	247,509
Eaglemark Svgs BK NV US	N/A	N/A	<5%	20-Oct-22	244,674
Wells Fargo Natl Bank NV US	N/A	N/A	<5%	13-Dec-22	248,388
Goldman Sachs Bank NY US	N/A	N/A	<5%	09-Jan-23	248,724
BMW BK OF NA NA UT US	N/A	N/A	<5%	10-Jan-23	248,479
Eaglebank MD US	N/A	N/A	<5%	17-Jan-23	248,406
UBS Bank USA	N/A	N/A	<5%	27-Feb-23	244,427
Israel Discount BK NY US	N/A	N/A	<5%	06-Nov-23	244,525
National Cooperative Bank, N.A.	N/A	N/A	<5%	21-Dec-23	258,259
Citibank NA	N/A	N/A	<5%	26-Dec-23	258,816
Bank of Baroda	N/A	N/A	<5%	28-Dec-23	259,088
NANO BANC (California)	N/A	N/A	<5%	28-Dec-23	242,827
Morgan Stanley Bank, Nat Asso	N/A	N/A	<5%	10-Jan-24	258,269
Morgan Stanley Private Bank	N/A	N/A	<5%	10-Jan-24	258,269
Bank Hapoalim B.M.	N/A	N/A	<5%	23-Jan-24	257,706
Live Oak Banking Company	N/A	N/A	<5%	24-Jan-24	250,699
Country Bank/New York	N/A	N/A	<5%	25-Jan-24	256,743
Capital One Bank USA NA	N/A	N/A	<5%	21-Aug-24	252,612
New York Cmnty Bk NY US	N/A	N/A	<5%	10-Sep-24	243,871
Comenity Bank DE US	N/A	N/A	<5%	16-Sep-24	197,000
Synchrony Bank	N/A	N/A	<5%	17-Sep-24	243,831
Wells Fargo Bank NA	N/A	N/A	<5%	17-Oct-24	253,132
Industrial & Coml BK	N/A	N/A	<5%	18-Oct-24	243,312
Capital One NA VA US	N/A	N/A	<5%	18-Nov-24	243,812
State BK India NY US	N/A	N/A	<5%	27-Nov-24	253,234
Webbank UT US	N/A	N/A	<5%	29-Nov-24	244,098
Texas Exchange BK TX US	N/A	N/A	<5%	12-Feb-25	241,783

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Investment Type	Credit Risk		Concentration Risk	Interest Rate Risk	Carrying (Fair) Value
	Credit Rating	Rating Agency	Over 5% of Portfolio	Maturity Date	
Toyota Finl Svg BK NV US	N/A	N/A	<5%	19-Aug-25	241,957
BMO Harris BK NA IL US	N/A	N/A	<5%	26-Feb-26	240,906
Discover Bank	N/A	N/A	<5%	26-Jun-26	260,249
JPMorgan Chase Bk NY US	N/A	N/A	<5%	31-Dec-26	245,074
Total negotiable certificates of deposit					<u>\$ 9,158,349</u>
Municipal Bonds					
Madison Heights, Michigan	AA-	S&P	<5%	01-Jan-25	\$ 233,939
UBS Financial Services Inc.	Aa2	Moody's	<5%	01-Feb-25	<u>217,868</u>
Total municipal bonds					<u>\$ 451,807</u>
Treasury Notes					
U.S. Treasury Note	N/A	N/A	<5%	15-Apr-24	<u>\$ 990,160</u>
Total treasury notes					<u>\$ 990,160</u>
Money markets					
Magic	N/A	N/A	N/A	N/A	\$ 8,859,980
UBS Financial Services Inc.	Aaa	Moody's	N/A	N/A	<u>6,985,662</u>
Total money markets					<u>\$ 15,845,642</u>
Total investments and money markets					<u>\$ 26,445,958</u>
Deposits					\$ 5,668,953
Petty cash					<u>2,815</u>
Total Cash and Investments					<u>\$ 32,117,726</u>

N/A - Not applicable

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.

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At December 31, 2021, the Freeborn County had the following recurring fair value measurements.

		Fair Value Measurements Using		
	December 31, 2021	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	\$ 9,158,349	\$ -	\$ 9,158,349	\$ -
Municipal bonds	451,807	-	451,807	-
U.S. Treasury Note	990,160	-	990,160	-
Total Investments included in the Fair value hierarchy	<u>\$ 10,600,316</u>	<u>\$ -</u>	<u>\$ 10,600,316</u>	<u>\$ -</u>
Investments at Amortized Cost				
MAGIC Portfolio Money				
Market Fund	\$ 8,859,980			
UBS Financial Services Inc.				
Money Market	6,985,662			
Total Investments at Amortized Cost	<u>\$ 15,845,642</u>			
Total investments	\$ 26,445,958			
Cash and Cash equivalents	5,671,768			
Total Cash and Investments	<u>\$ 32,117,726</u>			

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
ALBERT LEA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. RECEIVABLES, UNEARNED AND UNAVAILABLE REVENUE

Receivables

Receivables as of December 31, 2021, 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	\$ 431,259	\$ -	\$ 431,259	\$ -
Special assessments	1,696,723	-	1,696,723	1,651,366
Accounts	1,941,249	(1,132,157)	809,092	601,324
Accrued interest	81,340	-	81,340	-
Loans	870,677	-	870,677	662,539
Due from other governments	10,064,299	-	10,064,299	-
Total Governmental Activities	<u>\$ 15,085,548</u>	<u>\$ (1,132,157)</u>	<u>\$ 13,953,391</u>	<u>\$ 2,915,229</u>

Loans

Loan balances are made up of individual loans for septic sewer replacements and Turtle Creek Watershed Loans. 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 23 individual loans ranging from a low of \$520 to a high of \$14,369 that make up the loans receivable balance of \$124,832. Turtle Creek Watershed loan began in 2018 with a term of 8 years. Interest rate is 5% with \$324,664 balance remaining on the loan. A new Turtle Creek Watershed loan began in 2021 with a term of 7 years. Interest rate is 5% with \$421,181 balance remaining on the loan.

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. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were as follows:

	Unavailable Delinquent Taxes and Special Assessments	Unavailable	Unearned Revenue
General Fund	\$ 425,863	\$ 3,878,684	\$ -
Road and Bridge Fund	-	3,967,391	270,877
Social Services Fund	-	1,405,937	-
Ditch Fund	1,651,366	111,105	-
Total	<u>\$ 2,077,229</u>	<u>\$ 9,363,117</u>	<u>\$ 270,877</u>

**FREEBORN COUNTY
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6. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not depreciated				
Land				
General	\$ 1,902,004	\$ -	\$ 31,100	\$ 1,870,904
Highway infrastructure	3,534,332	50,098	-	3,584,430
Improvements other than buildings	700,490	-	-	700,490
Work in process				
Buildings and improvements	<u>7,203,299</u>	<u>7,284,707</u>	<u>1,758,030</u>	<u>12,729,976</u>
Total capital assets not depreciated	<u>\$ 13,340,125</u>	<u>\$ 7,334,805</u>	<u>\$ 1,789,130</u>	<u>\$ 18,885,800</u>
Capital assets depreciated				
Buildings and improvements	\$ 33,628,477	\$ -	\$ -	\$ 33,628,477
Other land improvements	219,874	-	-	219,874
Machinery, furniture, and equipment	10,356,844	2,576,481	701,038	12,232,287
Infrastructure – sewer	1,785,479	-	-	1,785,479
Infrastructure – highway	<u>121,386,021</u>	<u>2,388,807</u>	<u>334,430</u>	<u>123,440,398</u>
Total capital assets depreciated	<u>\$ 167,376,695</u>	<u>\$ 4,965,288</u>	<u>\$ 1,035,468</u>	<u>\$ 171,306,515</u>
Less: accumulated depreciation for				
Buildings and improvements	\$ 13,601,758	\$ 833,362	\$ -	\$ 14,435,120
Other land improvements	79,767	12,797	-	92,564
Machinery, furniture, and equipment	5,978,379	1,115,603	693,369	6,400,613
Infrastructure – sewer	431,861	38,272	-	470,133
Infrastructure – highway	<u>53,990,286</u>	<u>1,902,453</u>	<u>335,152</u>	<u>55,557,587</u>
Total accumulated depreciation	<u>\$ 74,082,051</u>	<u>\$ 3,902,487</u>	<u>\$ 1,028,521</u>	<u>\$ 76,956,017</u>
Total capital assets depreciated, net	<u>\$ 93,294,644</u>	<u>\$ 1,062,801</u>	<u>\$ 6,947</u>	<u>\$ 94,350,498</u>
Capital Assets, Net	<u><u>\$ 106,634,769</u></u>	<u><u>\$ 8,397,606</u></u>	<u><u>\$ 1,796,077</u></u>	<u><u>\$ 113,236,298</u></u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 970,879
Public safety	120,731
Highways and streets, including depreciation of infrastructure assets	2,762,905
Human Services	22,613
Conservation	9,620
Culture and Recreation	756
Sanitation	<u>14,983</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,902,487</u></u>

**FREEBORN COUNTY
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7. INTERFUND RECEIVABLES AND PAYABLES

The composition of inter-fund balances as of December 31, 2021, is as follows:

Interfund Transfers Major Governmental Funds		
Transfers	Description	Amount
Transfers to Road and Bridge Special Revenue Fund	Move excess fund balance	
from Social Service Special Revenue Fund		\$ 362,837
Transfers to General Fund from Social Services Special Revenue Fund	Move excess fund balance	
		<u>319,620</u>
Total Transfers In		<u>\$ 682,457</u>

Per County fund balance policy assigned and unassigned balance for General Fund, Road and Bridge Special Revenue Fund, and Social Service Special Revenue Fund shall equal 50% of the next year tax levy any excess balance shall be committed for capital assets. Social Services Special Revenue Fund had an excess of \$682,457 of which \$362,837 will be transferred to the Road and Bridge Special Revenue Fund to cover shortfall and the remaining \$319,620 will be transferred to the General Fund to be committed for capital assets.

	Description	Amount
Due to Road and Bridge Special Revenue Fund from Social Service Special Revenue Fund	Excess Fund Balance	\$ 362,837
Due To General Fund from Social Services Special Revenue Fund	Excess Fund Balance	<u>319,620</u>
Total Due To/From Other Funds		<u>\$ 682,457</u>

Per County fund balance policy assigned and unassigned balance for General Fund, Road and Bridge Special Revenue Fund, and Social Service Special Revenue Fund shall equal 50% of the next year tax levy any excess balance shall be committed for capital assets. Social Services Special Revenue Fund had an excess of \$682,457 of which \$362,837 is due to the Road and Bridge Special Revenue Fund to cover the shortfall and the remaining \$319,620 is due to the General Fund to be committed for capital assets.

**FREEBORN COUNTY
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Advances From/To Other Funds		
From	To	Amount
General Fund	Ditch Special Revenue Fund	\$ 1,247,553
Total Advances To/From Other Funds		<u>\$ 1,247,553</u>

Advances were made to cover shortfalls/timing differences between payments and receipts. \$201,168 is expected to be long term. The rest, \$1,046,385, 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, 2021
<u>General Obligation Bonds</u>					
2013B G.O. Capital Improvement Bonds	2023	\$380,000 - \$395,000	3.00	\$ 3,300,000	\$ 780,000
2017A G.O. Refunding Bonds	2023	\$1,160,000 - \$1,225,000	3.00 - 4.00	5,760,000	2,410,000
2017B G.O. Refunding Bonds	2023	\$460,000 - \$490,000	1.00- 3.00	2,315,000	965,000
Total General Obligation Bonds				<u>\$ 11,375,000</u>	<u>\$ 4,155,000</u>
Plus: Unamortized Premium					<u>176,666</u>
Total General Obligation Bonds, net:					<u>\$ 4,331,666</u>

Debt service requirements at December 31, 2021, were as follows:

Year Ending December 31	General Obligation Bonds	
	Principal	Interest
2022	\$ 2,045,000	\$ 99,900
2023	<u>2,110,000</u>	<u>31,650</u>
Total	<u>\$ 4,155,000</u>	<u>\$ 131,550</u>

**FREEBORN COUNTY
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Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General obligation bonds	\$ 6,155,000	\$ -	\$ 2,000,000	\$ 4,155,000	\$ 2,045,000
Plus unamortized premium	269,402	-	92,736	176,666	-
General obligation bonds net	<u>\$ 6,424,402</u>	<u>\$ -</u>	<u>\$ 2,092,736</u>	<u>\$ 4,331,666</u>	<u>\$ 2,045,000</u>
Special assessment bonds	1,280,000	-	1,280,000	-	-
Less unamortized discount	(10,210)	-	(10,210)	-	-
Special assessment bonds net	<u>\$ 1,269,790</u>	<u>\$ -</u>	<u>\$ 1,269,790</u>	<u>\$ -</u>	<u>\$ -</u>
Total bonds payable	\$ 7,694,192	\$ -	\$ 3,362,526	\$ 4,331,666	\$ 2,045,000
Compensated absences	<u>1,846,441</u>	<u>2,020,313</u>	<u>2,015,624</u>	<u>1,851,130</u>	<u>92,556</u>
Long-Term Liabilities	<u><u>\$ 9,540,633</u></u>	<u><u>\$ 2,020,313</u></u>	<u><u>\$ 5,378,150</u></u>	<u><u>\$ 6,182,796</u></u>	<u><u>\$ 2,137,556</u></u>

General obligation bonds are liquidated by the Debt Service Fund. Compensated absences and net pension/OPEB liabilities are generally liquidated by the General Fund, Road and Bridge Fund, and Social Services Fund.

**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	\$7,341,467
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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 assigned fund balance in the special revenue funds until the tax revenues are distributed. The County Board has determined this amount to be 50 percent of General Fund, Road and Bridge Fund, and Social Services Fund proceeding years tax levy. This amount will provide adequate funds until the next property tax revenues are received.

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10. POST-EMPLOYMENT BENEFITS

Employee Retirement Systems and Pension Plan

Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

Local Government Correctional Plan

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

Benefits Provided

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

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General Employees Plan Benefits

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

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

Police and Fire Plan Benefits

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

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

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

Correctional Plan Benefits

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

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

Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the County was required to contribute 7.50% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2021, were \$1,201,935. The County's contributions were equal to the required contributions as set by state statute.

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Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2021 and the County was required to contribute 17.70% for Police and Fire Plan members. The County's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$352,197. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions

Correctional Plan members were required to contribute 5.83% of their annual covered salary in fiscal year 2021 and the County was required to contribute 8.75% for Correctional Plan members. The County's contributions to the Correctional Fund for the year ended December 31, 2021, were \$169,627. The County's contributions were equal to the required contributions as set by state statute.

Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the County reported a liability of \$9,360,822 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$285,868.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .2192% at the end of the measurement period and was .2124% for the beginning of the period.

County's proportionate share of the net pension liability	\$ 9,360,822
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>285,868</u>
Total	<u>\$ 9,646,690</u>

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For the year ended December 31, 2021, the County recognized pension expense of \$375,848 for its proportionate share of General Employees Plan's pension expense. In addition, the County recognized an additional \$23,065 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 57,510	\$ 286,467
Difference between projected and actual investment earnings	-	8,106,867
Changes in actuarial assumptions	5,715,524	207,068
Changes in proportion	716,059	-
Contributions paid to PERA subsequent to the measurement date	640,132	-
Total	<u>\$ 7,129,225</u>	<u>\$ 8,600,402</u>

The \$640,132 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (57,492)
2023	126,866
2024	30,479
2025	<u>(2,211,162)</u>
Total	<u>\$ (2,111,309)</u>

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Police and Fire Fund Pension Costs

At December 31, 2021, the County reported a liability of \$1,254,328 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .1625% at the end of the measurement period and .1672% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the County recognized pension expense of \$(43,479) for its proportionate share of the Police and Fire Plan's pension expense. The County recognized \$10,269 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

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The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The County recognized \$14,625 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

County's proportionate share of the net pension liability	\$ 1,254,328
State of Minnesota's proportionate share of the net pension liability associated with the County	<u>56,389</u>
Total	<u><u>\$ 1,310,717</u></u>

At December 31, 2021, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 240,908	\$ -
Difference between projected and actual investment earnings	-	2,396,701
Changes in actuarial assumptions	1,843,533	689,175
Changes in proportion	193,472	174,883
Contributions paid to PERA subsequent to the measurement date	<u>195,399</u>	<u>-</u>
Total	<u><u>\$ 2,473,312</u></u>	<u><u>\$ 3,260,759</u></u>

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The \$195,399 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	\$ (806,678)
2023	(119,294)
2024	(159,098)
2025	(288,334)
2026	390,558
Total	<u>\$ (982,846)</u>

Correctional Plan Pension Costs

At December 31, 2021, the County reported a liability (asset) of \$(148,296) for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was .9027% at the end of the measurement period and .9721% for the beginning of the period.

For the year ended December 31, 2021, the County recognized pension expense of \$(402,411) for its proportionate share of the Correctional Plan's pension expense.

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At December 31, 2021, the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ -	\$ 84,580
Difference between projected and actual investment earnings	-	1,190,582
Changes in actuarial assumptions	928,292	13,901
Changes in proportion	-	54,178
Contributions paid to PERA subsequent to the measurement date	89,736	-
Total	<u>\$ 1,018,028</u>	<u>\$ 1,343,241</u>

A total of \$89,736 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	\$ (69,651)
2023	(28,014)
2024	6,333
2025	<u>(323,617)</u>
Total	<u>\$ (414,949)</u>

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Summary

The aggregate amount of net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for the County's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employee's costs are associated. The table below includes the County's portion of each plan.

	General Employees Plan	Police and Fire Plan	Correctional Plan	Total
Net Pension Asset	\$ -	\$ -	\$ 148,296	\$ 148,296
Net Pension Liability	9,360,822	1,254,328	-	10,615,150
Deferred Outflows of Resources				
Related to Pensions	7,129,225	2,473,312	1,018,028	10,620,565
Deferred Inflows of Resources				
Related to Pensions	8,600,402	3,260,759	1,343,241	13,204,402
Pension Expense	398,913	(33,210)	(402,411)	(36,708)

Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on

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a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan, 2.25% for the Police and Fire Plan, and 2.25% for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 2% for the Correction Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

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Correctional Fund

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85% to 75%.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund, the Police and Fire Fund, and the Correctional Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

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investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Sensitivity Analysis (In Thousands)						
<i>Net Pension Liability (Asset) at Different Discount Rates</i>						
	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Lower	5.50%	\$19,091,299	5.50%	\$3,982,279	5.50%	\$1,543,355
Current Discount Rate	6.50%	\$9,360,822	6.50%	\$1,254,328	6.50%	\$(148,296)
1% Higher	7.50%	\$1,376,372	7.50%	\$(981,916)	7.50%	\$(1,490,800)

Pension Plan Fiduciary Net Position

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

Public Employees Defined Contributions Plan (Defined Contribution Plan)

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

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees, contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or

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more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the County during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$4,660	\$4,660	5%	5%	5%

Other Post Employment Benefits

Plan Description

The County provides health insurance benefits for certain retired employees under a single-employer “defined benefit” fully-insured plan. The County provides benefits for retirees as required by Minnesota Statutes §471.61 subdivision 2b. County policy determines the County’s contributions to the plan. Active employees who retire from the County when eligible to receive a retirement benefit from the Public Employees Retirement Association (PERA) of Minnesota (or similar plan) and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the County’s health benefits program. Pursuant to the provisions of the plan, retirees are required to pay the total premium cost, each eligible retiree receives \$113.02 each month towards that premium as long as they take the Counties insurance. As of December 31, 21, there were 47 retirees receiving health benefits from the County’s health plan and 4 active employees that are eligible for this benefit. As of December 31, 2021, there were 14 retirees receiving life insurance benefits of \$1.90 per month.

Funding Policy

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

Actuarial Methods and Assumptions

The County’s OPEB liability was measured as of December 31, 2021, and the total OPEB liability was determined by using the alternative measurement method.

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

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

Mortality rates were based on the mortality tables from the “Social Security On-Line” statistics. The 2020 Trustee Report Cohort Life Tables V.A4 for Males and for Females was used.

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

Changes in total OPEB liability

	<u>Total OPEB Liability</u>
Balance as of January 1, 2021	\$ 644,891
Changes for the Year:	
Service Cost	(20,692)
Interest	-
Benefit Payments	(63,646)
Net Change in Total OPEB Liability	(84,338)
Balance as of December 31, 2021	<u>\$ 560,553</u>

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The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.30%)	Discount Rate (3.30%)	1% Increase (4.30%)
Total OPEB Liability	\$ 566,159	\$ 560,553	\$ 554,948

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

<u>Medical Trend Rate</u>	1% Decrease	Current Trend Fixed Rate	1% Increase
Total OPEB Liability \$	554,948 \$	560,553 \$	566,159

For the year ended December 31, 2021, the County recognized OPEB expense of \$63,646. At December 31, 2021, the County reported no deferred inflows or outflows of resources.

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11. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS

Risk Management

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

The Workers' Compensation Division of MCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$500,000 per claim in 2020 and \$500,000 in 2021. 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 outcomes of these lawsuits are not presently determinable, in the opinion of the County Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

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Construction Commitments

The County has active construction projects as of December 31, 2021. The Projects include the following

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities		
Road Construction	\$ 13,643,105	\$ 1,750,000

Joint Ventures

Freeborn County Family Services Collaborative

The Freeborn County Family Services Collaborative was established in 1996 under the authority of Minn. Stat. §§ 471.59 and 1240.23. The Collaborative includes Freeborn County; the City of Albert Lea; and Independent School Districts 241, 242, and 2866, each of which appoints members to the Collaborative's governing board. The purpose of the Collaborative is to provide a coordinated approach to support and nurture individuals and families through prevention and intervention to ensure success for every child.

Control of the Collaborative is vested in a Board of Directors. Freeborn County appoints two 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 2021, 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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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

South Central Minnesota Drug Investigation Unit

The South Central Minnesota Drug Investigation Unit serves Steele, Freeborn, Waseca, and Faribault Counties. The major cities represented are Owatonna, Albert Lea, Waseca, and Blue Earth. It was established to provide drug investigation services to these counties. The SCDIU Board consists of chief law enforcement officers from each of the represented agencies. During the year, Freeborn County expended \$11,500 on the Drug Investigation Unit. This unit does not have its own financial statements. There is no accumulation of significant financial resources or fiscal stress for 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 (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. Current financial statements can be obtained at MN-ECB's website, www.mneceb.org. During the year, the County paid \$6,500 to the Southeast Minnesota Emergency Communications Board. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Southeastern Minnesota Workforce Development, Inc. (MWD)

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

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 \$155,851 to the Cooperative. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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,

**FREEBORN COUNTY
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DECEMBER 31, 2021**

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 and agree that they shall continue to do so for each year of its existence. These costs will be paid equally by each member county of the Board up to a ceiling of \$3,500 per county per year, and further costs shall be based on per capita. Freeborn County expended \$2,500 to the Rural Minnesota Energy Board in 2021. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Southeast Minnesota Emergency Medical Services

The Southeast Minnesota Emergency Medical Services (EMS) was established to provide various health services to member counties. During the year, Freeborn County expended \$5,000 to the EMS. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Southeastern Minnesota Library

The Southeastern Minnesota Library was established to provide library services to member counties. During the year, Freeborn County expended \$278,400 to the Library. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Minnesota Criminal Justice Data Communications Network

Minnesota Criminal Justice Data Communications Network Joint Powers Agreement exists to create access for the County Sheriff and County Attorney to systems and tools available from the State of Minnesota, Department of Public Safety, and the Bureau of Criminal

**FREEBORN COUNTY
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DECEMBER 31, 2021**

Apprehension to carry out criminal justice. During the year, the County made no payments to the joint powers. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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 2021. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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

**FREEBORN COUNTY
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DECEMBER 31, 2021**

Minnesota. During the year, the County made payments of \$1,933 to SEMREX. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Southeast Service Cooperative

The Southeast Services Cooperative delivers numerous services to support administrative and instructional functions to its members and to improve learning opportunities. During the year, the County made payments of \$350 to the Cooperative. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

Freeborn County Family Services and Children's Mental Health Collaborative

The Freeborn County Family Services and Children's Mental Health Collaborative was created to foster collaborative prevention and intervention efforts to improve the outcomes, stability and health of all area children and their families through the coordination of multi-agency services throughout Freeborn County. Freeborn County designates one voting member to the Collaborative Board of Directors and participates in projects operated by the Collaborative. During the year, Freeborn County made no payments to the Collaborative. There is no accumulation of significant financial resources or fiscal stress for Freeborn County.

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REQUIRED SUPPLEMENTARY INFORMATION

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-1

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED
RATIOS, AND NOTES
LAST TEN FISCAL YEARS
DECEMBER 31, 2021**

	Measurement Date December 31, 2018	Measurement Date December 31, 2019	Measurement Date December 31, 2020	Measurement Date December 31, 2021
Total OPEB Liability				
Difference Between Estimated and Actual	\$ (29,748)	\$ (186,389)	\$ (40,082)	\$ (20,692)
Benefit Payments	(75,208)	(64,743)	(63,840)	(63,646)
Net Change in Total OPEB Liability	(104,956)	(251,132)	(103,922)	(84,338)
Total OPEB Liability - Beginning	1,104,901	999,945	748,813	644,891
Total OPEB Liability - Ending	<u>\$ 999,945</u>	<u>\$ 748,813</u>	<u>\$ 644,891</u>	<u>\$ 560,553</u>
 Covered Employee Payroll	 \$ 715,355	 \$ 647,333	 \$ 747,355	 \$ 288,473
 County's OPEB Liability as a Percentage of Covered Employee Payroll	 140%	 116%	 86%	 194%

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

Note 2: No assets are accumulated in a trust.

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-2

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 14,097,284	\$ 14,097,284	\$ 13,270,929	\$ (826,355)
Special assessments	750,000	750,000	705,994	(44,006)
Licenses and permits	102,915	102,915	170,330	67,415
Intergovernmental	4,987,477	7,928,341	8,401,765	473,424
Charges for services	4,768,330	4,768,330	3,158,596	(1,609,734)
Fines and forfeits	18,800	18,800	30,687	11,887
Gifts and contributions	2,700	2,700	3,250	550
Investment earnings	350,600	350,600	8,537	(342,063)
Miscellaneous	543,600	543,600	609,612	66,012
Total Revenues	\$ 25,621,706	\$ 28,562,570	\$ 26,359,700	\$ (2,202,870)
Expenditures				
Current				
General government				
Commissioners	\$ 209,557	\$ 235,557	\$ 234,937	\$ 620
Courts	239,200	239,200	165,348	73,852
County administration	2,244,883	2,049,883	1,832,634	217,249
County auditor-treasurer	819,438	822,438	821,820	618
License bureau	381,435	381,435	329,080	52,355
County assessor	582,555	582,555	534,185	48,370
Elections	135,000	135,000	26,483	108,517
Data processing	1,060,512	1,060,512	1,020,185	40,327
Attorney	907,642	942,642	939,754	2,888
Law library	17,900	23,900	23,760	140
Recorder	512,293	512,293	486,282	26,011
Surveyor	25,000	25,000	-	25,000
Planning and zoning	312,309	312,309	236,702	75,607
Buildings and plant	1,238,345	1,363,345	1,359,368	3,977
Veterans service officer	192,473	192,473	178,815	13,658
Total general government	\$ 8,878,542	\$ 8,878,542	\$ 8,189,353	\$ 689,189

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, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Public safety				
Sheriff	\$ 3,109,054	\$ 3,109,054	\$ 3,107,869	\$ 1,185
Boat and water safety	2,450	3,950	3,683	267
Coroner	100,225	106,225	105,808	417
E-911 system	70,000	105,000	104,979	21
County jail	3,954,731	3,847,731	3,513,190	334,541
Community corrections	1,468,591	1,575,591	1,575,184	407
Dispatch	866,551	866,551	801,172	65,379
Sheriff's contingent	13,000	23,000	23,000	-
Civil defense	118,572	118,572	109,725	8,847
Other public safety	623,728	571,228	547,143	24,085
Total public safety	\$ 10,326,902	\$ 10,326,902	\$ 9,891,753	\$ 435,149
Sanitation				
Solid waste	\$ 31,500	\$ 31,500	\$ 21,130	\$ 10,370
Recycling	833,114	833,114	667,209	165,905
Total sanitation	\$ 864,614	\$ 864,614	\$ 688,339	\$ 176,275
Health				
Community health	\$ 834,592	\$ 752,792	\$ 742,585	\$ 10,207
Administration	443,803	1,483,803	1,481,960	1,843
Health education	4,450	4,850	4,842	8
WIC	256,966	233,966	225,437	8,529
Maternal and child health	160,793	242,593	242,525	68
Bioterrorism	33,850	29,850	28,092	1,758
Disease prevention	35,779	35,379	28,721	6,658
Child and teen checkups	87,247	91,247	90,562	685
Home health	1,109,246	1,132,246	1,131,407	839
Total health	\$ 2,966,726	\$ 4,006,726	\$ 3,976,131	\$ 30,595

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, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				
Current (Continued)				
Culture and recreation				
Parks	\$ 151,600	\$ 151,600	\$ 92,033	\$ 59,567
Museum	36,100	36,100	33,217	2,883
County/regional library	278,400	278,400	278,400	-
Other culture and recreation	1,275	1,275	1,275	-
Total culture and recreation	\$ 467,375	\$ 467,375	\$ 404,925	\$ 62,450
Conservation of natural resources				
County extension	\$ 251,287	\$ 251,287	\$ 229,233	\$ 22,054
Soil and water conservation	183,000	183,000	183,000	-
Agricultural inspection	21,787	56,787	56,042	745
Agricultural society/County fair	50,000	230,000	226,234	3,766
Water planning	235,779	235,779	135,061	100,718
Water quality	84,058	84,058	82,343	1,715
Environmental services	-	35,000	35,000	-
Total conservation of natural resources	\$ 825,911	\$ 1,075,911	\$ 946,913	\$ 128,998
Economic development				
Community development	\$ 16,336	\$ 16,336	\$ 10,000	\$ 6,336
Other economic development	15,500	15,500	15,500	-
Total economic development	\$ 31,836	\$ 31,836	\$ 25,500	\$ 6,336
Capital outlay				
General government	\$ 70,000	\$ 108,000	\$ 107,752	\$ 248
Public safety	214,800	214,800	182,700	32,100
Highways and streets	960,000	620,000	476,474	143,526
Conservation of natural resources	-	52,000	51,525	475
Total capital outlay	\$ 1,244,800	\$ 994,800	\$ 818,451	\$ 176,349
Total Expenditures	\$ 25,606,706	\$ 26,646,706	\$ 24,941,365	\$ 1,705,341
Excess of Revenues Over (Under) Expenditures	\$ 15,000	\$ 1,915,864	\$ 1,418,335	\$ (497,529)

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 319,620	\$ 319,620
Proceeds from sale of capital assets	25,000	25,000	150,511	125,511
Total Other Financing Sources (Uses)	\$ 25,000	\$ 25,000	\$ 470,131	\$ 445,131
Net Change in Fund Balance	\$ 40,000	\$ 1,940,864	\$ 1,888,466	\$ (52,398)
Fund Balance - January 1	16,542,453	16,542,453	16,542,453	-
Fund Balance - December 31	\$ 16,582,453	\$ 18,483,317	\$ 18,430,919	\$ (52,398)

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, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 6,514,734	\$ 6,514,734	\$ 7,177,706	\$ 662,972
Licenses and permits	20,000	20,000	22,045	2,045
Intergovernmental	8,300,000	8,300,000	8,603,173	303,173
Charges for services	29,250	29,250	19,836	(9,414)
Miscellaneous	6,500	6,500	207,259	200,759
Total Revenues	\$ 14,870,484	\$ 14,870,484	\$ 16,030,019	\$ 1,159,535
Expenditures				
Current				
Highways and streets				
Administration	\$ 610,893	\$ 610,893	\$ 504,509	\$ 106,384
Maintenance	4,783,484	4,783,484	3,798,374	985,110
Construction	8,815,530	8,815,530	8,754,984	60,546
Equipment maintenance and shop	1,035,577	1,035,577	866,995	168,582
Total highways and streets	\$ 15,245,484	\$ 15,245,484	\$ 13,924,862	\$ 1,320,622
Intergovernmental				
Highways and streets	425,000	425,000	399,398	25,602
Total Expenditures	\$ 15,670,484	\$ 15,670,484	\$ 14,324,260	\$ 1,346,224
Excess of Revenues Over (Under)				
Expenditures	\$ (800,000)	\$ (800,000)	\$ 1,705,759	\$ 2,505,759
Other Financing Sources (Uses)				
Transfers in	-	-	362,837	362,837
Net Change in Fund Balance	\$ (800,000)	\$ (800,000)	\$ 2,068,596	\$ 2,868,596
Fund Balance - January 1	4,705,802	4,705,802	4,705,802	-
Increase (decrease) in inventories	-	-	(39,985)	(39,985)
Fund Balance - December 31	\$ 3,905,802	\$ 3,905,802	\$ 6,734,413	\$ 2,828,611

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, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,584,680	\$ 5,584,680	\$ 5,584,680	\$ -
Intergovernmental	6,285,646	6,285,646	5,658,059	(627,587)
Charges for services	841,575	841,575	1,034,093	192,518
Fines and forfeits	1,200	1,200	1,531	331
Gifts and contributions	2,000	2,000	2,320	320
Miscellaneous	250,450	250,450	148,445	(102,005)
Total Revenues	\$ 12,965,551	\$ 12,965,551	\$ 12,429,128	\$ (536,423)
Expenditures				
Current				
Public safety				
Victim crisis	\$ 286,053	\$ 304,053	\$ 303,613	\$ 440
Human services				
Income maintenance	\$ 2,925,638	\$ 2,925,638	\$ 2,843,471	\$ 82,167
Social services	6,705,031	6,687,031	6,135,361	551,670
Mental health center	3,048,893	3,048,893	2,554,463	494,430
Total human services	\$ 12,679,562	\$ 12,661,562	\$ 11,533,295	\$ 1,128,267
Total Expenditures	\$ 12,965,615	\$ 12,965,615	\$ 11,836,908	\$ 1,128,707
Excess of Revenues Over (Under)				
Expenditures	\$ (64)	\$ (64)	\$ 592,220	\$ 592,284
Other Financing Sources (Uses)				
Transfers out	\$ -	\$ -	\$ (682,457)	\$ (682,457)
Net Change in Fund Balance	\$ (64)	\$ (64)	\$ (90,237)	\$ (90,173)
Fund Balance - January 1	2,792,340	2,792,340	2,792,340	-
Fund Balance - December 31	\$ 2,792,276	\$ 2,792,276	\$ 2,702,103	\$ (90,173)

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, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Special assessments	\$ 1,737,610	\$ 1,737,610	\$ 1,754,315	\$ 16,705
Miscellaneous	-	-	12,217	12,217
Total Revenues	\$ 1,737,610	\$ 1,737,610	\$ 1,766,532	\$ 28,922
Expenditures				
Current				
Conservation of natural resources				
Other	\$ 1,511,500	\$ 1,519,500	\$ 1,497,307	\$ 22,193
Debt service				
Principal	\$ 135,656	\$ 109,656	\$ -	\$ 109,656
Interest	14,804	32,804	30,738	2,066
Total debt service	\$ 150,460	\$ 142,460	\$ 30,738	\$ 111,722
Total Expenditures	\$ 1,661,960	\$ 1,661,960	\$ 1,528,045	\$ 133,915
Net Change in Fund Balance	\$ 75,650	\$ 75,650	\$ 238,487	\$ 162,837
Fund Balance - January 1	746,331	746,331	746,331	-
Fund Balance - December 31	\$ 821,981	\$ 821,981	\$ 984,818	\$ 162,837

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

EXHIBIT A-6

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2021

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	States Proportionate Share of the Net Pension Liability Associated with Freeborn County (b)	Employer's Proportionate Share of the Net Pension Liability and the States Related Share of the Net Pension Liability (Asset) (a+b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.1907%	\$ 9,883,064	\$ -	\$ 9,883,064	\$ 10,847,478	91.11%	78.19%
2016	0.1951%	\$ 15,841,152	\$ 206,746	\$ 16,047,898	\$ 11,655,413	135.91%	68.91%
2017	0.1993%	\$ 12,723,180	\$ 159,980	\$ 12,851,766	\$ 13,080,160	97.27%	75.90%
2018	0.1971%	\$ 10,934,300	\$ 31,536	\$ 10,965,836	\$ 13,020,361	83.98%	79.50%
2019	0.2021%	\$ 11,173,656	\$ 26,011	\$ 11,199,667	\$ 14,653,208	76.25%	80.23%
2020	0.2124%	\$ 12,734,351	\$ 392,772	\$ 13,127,123	\$ 14,587,039	87.30%	79.06%
2021	0.2192%	\$ 9,360,822	\$ 285,868	\$ 9,646,690	\$ 15,100,520	61.99%	87.00%

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-7

**SCHEDULE OF CONTRIBUTIONS
PERA GENERAL EMPLOYEES RETIREMENT FUND
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 859,061	\$ 859,061	\$ -	\$ 11,454,147	7.50%
2016	\$ 901,248	\$ 901,248	\$ -	\$ 12,016,640	7.50%
2017	\$ 981,012	\$ 981,012	\$ -	\$ 13,080,160	7.50%
2018	\$ 963,462	\$ 963,462	\$ -	\$ 12,846,160	7.50%
2019	\$ 1,104,053	\$ 1,104,053	\$ -	\$ 14,720,707	7.50%
2020	\$ 1,158,957	\$ 1,158,957	\$ -	\$ 15,452,761	7.50%
2021	\$ 1,201,935	\$ 1,201,935	\$ -	\$ 16,025,717	7.50%

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

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

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

EXHIBIT A-8

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2021

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	0.1450%	\$ 1,647,539	\$ -	\$ 1,647,539	\$ 1,296,867	127.04%	86.60%
2016	0.1500%	\$ 6,019,761	\$ -	\$ 6,019,761	\$ 1,383,290	435.18%	63.88%
2017	0.1570%	\$ 2,119,687	\$ -	\$ 2,119,687	\$ 1,599,732	132.50%	63.88%
2018	0.1638%	\$ 1,745,939	\$ -	\$ 1,745,939	\$ 1,745,653	100.02%	88.80%
2019	0.1768%	\$ 1,882,215	\$ -	\$ 1,882,215	\$ 1,888,076	99.69%	89.26%
2020	0.1625%	\$ 1,254,328	\$ 56,389	\$ 1,310,717	\$ 1,825,507	68.71%	93.66%

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-9

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES POLICE AND FIRE FUND
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 212,078	\$ 212,078	\$ -	\$ 1,309,122	16.20%
2016	\$ 238,409	\$ 238,409	\$ -	\$ 1,471,663	16.20%
2017	\$ 279,030	\$ 279,030	\$ -	\$ 1,722,407	16.20%
2018	\$ 279,739	\$ 279,739	\$ -	\$ 1,726,784	16.20%
2019	\$ 315,484	\$ 315,484	\$ -	\$ 1,861,263	16.95%
2020	\$ 331,430	\$ 331,430	\$ -	\$ 1,872,514	17.70%
2021	\$ 352,197	\$ 352,197	\$ -	\$ 1,989,810	17.70%

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-10

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2021**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.9700%	\$ 149,962	\$ 1,593,720	9.41%	96.90%
2016	0.9800%	\$ 3,580,077	\$ 1,674,009	213.86%	58.16%
2017	0.9700%	\$ 2,764,510	\$ 2,021,977	136.72%	67.89%
2018	0.9857%	\$ 162,118	\$ 1,925,928	8.42%	97.60%
2019	0.9819%	\$ 135,944	\$ 2,109,312	6.44%	98.17%
2020	0.9721%	\$ 263,770	\$ 1,991,523	13.24%	96.67%
2021	0.9027%	\$ (148,296)	\$ 1,888,187	-7.85%	101.61%

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT A-11

**SCHEDULE OF CONTRIBUTIONS
PERA PUBLIC EMPLOYEES CORRECTIONAL FUND
DECEMBER 31, 2021**

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b-a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2015	\$ 140,800	\$ 140,800	\$ -	\$ 1,609,145	8.75%
2016	\$ 149,524	\$ 149,525	\$ -	\$ 1,708,854	8.75%
2017	\$ 176,923	\$ 176,923	\$ -	\$ 2,021,977	8.75%
2018	\$ 176,154	\$ 176,154	\$ -	\$ 2,013,189	8.75%
2019	\$ 184,182	\$ 184,182	\$ -	\$ 2,104,937	8.75%
2020	\$ 172,916	\$ 172,916	\$ -	\$ 1,976,189	8.75%
2021	\$ 169,627	\$ 169,627	\$ -	\$ 1,938,599	8.75%

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

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021:

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

2018 Changes

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

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

Police and Fire Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 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 3.00 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 65.00 percent to 60.00 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 postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

2016 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

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

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent

Correctional Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 10, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 10, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed as recommended in the July 10, 2020 experience study. The new rates predict more terminations, both in the three-year select period (based on service) and the ultimate rates (based on age).
- Assumed rates of disability lowered.
- Assumed percent married for active members was lowered from 85 percent to 75 percent.
- Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016, and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 35.00 percent for vested members and 1.00 percent for non-vested members.
- The single discount rate was changed from 5.31 percent per annum to 5.96 percent per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes:

Changes in Actuarial Assumptions

- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.31 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

Changes in Plan Provisions

There have been no changes since the prior valuation.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

2015 Changes

Changes in Actuarial Assumptions

- There have been no changes since the prior valuation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2. Budgetary Information

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

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

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

3. Other Postemployment Benefits

Since the County has no irrevocably deposited funds in a trust for future health benefits, the actuarial value of the assets is zero.

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

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SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUND

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT B-1

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,171,160	\$ 2,171,160	\$ 2,171,160	\$ -
Special assessments	350,528	350,528	94,116	(256,412)
Miscellaneous	-	-	327,066	327,066
Total Revenues	\$ 2,521,688	\$ 2,521,688	\$ 2,592,342	\$ 70,654
Expenditures				
Debt service				
Principal	\$ 2,247,933	\$ 2,247,933	\$ 3,280,000	\$ (1,032,067)
Interest	269,095	269,095	184,000	85,095
Administrative (fiscal) charges	4,660	4,660	2,700	1,960
Total Expenditures	\$ 2,521,688	\$ 2,521,688	\$ 3,466,700	\$ (945,012)
Net Change in Fund Balance	\$ -	\$ -	\$ (874,358)	\$ (874,358)
Fund Balance - January 1	3,169,237	3,169,237	3,169,237	-
Fund Balance - December 31	\$ 3,169,237	\$ 3,169,237	\$ 2,294,879	\$ (874,358)

FREBORN COUNTY
ALBERT LEA, MINNESOTA

FIDUCIARY FUNDS

CUSTODIAL FUNDS

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

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

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

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

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

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

The Other Custodial Fund accounts for the following:

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

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

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

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

The Refunding Section accounts for the refunding of property taxes.

FREEBORN COUNTY,
ALBERT LEA, MINNESOTA

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

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

The State Recoveries Fund accounts for estate recovery funds collected by the County and remitted to the State.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT C-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2021**

	Custodial Funds				
	Taxes and Penalties	Turtle Creek Watershed	Jail Canteen	Motor Vehicle	Recorders Clearing
<u>Assets</u>					
Cash and pooled investments	\$ 429,565	\$ 258,352	\$ 54,045	\$ 1,465	\$ 1,747
Taxes receivable	570,618	-	-	-	-
Special assessments receivable	-	745,845	-	-	-
Total Assets	\$ 1,000,183	\$ 1,004,197	\$ 54,045	\$ 1,465	\$ 1,747
<u>Liabilities</u>					
Due to other governments	\$ 429,565	\$ 258,352	\$ -	\$ 1,465	\$ 1,747
Loans Payable	-	745,845	-	-	-
Total Liabilities	\$ 429,565	\$ 1,004,197	\$ -	\$ 1,465	\$ 1,747
<u>Net Position</u>					
Restricted for Individuals, organizations, other governments	\$ 570,618	\$ -	\$ 54,045	\$ -	\$ -

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

***EXHIBIT C-1
(Continued)***

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2021**

Custodial Funds					Total Other Custodial Funds
Family Service Collaborative	Other Custodial	Cemetery Fund	Child Support	State Recoveries	
\$ 576,911	\$ 201,282	\$ 10,468	\$ -	\$ 9,583	\$ 1,543,418
-	-	-	-	-	570,618
-	-	-	-	-	745,845
\$ 576,911	\$ 201,282	\$ 10,468	\$ -	\$ 9,583	\$ 2,859,881
\$ 576,911	\$ 18,188	\$ -	\$ -	\$ -	\$ 1,286,228
-	-	-	-	-	745,845
\$ 576,911	\$ 18,188	\$ -	\$ -	\$ -	\$ 2,032,073
\$ -	\$ 183,094	\$ 10,468	\$ -	\$ 9,583	\$ 827,808

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT C-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Custodial Funds				
	Taxes and Penalties	Turtle Creek Watershed	Jail Canteen	Motor Vehicle	Recorders Clearing
Additions					
Contributions:					
Individuals	\$ -	\$ -	\$ 384,439	\$ -	\$ -
Investment earnings:					
Interest, dividends, other	-	-	-	-	-
Property tax collections for other governments	76,191,063	-	-	-	-
Special Assessments	-	1,001,026	-	-	-
License and fees collected for State	-	-	-	6,420,284	36,373
Miscellaneous	-	-	-	-	-
Total Additions	\$ 76,191,063	\$ 1,001,026	\$ 384,439	\$ 6,420,284	\$ 36,373
Deductions					
Beneficiary payments to individuals	\$ -	\$ -	\$ 371,850	\$ -	\$ -
Payments of property tax to other governments	76,177,910	-	-	-	-
Payments to state	-	-	-	6,420,284	36,373
Payments to vendors	-	349,296	-	-	-
Payments to other entities	-	327,066	-	-	-
Total Deductions	\$ 76,177,910	\$ 676,362	\$ 371,850	\$ 6,420,284	\$ 36,373
Change in net position	\$ 13,153	\$ 324,664	\$ 12,589	\$ -	\$ -
Net Position – January 1	557,465	(324,664)	41,456	-	-
Net Position – December 31	\$ 570,618	\$ -	\$ 54,045	\$ -	\$ -

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

***EXHIBIT C-2
(Continued)***

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Custodial Funds					Total Other Custodial Funds
Family Service Collaborative	Other Custodial	Cemetery Fund	Child Support	State Recoveries	
\$ 8,164	\$ -	\$ -	\$ -	\$ -	\$ 392,603
22	-	329	-	-	351
-	3,623,236	-	-	-	79,814,299
-	-	-	-	-	1,001,026
-	1,320,742	-	14,444	161,301	7,953,144
108,179	1,013,051	-	-	-	1,121,230
\$ 116,365	\$ 5,957,029	\$ 329	\$ 14,444	\$ 161,301	\$ 90,282,653
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,850
-	3,580,770	-	-	-	79,758,680
-	1,320,629	-	14,444	151,718	7,943,448
109,946	1,012,106	-	-	-	1,471,348
75,000	37,883	-	-	-	439,949
\$ 184,946	\$ 5,951,388	\$ -	\$ 14,444	\$ 151,718	\$ 89,985,275
\$ (68,581)	\$ 5,641	\$ 329	\$ -	\$ 9,583	\$ 297,378
68,581	177,453	10,139	-	-	530,430
\$ -	\$ 183,094	\$ 10,468	\$ -	\$ 9,583	\$ 827,808

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OTHER SCHEDULES

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT D-1

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Appropriations and Shared Revenue

State

Highway users tax	\$ 4,714,188
Disparity reduction aid	46,126
Police aid	209,131
County program aid	1,720,087
Aquatic invasive species program aid	56,132
Market value credit	373,888
State financing revenue	4,325
Enhanced 911	160,144
SCORE	88,528
Buffer strip enforcement aid	130,073

Total shared revenue	<u>\$ 7,502,622</u>
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Reimbursement for Services

State

Minnesota Department of Human Services	<u>\$ 1,086,377</u>
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Payments

Local

Local contributions	\$ 173,375
Payments in lieu of taxes	37,291

Total payments	<u>\$ 210,666</u>
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Grants

State

Minnesota Department/Board of	
Public Safety	\$ 212,387
Health	704,575
Natural Resources	6,370
Human Services	2,310,181
Revenue	3,464
Veterans Affairs	10,000
Corrections	132,008
Water and Soil Resources	104,534

Total state	<u>\$ 3,483,519</u>
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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

**SCHEDULE OF INTERGOVERNMENTAL REVENUE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Grants (Continued)

Federal

Department of	
Agriculture	\$ 462,143
Justice	170,278
Education	2,310
Health and Human Services	2,990,568
Social Security Administration	1,745
Homeland Security	300,544
Transportation	3,501,174
Treasury	2,951,051
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Total federal	<u>\$ 10,379,813</u>
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Total state and federal grants	<u>\$ 13,863,332</u>
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Total Intergovernmental Revenue	<u><u>\$ 22,662,997</u></u>
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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

EXHIBIT D-2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Assistance Listing Number	State Pass Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202MN004W1003	\$ 222,528	\$ -
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (Part of SNAP Cluster)	10.561	212MN101S2514	306,711	-
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	B0432615	417	-
Total U.S. Department of Agriculture			\$ 529,656	\$ -
U.S. Department of Justice				
Passed Through Minnesota Department of Public Safety Crime Victim Assistance Grant	16.575	F-CVS-2020-FREBRNCV	\$ 109,489	\$ -
Passed Through Trial Court Drug Court Discretionary Grant Program	16.585	J333FCDC	106,380	-
Total U.S. Department of Justice			\$ 215,869	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction (Part of HPCC Cluster)	20.205	00024	\$ 3,501,174	\$ -
U.S. Department of Treasury				
Passed Through Minnesota Department of Health COVID-19 Coronavirus Relief Fund	21.019	5TL0016	\$ 10,187	\$ -
Direct COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5TL0016	5,881,729	-
Total U.S. Department of Treasury			\$ 5,891,916	\$ -
U.S. Department of Education				
Passed Through Employment & Economic Development (DEED) Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	B2238VRF	\$ 210	-
Passed Through Minnesota Department of Health Special Education-Grants for Infants and Families	84.181	H181A180029	2,100	-
Total U.S. Department of Education			\$ 2,310	-
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	3000067079	\$ 39,505	\$ -
Immunization Cooperative Agreements	93.268	NH23IP922628	195,638	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	12-700-00073	1,200	-
Early Hearing Detection and Intervention Information (EHDI-IS) Surveillance Program	93.314	H61MC00035	150	-
Temporary Assistance for Needy Families (Part of TANF 93.558 \$467,016)	93.558	2101MNTANF	44,266	-
Medical Assistance Program (Part of Medicaid Cluster 93.778 \$1,342,000)	93.778	2105MN5ADM	259,094	-
Maternal and Child Health Services Block Grant to the States	93.994	BO4MC32551	38,312	-

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

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**EXHIBIT D-2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor Pass-Through Agency Grant Program Title or Cluster Name	Assistance Listing Number	State Pass Through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Minnesota Department of Human Services				
MaryLee Allen Promoting Safe and Stable Families Program	93.556	2101MNFP55	\$ 10,133	\$ -
Temporary Assistance for Needy Families (Part of TANF 93.558 \$467,016)	93.558	2101MNTANF	422,750	-
Child Support Enforcement	93.563	2101MNCEST	543,656	-
Refugee and Entrant Assistance, State Administered Programs	93.566	2101MNRDMA	674	-
Child Care and Development Block Grant (Part of CCDF Cluster)	93.575	2101MNCDCF	9,898	-
Community-Based Child Abuse Prevention Grants	93.590	199MNFPRG	3,710	-
Stephanie Tubbs Jones Child Welfare Services Program (93.645 total \$7,987)	93.645	2001MNCWSS	4,111	-
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program (93.645 total \$7,987)	93.645	2001MNCWC3	3,876	-
Foster Care - Title IV-E	93.658	2101MNFOT	371,550	-
Social Services Block Grant	93.667	2101MNSOSR	214,730	-
Child Abuse and Neglect Grants	93.669	2101MNNCAN	2,238	-
Chafee Foster Care Independence Program	93.674	2101MNCILP	1,119	-
Children's Health Insurance Program	93.767	2105MN5021	1,034	-
Medical Assistance Program (Part of Medicaid Cluster 93.778 \$1,342,000)	93.778	2105MNSADM	1,082,906	-
Total U.S. Department of Health and Human Services			\$ 3,250,550	\$ -
U.S. Social Security Administration				
Passed Through Employment & Economic Development (DEED)				
Social Security Disability Insurance (Part of DI/SSI Cluster)	96.001	B2238DD1	\$ 1,745	-
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	\$ 804,600	\$ -
Emergency Management Performance Grants	97.042	F-EMPG-2019-FREBRNCO	23,536	-
Total U.S. Department of Homeland Security			\$ 828,136	-
Total Expenditures of Federal Awards			\$ 14,221,356	\$ -

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, 2021**

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, 2021. 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 the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, for all awards with the exception of AL 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principals, certain types of expenditures are not allowable or are limited as to reimbursement. \$804,600 of the expenditures for the 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) were incurred in a prior year. Freeborn County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue (Exhibit D-1)	\$ 10,379,813
Unavailable in 2020, recognized as revenue in 2021	
Public Health Emergency Preparedness (AL #93.069)	(4,107)
Centers for Disease Controls and Prevention – Investigations and Technical Assistance (AL #93.283)	(300)
Temporary Assistance for Needy Families (AL #93.558)	(140,944)
Community-Based Child Abuse Prevention Grants (AL #93.590)	(2,496)
Foster Care-Title IV-E (AL #93.658)	(87,281)
Chafee Foster Care Independence Program (AL #93.974)	(762)
Children's Health Insurance Program (AL #93.767)	(378)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (AL #97.036)	(67,624)
Grants received more than 45 days after year-end, unavailable in 2021	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (AL #10.561)	67,513
Crime Victim Assistance (AL #16.575)	45,591
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)	2,940,865
MaryLee Allen Promoting Safe and Stable Families Program (AL #93.556)	557
Temporary Assistance for Needy Families (AL #93.558)	156,346
Child Support Enforcement (AL #93.563)	37,311
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (AL #93.566)	474
Community-Based Child Abuse Prevention (AL #93.590)	1,029
Stephanie Tubbs Jones Child Welfare Services Program (AL #93.645)	507
Foster Care-Title IV-E (AL #93.658)	46,550
Child Abuse and Neglect State Grants (AL #93.669)	2,238
Children's Health Insurance Program (AL #93.767)	1,119
Medical Assistance Program (AL #93.778)	250,119
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (AL #97.036)	<u>595,216</u>
Expenditures per Schedule of Expenditures of Federal Awards (Exhibit D-2)	<u><u>\$ 14,221,356</u></u>

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STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION (UNAUDITED)

This part of Freeborn County's Annual Comprehensive 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**

	2012	2013	2014 (1)	2015
Governmental Activities				
Net Investments in Capital Assets	\$ 57,967,546	\$ 61,821,070	\$ 63,259,574	\$ 67,044,403
Restricted	6,921,109	11,147,528	8,283,014	9,900,452
Unrestricted	18,402,056	13,574,553	8,389,282	6,195,523
Total Governmental Activities	<u>\$ 83,290,711</u>	<u>\$ 86,543,151</u>	<u>\$ 79,931,870</u>	<u>\$ 83,140,378</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**

2016	2017	2018	2019	2020	2021
\$ 70,598,432	\$ 76,357,232	\$ 85,725,655	\$ 94,697,366	\$ 99,980,537	\$ 108,352,765
8,696,772	8,015,434	9,440,791	10,724,591	11,473,593	14,306,261
6,614,367	5,092,491	1,278,822	(3,719,993)	3,277,819	13,675,223
<u>\$ 85,909,571</u>	<u>\$ 89,465,157</u>	<u>\$ 96,445,268</u>	<u>\$ 101,701,964</u>	<u>\$ 114,731,949</u>	<u>\$ 136,334,249</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2012	2013	2014	2015
Expenses				
General Government	\$ 7,177,110	\$ 6,922,425	\$ 7,047,344	\$ 7,602,191
Public Safety	6,315,878	6,469,525	7,126,489	7,632,105
Highways and Streets	9,525,421	11,371,372	11,468,587	9,883,628
Sanitation	371,488	404,776	496,413	511,389
Human Services	7,620,459	9,204,595	9,587,868	11,032,285
Health	3,165,890	1,539,475	1,731,079	2,069,495
Culture and Recreation	321,489	388,287	320,811	378,127
Conservation of Natural Resources	1,099,583	4,011,503	1,901,209	1,888,375
Economic Development	400,000	50,963	366,203	11,500
Interest on Long-Term Debt	705,080	914,091	698,092	614,147
Total Governmental Activities Expenses	<u>\$ 36,702,398</u>	<u>\$ 41,277,012</u>	<u>\$ 40,744,095</u>	<u>\$ 41,623,242</u>
Program Revenues				
Charges for Services				
General Government	\$ 907,321	\$ 944,388	\$ 1,351,213	\$ 1,071,249
Public Safety	2,401,345	1,924,810	1,965,755	2,233,899
Highways and Streets	177,802	248,135	65,545	221,754
Sanitation	4,319	-	406,340	381,253
Human Services	341,349	603,130	382,900	890,412
Health	1,032,223	431,983	692,535	330,537
Culture and Recreation	13,240	1,149	-	26
Conservation of Natural Resources	89,890	65,550	1,641,115	1,441,825
Operating Grants and Contributions				
General Government	193,811	243,425	361,181	180,206
Public Safety	1,500,782	552,713	486,814	701,778
Highways and Streets	5,629,421	6,939,180	6,103,421	5,963,482
Sanitation	362,961	393,379	-	-
Human Services	3,381,837	4,079,179	4,459,479	4,711,913
Health	1,450,562	830,602	652,169	1,475,226
Culture and Recreation	88,988	-	-	-
Conservation of Natural Resources	961,434	4,031,465	621,962	263,911
Economic Development	400,000	-	-	-
Capital Grants and Contributions				
General Government	-	-	-	1,940,278
Public Safety	-	-	-	14,951
Highways and Streets	1,747,638	1,467,744	3,359,833	114,775
Conservation of Natural Resources	-	-	54,804	-
Total Governmental Activities Program Revenues	<u>\$ 20,684,923</u>	<u>\$ 22,756,832</u>	<u>\$ 22,605,066</u>	<u>\$ 21,937,475</u>

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

2016	2017	2018	2019	2020	2021
\$ 8,202,415	\$ 8,400,796	\$ 9,138,428	\$ 8,951,212	\$ 8,523,576	\$ 8,882,060
10,258,704	10,716,975	8,242,136	9,801,433	9,275,328	9,175,128
9,723,394	12,125,094	10,789,903	12,111,044	12,131,412	7,283,774
576,287	587,424	565,969	598,877	583,319	703,322
12,123,000	11,879,425	12,043,061	11,983,435	12,505,577	11,208,170
2,344,957	2,497,723	2,652,578	2,653,550	4,920,000	3,877,664
336,666	396,611	367,370	356,583	397,822	405,681
2,333,311	3,291,533	2,165,526	2,381,990	2,313,404	3,328,745
12,647	25,000	39,276	30,500	25,500	25,500
592,930	438,249	37,973	226,986	193,504	99,879
<u>\$ 46,504,311</u>	<u>\$ 50,358,830</u>	<u>\$ 46,042,220</u>	<u>\$ 49,095,610</u>	<u>\$ 50,869,442</u>	<u>\$ 44,989,923</u>
\$ 1,014,402	\$ 944,287	\$ 921,256	\$ 1,183,814	\$ 895,412	\$ 947,145
2,931,845	3,670,889	3,805,659	3,136,007	2,719,485	1,977,620
49,854	170,664	290,099	235,203	192,254	249,140
429,102	430,754	443,013	518,400	714,463	702,283
1,249,098	914,573	806,297	1,109,744	1,065,017	1,165,878
361,276	290,664	415,470	907,290	831,540	988,881
148	22,964	29,234	9,920	34,764	17,994
1,663,978	1,490,401	1,516,143	1,760,430	1,599,968	2,284,294
245,220	128,353	127,020	175,365	873,018	6,118,104
814,384	869,301	727,677	746,297	935,949	931,683
6,229,049	6,747,665	7,808,073	7,823,092	8,721,684	8,894,444
-	-	-	-	-	-
5,183,990	5,610,581	5,344,443	5,661,129	6,135,506	5,720,740
1,435,570	1,423,389	1,723,750	1,720,415	5,750,095	2,088,090
-	-	447,543	-	-	-
684,436	790,941	-	232,696	420,545	399,703
-	-	-	-	-	-
-	-	74,321	-	17,940	-
-	-	-	-	-	-
1,120,690	3,579,484	1,992,021	34,092	2,868,831	3,501,174
-	492,000	-	-	-	-
<u>\$ 23,413,042</u>	<u>\$ 27,576,910</u>	<u>\$ 26,472,019</u>	<u>\$ 25,253,894</u>	<u>\$ 33,776,471</u>	<u>\$ 35,987,173</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2012	2013	2014	2015
Net (Expense) Revenue				
General Government	\$ (6,075,978)	\$ (5,734,612)	\$ (5,334,950)	\$ (4,410,458)
Public Safety	(2,413,751)	(3,992,002)	(4,673,920)	(4,681,477)
Highways and Streets	(1,970,560)	(2,716,313)	(1,939,788)	(3,583,617)
Sanitation	(4,208)	(11,397)	(90,073)	(130,136)
Human Services	(3,897,273)	(4,522,286)	(4,745,489)	(5,429,960)
Health	(683,105)	(276,890)	(386,375)	(263,732)
Culture and Recreation	(219,261)	(387,138)	(320,811)	(378,101)
Conservation of Natural Resources	(48,259)	85,512	416,672	(182,639)
Economic Development	-	(50,963)	(366,203)	(11,500)
Interest on Long-Term Debt	(705,080)	(914,091)	(698,092)	(614,147)
Total Governmental Activities Net (Expense) Revenue	<u>\$ (16,017,475)</u>	<u>\$ (18,520,180)</u>	<u>\$ (18,139,029)</u>	<u>\$ (19,685,767)</u>
General Revenues and Other Changes in Net Position				
Taxes	\$ 18,884,863	\$ 20,175,011	\$ 20,084,107	\$ 20,915,483
Payment in Lieu of Taxes	53,110	2,828	31,597	97,317
Unrestricted Grants and Contributions	1,682,574	1,459,818	1,625,409	1,543,235
Investment Earnings	192,679	102,769	132,099	245,464
Miscellaneous	143,579	28,616	50,000	18,228
Gain on Sale of Capital Assets	106,908	3,578	-	74,548
Total Governmental Activities	<u>\$ 21,063,713</u>	<u>\$ 21,772,620</u>	<u>\$ 21,923,212</u>	<u>\$ 22,894,275</u>
Change in Net Position	<u><u>\$ 5,046,238</u></u>	<u><u>\$ 3,252,440</u></u>	<u><u>\$ 3,784,183</u></u>	<u><u>\$ 3,208,508</u></u>

Source: Freeborn County's Yearly Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

2016	2017	2018	2019	2020	2021
\$ (6,942,793)	\$ (7,328,156)	\$ (8,015,831)	\$ (7,592,033)	\$ (6,737,206)	\$ (1,816,811)
(6,512,475)	(6,176,785)	(3,708,800)	(5,919,129)	(5,619,894)	(6,265,825)
(2,323,801)	(1,627,281)	(699,710)	(4,018,657)	(348,643)	5,360,984
(147,185)	(156,670)	(122,956)	(80,477)	131,144	(1,039)
(5,689,912)	(5,354,271)	(5,892,321)	(5,212,617)	(5,305,054)	(4,321,552)
(548,111)	(783,670)	(513,358)	(25,845)	1,661,635	(800,693)
(336,518)	(373,647)	(338,136)	(346,663)	(363,058)	(387,687)
15,103	(518,191)	(201,840)	(388,864)	(292,891)	(644,748)
(12,647)	(25,000)	(39,276)	(30,500)	(25,500)	(25,500)
(592,930)	(438,249)	(37,973)	(226,986)	(193,504)	(99,879)
<u>\$ (23,091,269)</u>	<u>\$ (22,781,920)</u>	<u>\$ (19,570,201)</u>	<u>\$ (23,841,771)</u>	<u>\$ (17,092,971)</u>	<u>\$ (9,002,750)</u>
\$ 23,651,372	\$ 24,064,810	\$ 24,893,116	\$ 25,842,122	\$ 27,420,786	\$ 28,198,967
28,560	35,247	35,309	36,620	36,601	37,291
1,712,330	2,023,587	2,180,739	2,128,365	2,167,146	2,140,101
432,665	213,862	483,486	922,551	473,140	24,664
-	-	384	43,517	25,283	92,285
35,535	-	62,179	79,288	-	111,742
<u>\$ 25,860,462</u>	<u>\$ 26,337,506</u>	<u>\$ 27,655,213</u>	<u>\$ 29,052,463</u>	<u>\$ 30,122,956</u>	<u>\$ 30,605,050</u>
<u>\$ 2,769,193</u>	<u>\$ 3,555,586</u>	<u>\$ 8,085,012</u>	<u>\$ 5,210,692</u>	<u>\$ 13,029,985</u>	<u>\$ 21,602,300</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 493,557	\$ 443,805	\$ 618,818	\$ 341,917
Restricted	365,224	383,386	762,262	715,509
Committed	224,846	261,128	356,228	408,633
Assigned	388,657	1,357,696	1,632,890	-
Unassigned	10,818,868	9,940,813	8,623,639	10,034,644
Total General Fund	<u>\$ 12,291,152</u>	<u>\$ 12,386,828</u>	<u>\$ 11,993,837</u>	<u>\$ 11,500,703</u>
All Other Governmental Funds				
Nonspendable	\$ 570,706	\$ 525,371	\$ 462,228	\$ 461,542
Restricted	1,127,344	9,514,658	5,703,717	5,705,943
Committed	-	-	-	-
Assigned				
Road and Bridge	3,053,068	1,271,550	3,107,310	3,678,532
Debt Service Fund	2,910,321	-	-	-
Human Service	7,570,104	7,989,595	8,381,777	7,165,337
Unassigned	(480,746)	(511,259)	(437,868)	(218,908)
Total All Other Governmental Funds	<u>\$ 14,750,797</u>	<u>\$ 18,789,915</u>	<u>\$ 17,217,164</u>	<u>\$ 16,792,446</u>
All Governmental Funds				
Nonspendable	\$ 1,064,263	\$ 969,176	\$ 1,081,046	\$ 803,459
Restricted	1,492,568	9,898,044	6,465,979	6,421,452
Committed	224,846	261,128	356,228	408,633
Assigned	13,922,150	10,618,841	13,121,977	10,843,869
Unassigned	10,338,122	9,429,554	8,185,771	9,815,736
Total All Governmental Funds	<u>\$ 27,041,949</u>	<u>\$ 31,176,743</u>	<u>\$ 29,211,001</u>	<u>\$ 28,293,149</u>

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**GOVERNMENTAL FUND BALANCES
LAST TEN FISCAL YEARS**

2016	2017	2018	2019	2020	2021
\$ 385,419	\$ 935,925	\$ 1,142,742	\$ 969,191	\$ 358,613	\$ 548,560
998,176	1,040,571	1,185,045	1,194,791	1,781,293	1,361,241
3,049,860	2,817,127	2,294,572	2,027,731	7,710,233	9,179,651
-	-	-	-	-	-
8,212,526	6,795,893	5,139,155	6,559,366	6,692,314	7,341,467
<u>\$ 12,645,981</u>	<u>\$ 11,589,516</u>	<u>\$ 9,761,514</u>	<u>\$ 10,751,079</u>	<u>\$ 16,542,453</u>	<u>\$ 18,430,919</u>
\$ 707,005	\$ 433,751	\$ 362,787	\$ 328,612	\$ 595,296	\$ 645,760
6,258,286	15,047,024	6,910,033	6,868,331	6,285,431	6,885,292
-	-	-	-	800,000	2,000,000
3,674,377	3,432,531	3,985,411	2,219,612	2,187,367	2,209,957
-	-	-	-	-	-
5,806,384	5,795,221	6,080,210	2,761,722	2,792,340	2,702,103
(399,003)	(1,058,116)	(1,496,925)	(1,048,172)	(975,785)	(1,365,511)
<u>\$ 16,047,049</u>	<u>\$ 23,650,411</u>	<u>\$ 15,841,516</u>	<u>\$ 11,130,105</u>	<u>\$ 11,684,649</u>	<u>\$ 13,077,601</u>
\$ 1,092,424	\$ 1,369,676	\$ 1,505,529	\$ 1,297,803	\$ 953,909	\$ 1,194,320
7,256,462	16,087,595	8,095,078	8,063,122	8,066,724	8,246,533
3,049,860	2,817,127	2,294,572	2,027,731	8,510,233	11,179,651
9,480,761	9,227,752	10,065,621	4,981,334	4,979,707	4,912,060
7,813,523	5,737,777	3,642,230	5,511,194	5,716,529	5,975,956
<u>\$ 28,693,030</u>	<u>\$ 35,239,927</u>	<u>\$ 25,603,030</u>	<u>\$ 21,881,184</u>	<u>\$ 28,227,102</u>	<u>\$ 31,508,520</u>

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2012	2013	2014	2015
Revenues				
Taxes	\$ 19,005,885	\$ 20,187,009	\$ 20,090,378	\$ 20,878,781
Special Assessments	1,670,999	2,283,803	2,088,263	2,172,363
Licenses and Permits	134,192	121,255	118,079	106,821
Intergovernmental	17,815,054	15,717,420	17,768,440	15,826,392
Charges for Services	4,156,976	3,647,235	3,565,791	3,765,702
Fines and Forfeits	26,436	29,756	64,065	41,664
Gifts and Contributions	29,606	12,242	6,553	13,019
Investment Income	184,419	111,029	132,099	245,464
Miscellaneous	1,142,182	1,374,589	1,006,351	982,627
Total Revenues	\$ 44,165,749	\$ 43,484,338	\$ 44,840,019	\$ 44,032,833
Expenditures				
Current				
General Government	\$ 6,340,666	\$ 6,067,026	\$ 6,191,688	\$ 6,643,520
Public Safety	13,639,438	6,335,469	6,949,396	7,437,235
Highways and Streets	11,016,683	13,866,152	14,180,809	9,396,052
Sanitation	356,505	389,793	481,430	495,023
Social Services	7,606,046	9,166,814	9,551,357	10,865,074
Health	3,159,918	1,524,573	1,703,256	2,030,585
Culture and Recreation	321,489	388,287	320,811	378,127
Conservation of Natural Resources	1,095,605	1,637,650	1,896,751	1,883,629
Economic Development	400,000	397,409	19,757	11,500
Intergovernmental				
Highways and Streets	308,595	318,877	330,135	348,751
Conservation of Natural Resources	-	2,364,690	-	-
Capital Outlay	805,285	764,263	999,715	2,100,910
Debt Service				
Principal Retirement	1,267,547	2,122,159	3,295,000	2,725,000
Interest	649,036	707,994	767,088	688,016
Bond Issuance Costs	-	89,790	-	-
Administrative (fiscal) charges	29,839	5,893	5,425	3,525
Total Expenditures	\$ 46,996,652	\$ 46,146,839	\$ 46,692,618	\$ 45,006,947
Revenues Over (Under) Expenditures	\$ (2,830,903)	\$ (2,662,501)	\$ (1,852,599)	\$ (974,114)
Other Financing Sources (Uses)				
Transfers In	7,697,008	-	-	-
Transfers Out	(6,624,421)	-	-	-
Bonds and Notes Issued	-	6,680,000	-	-
Refunding Bond Issued	-	-	-	-
Premium on Bond Issuance	-	178,196	-	-
Discount on Bond Issuance	-	(19,144)	-	-
Proceeds from Sale of Assets	109,527	3,578	-	74,548
Total Other Financing Sources (Uses)	1,182,114	6,842,630	-	74,548
Net Change in Fund Balance	\$ (1,648,789)	\$ 4,180,129	\$ (1,852,599)	\$ (899,566)
 Debt Service as a Percentage of Noncapital Expenditures	 4.21%	 6.45%	 8.90%	 7.96%

Source: Freeborn County's Financial Statements

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

2016	2017	2018	2019	2020	2021
\$ 23,715,974	\$ 24,075,507	\$ 24,784,395	\$ 25,908,755	\$ 27,352,238	\$ 28,204,475
2,245,972	2,046,830	2,002,200	2,310,017	2,493,074	2,554,425
164,509	103,349	169,869	140,497	175,056	192,375
16,382,810	19,767,495	21,798,448	19,144,108	27,617,271	22,662,997
3,975,878	4,841,541	4,897,859	5,741,113	5,002,678	4,212,525
34,772	32,329	23,995	28,603	19,563	32,218
23,099	37,382	6,545	10,479	6,895	5,570
432,665	214,560	485,030	925,186	475,925	8,599
1,353,027	1,104,929	954,934	1,060,475	777,488	1,395,049
<u>\$ 48,328,706</u>	<u>\$ 52,223,922</u>	<u>\$ 55,123,275</u>	<u>\$ 55,269,233</u>	<u>\$ 63,920,188</u>	<u>\$ 59,268,233</u>
\$ 6,984,439	\$ 7,247,743	\$ 7,821,352	\$ 8,102,900	\$ 7,707,028	\$ 8,189,353
8,389,229	9,247,492	9,523,826	9,706,773	9,855,175	10,195,366
10,818,218	14,298,508	15,569,703	17,756,431	14,458,716	13,924,862
555,980	568,068	542,980	584,417	570,015	688,339
11,582,745	11,467,816	11,295,964	12,073,073	12,572,943	11,533,295
2,197,002	2,367,095	2,421,019	2,681,238	4,958,785	3,976,131
336,666	396,611	367,370	346,595	396,989	404,925
2,291,269	3,257,725	2,082,175	2,388,453	2,302,477	2,444,283
12,647	25,000	39,276	30,500	25,500	25,500
361,195	360,068	421,073	416,771	434,380	399,398
-	-	-	-	-	-
1,124,568	1,542,415	2,584,837	2,090,433	1,871,430	818,451
2,720,000	2,770,000	11,790,000	2,575,000	2,110,000	3,280,000
611,710	540,424	502,090	341,034	304,377	214,738
-	67,002	-	-	-	-
5,061	6,425	6,150	2,600	2,200	2,700
<u>\$ 47,990,729</u>	<u>\$ 54,162,392</u>	<u>\$ 64,967,815</u>	<u>\$ 59,096,218</u>	<u>\$ 57,570,015</u>	<u>\$ 56,097,341</u>
\$ 337,977	\$ (1,938,470)	\$ (9,844,540)	\$ (3,826,985)	\$ 6,350,173	\$ 3,170,892
1,060,736	513,534	299,378	2,722,835	3,430,013	682,457
(1,060,736)	(513,534)	(299,378)	(2,722,835)	(3,430,013)	(682,457)
-	-	-	-	-	-
-	8,075,000	-	-	-	-
-	450,729	-	-	-	-
-	-	-	-	-	-
49,333	-	75,768	93,310	-	150,511
<u>49,333</u>	<u>8,525,729</u>	<u>75,768</u>	<u>93,310</u>	<u>-</u>	<u>150,511</u>
<u>\$ 387,310</u>	<u>\$ 6,587,259</u>	<u>\$ (9,768,772)</u>	<u>\$ (3,733,675)</u>	<u>\$ 6,350,173</u>	<u>\$ 3,321,403</u>
7.12%	6.43%	19.71%	6.03%	4.81%	7.67%

**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
2012	\$ 18,917,961	\$ 18,615,152	98.4 %	\$ 300,972	\$ 18,916,124
2013	19,211,499	18,971,938	98.8	239,100	19,211,038
2014	19,219,518	19,036,870	99.0	181,535	19,218,405
2015	19,846,355	19,605,075	98.8	239,162	19,844,237
2016	20,703,982	20,513,131	99.1	186,493	20,699,624
2017	21,135,172	20,885,092	98.8	247,052	21,132,144
2018	21,901,150	21,597,973	98.6	280,936	21,878,909
2019	22,891,000	22,610,578	98.8	244,201	22,854,779
2020	24,274,185	23,949,504	98.7	244,413	24,193,917
2021	24,867,024	24,511,431	98.6	-	24,511,431

(1) Does not include interest and penalties.

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

Source: Freeborn County Auditor/Treasurer

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Total Collections as a Percent of Current Levy (2)	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Delinquent Assessments
100.0 %	\$ 1,704,339	\$ 1,704,226	100.0 %	\$ 113
100.0	1,707,166	1,707,020	100.0	146
100.0	1,979,342	1,979,163	100.0	179
100.0	2,134,718	2,134,433	100.0	284
100.0	2,269,156	2,268,879	100.0	277
100.0	2,035,207	2,034,663	100.0	544
99.9	1,894,009	1,891,317	99.9	2,692
99.8	2,329,861	2,323,929	99.7	5,932
99.7	2,714,877	2,701,461	99.5	13,416
98.6	2,595,659	2,562,675	98.7	32,984

**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
2011	2012	\$ 28,404,803	\$ 3,313,361,500	\$ 2,028,290	\$ 102,438,400
2012	2013	30,448,369	3,552,900,800	2,054,524	103,764,300
2013	2014	37,480,081	4,328,050,000	2,279,255	114,488,500
2014	2015	39,040,934	4,591,440,800	2,343,838	117,665,700
2015	2016	36,342,933	4,305,573,100	2,557,017	128,344,800
2016	2017	36,037,263	4,219,103,400	2,762,326	138,558,900
2017	2018	35,151,133	4,068,935,600	2,351,610	117,979,800
2018	2019	36,339,950	4,164,064,700	2,458,030	123,303,300
2019	2020	34,140,204	4,241,108,000	2,104,020	105,487,400
2020	2021	37,073,831	4,201,387,500	2,377,902	119,167,900

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

Source: Freeborn County Auditor/Treasurer -Abstract of Assessment of Real and Personal Property for 2021

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
\$ 30,433,093	5.25	\$ 3,415,799,900	0.9
32,502,893	4.33	3,656,665,100	0.9
39,759,336	4.21	4,442,538,500	0.9
41,384,772	4.67	4,709,106,500	0.9
38,899,950	-	4,433,917,900	0.9
38,799,589	-	4,357,662,300	0.9
37,502,743	-	4,186,915,400	0.9
38,797,980	-	4,287,368,000	0.9
39,244,224	-	4,346,595,400	0.9
39,451,733	-	4,320,555,400	0.9

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Taxpayer	Type of Business	2021			2012		
		Taxable	Percentage		Taxable	Percentage	
		Capacity	of Total County	Capacity	Capacity	of Total County	Capacity
		Value	Rank	Value	Value	Rank	Value
ITC Midwest, LLC	Utilities	\$ 802,433	1	2.05%	\$ 388,346	4	1.28%
Northern Natural Gas Co	Utilities	685,136	2	1.75%	688,690	2	2.26%
Aliance Pipeline LP	Utilities	661,180	3	1.69%	708,602	1	2.33%
Dairyland Power Cooperative	Utilities	292,211	4	0.75%	124,084	6	0.41%
Minnesota Energy Resources Cor	Utilities	264,044	5	0.67%			
Pembina Cochin LLC	Utilities	228,010	6	0.58%			
Union Pacific Corporation	Commercial	202,700	7	0.52%			
ITC Midwest, LLC	Utilities	193,396	8	0.49%			
Freeborn Mower Electric Coop	Utilities	184,010	9	0.47%			
Cedar River Railroad Co	Commercial	169,974	10	0.43%			
Interstate Power & Light Co	Utilities				492,197	3	1.62%
Dale Laraon Trust	Commercial				147,732	5	0.49%
Wal-Mart Real Estate Business	Commercial				109,981	7	0.36%
Agra Resources Coop	Agriculture				109,432	8	0.36%
Continental Albert Lea LLP	Commercial				109,322	9	0.36%
MCB Properties LTD Ptshp	Commercial				108,452	10	0.36%
All Others		35,446,803		90.60%	27,446,255		90.17%
		<u>\$ 39,129,897</u>		<u>100.00%</u>	<u>\$ 30,433,093</u>		<u>100.00%</u>

Source: Freeborn County Auditor-Treasurer

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Unit of Government	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Freeborn County										
General	21.6640	21.0590	16.3390	16.5030	19.2720	20.1280	22.3540	25.6180	28.2410	30.9570
Road and Bridge	11.9310	12.0750	9.8790	9.8870	10.5130	8.9680	9.4640	10.6730	11.4090	11.1800
Social Services	17.7410	15.8070	12.7250	11.8080	12.5550	14.1500	14.5130	13.8330	14.1960	14.2720
Waste	0.2310	0.2160	0.1770	0.1700	0.1590	0.1480	0.1510	-	-	-
Capital Improvements	3.1560	2.9550	2.4170	2.3160	2.8940	3.1020	3.2580	1.6340	1.7300	1.7370
Library	1.2030	1.1330	0.8760	0.8560	0.9320	0.9450	1.0030	0.9740	0.9920	0.9940
Capital Bond	-	-	1.0880	1.0430	1.1320	1.1140	1.1400	1.0870	1.0590	1.0500
2011A	2.3420	2.1940	1.7960	1.6170	1.7170	1.7420	1.8010	3.3530	3.2580	3.2290
2011B	1.8470	1.7300	1.4160	1.2750	1.3640	1.3670	1.4090	1.3370	1.3400	1.2700
2011C	2.3750	2.2250	1.8210	1.6460	1.7220	1.7320	1.7770	-	-	-
Radio	1.5670	1.4680	1.2010	1.1520	1.1630	1.1710	1.2210	1.1840	-	-
Public Health	-	-	-	1.3870	1.6430	1.6580	2.1680	1.1680	1.5180	0.2160
Total Freeborn County	64.0570	60.8620	49.7350	49.6600	55.0660	56.2250	60.2590	60.8610	63.7430	64.9050
Townships										
Albert Lea	22.1650	20.7970	16.4310	15.6260	16.3100	16.4730	17.3990	16.4420	16.3770	15.8630
Alden	9.5810	9.0230	6.4850	6.1470	7.1320	7.5090	7.6730	7.4000	7.8130	8.1800
Bancroft	13.3220	12.3080	10.5110	10.0850	11.5060	11.4210	11.6080	11.4000	11.2420	10.9770
Bath	11.0700	10.6340	8.2930	7.9060	8.5860	8.7480	7.8420	7.6940	11.2730	11.1860
Carlston	11.6630	13.2080	10.0060	9.7610	10.9200	10.6020	11.0390	10.7730	10.8900	10.9500
Freeborn	13.7750	14.1210	10.2660	9.1040	9.7430	9.5140	9.1730	8.9250	8.0780	8.4480
Freeman	7.8820	7.8940	6.7020	6.7590	8.1090	8.3360	8.6370	8.3630	9.1310	9.1820
Geneva	13.5660	11.9460	8.8770	8.3430	9.2040	9.4730	10.0170	9.7560	9.6770	9.9300
Hartland	9.3090	8.1930	5.9960	5.6300	6.2760	6.4730	6.4070	6.0190	5.9970	6.1110
Hayward	14.7720	13.3610	10.0520	9.3600	9.4620	9.0080	8.6810	7.6210	12.0130	12.0010
London	16.2340	14.4740	10.0950	9.4730	10.7060	11.0290	11.7050	11.5360	11.5210	11.4200
Manchester	8.8800	7.8440	6.0770	5.6650	6.0120	5.4060	5.2750	4.7400	4.9120	4.9010
Mansfield	13.2050	11.6570	8.2710	8.4920	9.7050	10.0710	10.6950	10.8920	10.8220	11.3290
Moscow	17.2140	15.8810	12.4950	11.7540	12.9230	13.4940	14.6480	15.6280	15.6130	17.9770
Newry	11.1830	11.0100	8.4420	8.5020	9.4390	9.7350	10.3470	10.1090	10.0990	10.2910
Nunda	14.7580	13.1340	9.9350	9.1870	10.0000	10.1990	10.7440	10.6340	10.9960	11.0460
Oakland	11.4640	11.2600	9.1840	9.3510	10.2590	10.4380	11.3280	10.9550	11.6580	11.9320
Pickrel Lake	7.4530	7.0740	5.8350	5.9100	6.3160	6.5020	8.0010	7.9580	9.9800	9.9240
Riceland	12.0970	10.7220	8.1190	7.6160	8.2930	8.4430	8.8090	8.4760	9.0530	9.0170
Shell Rock	9.3600	8.3880	6.1020	5.6420	6.1730	6.2650	6.5520	6.7730	7.3100	7.1610
Cities										
Albert Lea	57.1250	60.6320	62.0500	63.2160	64.3220	63.0870	64.8660	61.9080	60.0640	60.3370
Alden	87.4770	89.6730	89.0060	100.4690	99.7370	93.6570	96.4220	92.1160	94.2220	88.7280
Clarks Grove	39.9950	43.0910	44.1710	52.8210	54.6880	55.0710	50.5920	48.5550	41.0970	42.8040
Conger	134.8240	155.3090	136.2020	139.3750	143.8460	143.6260	152.3350	144.8970	124.8050	119.0670
Emmons	136.2420	134.7630	145.2370	146.6990	145.4870	144.3780	148.8740	141.7510	135.7810	138.3710
Freeborn	143.2810	147.4650	151.5210	155.4240	159.6660	162.2870	174.9180	175.9070	159.1760	136.4440
Geneve	41.0740	45.2780	45.3850	49.8020	50.4430	48.2690	46.0090	49.1090	50.3050	55.5950
Glenville	50.2860	50.7820	51.5010	45.8360	45.8920	46.7430	46.9740	42.3450	34.6480	31.4880
Hartland	131.4280	133.9210	138.0870	140.2610	146.5790	147.6840	133.6010	116.7040	108.8480	108.9260
Hayward	133.1350	149.6770	165.2590	164.5510	155.5250	154.2900	156.5940	154.8140	137.0710	139.1200
Hollandale	111.7950	116.2920	117.3300	114.6910	114.7110	107.1110	105.5660	102.8650	83.8260	80.5710
Manchester	81.3670	86.6390	95.7060	104.6640	109.0210	134.0360	143.8850	160.9420	153.5780	143.0650
Myrtle	56.9500	62.0160	69.2000	69.3400	68.9850	75.0470	77.6580	76.8680	63.0270	46.1500
Twin Lakes	15.9950	16.4760	15.8540	15.9450	16.2940	15.8910	17.7600	18.2970	18.3690	16.9810
School Districts										
SD 241	29.0580	28.8770	25.1790	25.1970	25.0870	25.4820	27.3570	27.6050	27.9680	27.5580
SD 242	26.9030	21.4490	15.0250	14.9850	20.6190	24.5390	26.6240	25.7200	26.0480	25.5920
SD 492	32.2050	29.0950	27.5920	28.3740	27.4910	26.8870	27.1450	27.2630	31.4600	28.9270
SD 497	37.4720	28.3020	20.5760	21.8200	26.9350	24.0810	23.3740	26.8120	30.1000	27.7450
SD 756	21.5150	21.6450	24.3790	19.8120	23.6980	23.2860	22.2710	21.6530	18.6920	22.2780
SD 2134	7.5360	25.8080	18.1620	18.0700	22.1450	18.6450	18.8850	20.0170	19.7140	19.8170
SD 2168	17.5590	16.3550	16.6160	8.5410	8.6990	7.3980	7.0170	6.9110	10.8800	10.6610
SD 2886	4.2550	3.4240	3.4560	3.2790	3.4200	3.7400	3.9350	3.7570	5.0530	4.6700

Source: Freeborn County Auditor/Treasurer

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

**TAX CAPACITY BY CLASSIFICATION
LAST TEN FISCAL YEARS**

Payable Year % of Total	Agriculture	Residential	Commercial	Industrial	Utilities	Personal Property	Tax Increment	Net Tax Capacity
2012	14,148,293	9,378,519	2,666,839	1,406,420	804,732	2,028,290	(114,763)	\$30,318,330
% of Total	46%	30%	9%	5%	3%	7%	0%	
2013	16,412,219	9,092,224	2,663,690	1,407,655	839,959	2,054,524	(141,250)	\$32,329,021
% of Total	51%	28%	8%	4%	3%	6%	0%	
2014	23,078,678	8,758,029	3,031,284	1,696,880	915,210	2,279,255	(224,141)	\$39,535,195
% of Total	59%	22%	8%	4%	2%	6%	-1%	
2015	24,711,441	8,770,777	3,001,570	1,672,736	884,410	2,343,838	(138,126)	\$41,246,646
% of Total	60%	21%	7%	4%	2%	6%	0%	
2016	21,762,538	8,856,814	3,016,707	1,622,741	1,084,133	2,557,017	(118,829)	\$38,781,121
% of Total	56%	23%	8%	4%	3%	7%	0%	
2017	20,785,418	9,421,729	3,039,218	1,623,251	1,167,647	2,762,326	(289,401)	\$38,510,188
% of Total	54%	24%	8%	4%	3%	7%	-1%	
2018	19,517,474	9,575,479	3,053,961	1,640,243	1,363,976	2,351,610	(310,491)	\$37,192,252
% of Total	52%	26%	8%	4%	4%	6%	-1%	
2019	19,430,074	10,739,149	3,004,086	1,747,345	1,419,322	2,458,004	(320,246)	\$38,477,734
% of Total	50%	28%	8%	5%	4%	6%	-1%	
2020	19,431,405	11,564,060	3,062,983	1,843,144	1,238,612	2,104,020	(334,813)	\$38,909,411
% of Total	50%	30%	8%	5%	3%	5%	-1%	
2021	18,503,205	12,150,178	3,062,449	1,865,765	1,492,292	2,377,844	(321,836)	\$39,129,897
% of Total	47%	31%	8%	5%	4%	6%	-1%	

Source: Freeborn County Auditor/Treasurer Abstract of Assessment of Real and Personal Property for 2021

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**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

	2012	2013	2014	2015
Market Valuation of Taxable Property (1)	\$ 3,415,799,900	\$ 3,656,665,100	\$ 4,442,538,500	\$ 4,709,106,500
Legal Debt Percentage Allowed (2)	3.00%	3.00%	3.00%	3.00%
Legal Debt Limit	102,473,997	109,699,953	133,276,155	141,273,195
Amount of Debt Applicable to Debt Limit				
General Obligation Debt	22,755,000	27,345,000	24,050,000	21,325,000
Less: Amount Available in Debt Service Funds	2,910,321	5,100,159	4,493,278	4,284,934
Total Debt Applicable to Limit	19,844,679	22,244,841	19,556,722	17,040,066
Unused Margin of Indebtedness	<u>\$ 82,629,318</u>	<u>\$ 87,455,112</u>	<u>\$ 113,719,433</u>	<u>\$ 124,233,129</u>
Percent of Legal Debt Incurred	22.21%	24.93%	18.05%	15.09%

(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 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

2016	2017	2018	2019	2020	2021
\$ 4,433,917,900	\$ 4,357,662,300	\$ 4,186,915,400	\$ 4,287,368,000	\$ 4,346,595,400	\$ 4,320,555,400
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
133,017,537	130,729,869	125,607,462	128,621,040	130,397,862	129,616,662
18,605,000	23,910,000	18,330,000	9,545,000	7,435,000	4,155,000
4,261,379	4,564,815	4,211,939	3,259,090	3,169,237	2,294,879
14,343,621	19,345,185	14,118,061	6,285,910	4,265,763	1,860,121
\$ 118,673,916	\$ 111,384,684	\$ 111,489,401	\$ 122,335,130	\$ 126,132,099	\$ 127,756,541
13.99%	18.29%	14.59%	7.42%	5.70%	3.21%

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

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

Fiscal Year	General Obligation Bonds	Loans	General Obligation Capital Notes	Special Assessment Bonds
Governmental Activities:				
2012	\$ 18,147,086	\$ 32,159	\$ 2,830,000	\$ 2,354,991
2013	20,194,992	-	2,450,000	5,412,880
2014	18,674,159	-	2,065,000	3,937,866
2015	16,792,718	-	1,675,000	3,411,571
2016	14,856,277	-	1,275,000	2,955,277
2017	21,400,566	-	865,000	2,503,983
2018	10,424,874	-	440,000	1,700,515
2019	8,467,138	-	-	1,428,514
2020	6,424,401	-	-	1,269,790
2021	4,331,666	-	-	-

(1) Personal income is disclosed on page 172

(2) United States Census Bureau

N/A Not Available

Source: Freeborn County Financial Statements.

(Unaudited)

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

<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Population (2)</u>	<u>Debt per Capita</u>
\$ 23,364,236	1.84%	31,027	\$ 753
28,057,872	2.21%	30,917	908
24,677,025	1.98%	30,831	800
21,879,289	1.73%	30,642	714
19,086,554	1.57%	30,446	627
24,769,549	1.96%	30,550	811
12,565,389	0.90%	30,495	412
9,895,652	0.69%	30,281	327
7,694,191	0.50%	30,895	249
4,331,666	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 Freeborn County	Estimated Actual Value	Assessed Value	(1) Gross Bonded Debt	Less Debt Service Funds
2012	31,027	\$ 1,273,548,000	\$ 3,415,799,900	\$ 30,433,093	\$ 18,147,086	\$ 1,745,190
2013	30,917	1,224,806,000	3,656,665,100	32,502,893	20,194,992	2,029,446
2014	30,831	1,245,146,000	4,442,538,500	39,759,336	18,674,159	2,482,523
2015	30,642	1,266,479,000	4,591,440,800	39,040,934	16,792,718	2,446,394
2016	30,446	1,219,212,000	4,305,573,100	36,342,933	14,856,277	2,400,494
2017	30,550	1,264,313,000	4,219,103,400	36,037,263	21,400,566	12,008,058
2018	30,495	1,394,588,000	4,068,935,600	35,151,133	10,424,874	3,334,722
2019	30,281	1,433,993,000	4,164,064,700	36,339,950	8,467,138	3,259,090
2020	30,895	1,529,242,000	4,241,108,000	34,140,204	6,424,401	3,169,237
2021	n/a	n/a	4,201,387,500	37,073,831	4,331,666	2,294,879

Source: Freeborn County Administration except for Population, which is from the State Demographer 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 %
\$ 16,401,896	\$ 584.88	\$ 528.63	0.5	0.5	59.6	53.9	1.4	1.3
18,165,546	653.20	587.56	0.6	0.5	62.1	55.9	1.6	1.5
16,191,636	605.69	525.17	0.4	0.4	47.0	40.7	1.5	1.3
14,346,324	548.03	468.19	0.4	0.3	43.0	36.7	1.3	1.1
12,455,783	487.95	409.11	0.3	0.3	40.9	34.3	1.2	1.0
9,392,508	700.51	307.45	0.5	0.2	59.4	26.1	1.7	0.7
7,090,152	341.86	232.50	0.3	0.2	29.7	20.2	0.7	0.5
5,208,048	279.62	171.99	0.2	0.1	23.3	14.3	0.6	0.4
3,255,164	207.94	105.36	0.2	0.1	18.8	9.5	0.4	0.2
2,036,787	n/a	n/a	0.1	0.0	11.7	5.5	n/a	n/a

(Unaudited)

FREEBORN COUNTY
ALBERT LEA, MINNESOTA

COMPUTATION OF UNDERLYING, OVERLAPPING, AND DIRECT DEBT
DECEMBER 31, 2021

	Net G.O. Debt Outstanding	Applicable to Freeborn County	
		Percent (1)	Amount
Cities			
City of Alden	\$ 1,956,309	100.0	\$ 1,956,309
City of Conger	-	100.0	-
City of Hayward	16,755	100.0	16,755
City of Manchester	38,000	100.0	38,000
City of Albert Lea	19,683,768	100.0	19,683,768
Total Cities	<u>21,694,832</u>		<u>21,694,832</u>
Independent School Districts			
No. 241	37,604,042	100.0	37,604,042
No. 242	8,545,000	99.3	8,485,185
No. 492	35,157,804	6.4	2,250,099
No. 497	8,245,000	13.8	1,137,810
No. 756	16,035,000	25.0	4,008,750
No. 2134	36,980,000	23.8	8,801,240
No. 2168	9,726,000	29.5	2,869,170
Total Independent School Districts	<u>152,292,846</u>		<u>65,156,296</u>
Total Overlapping Debt	173,987,678	-	86,851,129
Freeborn County Direct Debt	<u>4,331,666</u>	100.0	<u>4,331,666</u>
Totals	<u>\$ 178,319,344</u>		<u>\$ 91,182,795</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
2012	\$ 6,530,600	\$ 6,072,700	\$ 1,990,600	\$ 14,593,900	\$ 567,000,000
2013	5,602,500	5,461,500	5,512,600	16,576,600	587,000,000
2014	3,497,700	7,499,100	4,534,600	15,531,400	588,000,000
2015	3,759,500	6,359,300	2,580,800	12,699,600	590,000,000
2016	1,584,500	10,808,800	2,159,200	14,552,500	618,000,000
2017	3,068,200	7,449,800	1,528,300	12,046,300	615,000,000
2018	1,508,500	7,768,900	2,644,900	11,922,300	620,000,000
2019	825,000	7,367,600	2,114,000	10,306,600	616,277,000
2020	1,177,500	7,674,700	1,756,400	10,608,600	691,000,000
2021	2,209,900	6,357,100	7,723,300	16,290,300	829,000,000

(1) Source: Freeborn County Assessor

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

(Unaudited)

**FREEBORN COUNTY
ALBERT LEA, MINNESOTA**

COUNTY EMPLOYEES BY DEPARTMENT

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Commissioners	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Courts	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Administration	5.00	5.00	6.00	6.00	6.00	6.60	6.60	8.00	8.00	9.00
Auditor/Treasurer	8.50	10.00	8.50	7.00	6.00	8.00	8.00	8.00	8.00	7.00
Assessor	7.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Motor Vehicle	5.00	6.00	6.50	5.00	5.00	5.00	7.00	7.00	7.00	5.00
Information Technology	5.00	5.00	5.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00
Attorney	7.00	7.00	8.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00
Recorder	5.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Maintenance	7.00	6.50	7.50	6.50	6.50	8.00	8.00	9.00	9.00	9.00
Veterans Service	2.00	3.00	2.00	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Medical Death Investigators	-	6.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Sheriff (1)	33.50	33.50	26.50	23.00	21.00	26.00	26.00	26.00	26.00	26.00
Dispatch (2)	-	-	-	9.00	8.00	7.00	8.00	10.00	10.00	10.00
Boat and Water Safety	0.50	0.50	0.50	-	-	-	-	-	-	-
Transport Deputies (1)	-	-	6.00	3.00	8.00	8.00	8.00	6.00	6.00	6.00
Detention Center	38.00	36.00	38.00	33.00	35.00	40.00	37.00	36.00	36.00	32.00
Court Services	9.00	10.00	9.00	11.00	9.00	10.00	11.00	11.00	11.00	12.00
Emergency Management	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Health	26.00	25.50	26.00	25.00	24.00	31.00	33.00	36.00	36.00	32.00
Public Works	1.00	-	-	-	-	-	-	-	-	-
Extension	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Environmental Services	7.50	7.50	9.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Total General Fund	175.50	182.50	183.50	174.00	174.00	194.60	197.60	202.00	202.00	193.00
Road and Bridge Fund										
Road and Bridge	32.50	33.50	34.00	34.00	35.00	36.00	34.00	32.00	32.00	31.00
Social Services Fund										
Social Services	79.00	80.00	81.50	84.00	91.00	88.00	88.00	89.00	89.00	89.00
Ditch Fund										
Ditch	0.50	1.00	0.50	0.50	1.00	1.00	1.00	-	1.00	1.00
Total Employees	287.50	297.00	299.50	292.50	301.00	319.60	320.60	323.00	324.00	314.00

The above numbers represent full time employee equivalents

(1) Transport Deputies and Sheriff split into two departments in 2014

(2) 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	83	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detention Deputies)	24	1.1.19 - 12.31.21
Minnesota Public Employees Association (Patrol Deputies)	12	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detention Sergeants)	4	1.1.19 - 12.31.21
Minnesota Public Employees' Association (Patrol Sergeants)	3	1.1.19 - 12.31.21
Law Enforcement Labor Services, Inc. (Dispatch)	10	1.1.19 - 12.31.21
Minnesota Public Employees Association (Detectives)	2	1.1.19 - 12.31.21
Minnesota Public Employees Association (Transport)	6	1.1.19 - 12.31.21
Teamsters Local 320 (Jail Programmers)	1	1.1.19 - 12.31.21
Non Union	169	
Total	314.00	

(1) As of 4-28-21 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	2021			2012		
		Number of Employees	Rank	Percent of Total Employees	Number of Employees	Rank	Percent of Total Employees
Mayo Clinic Health Systems	Medical Services	1,000	1	6.3 %	1,130	1	7.3 %
Albert Lea Area Schools	Education	795	2	5.0	471	2	3.0
Albert Lea Select Foods	Meat Processing	432	3	2.7	390	3	2.5
Innovance (Lou-Rich & Almco)	Metal Fabrication	394	4	2.5	280	9	1.8
Cargill	Food Processor	353	5	2.2	352	4	2.3
Freeborn County	Local Government	323	6	2.0	271	10	1.7
St. John's Lutheran Home	Nursing Care Facilities	306	7	1.9	295	6	1.9
Hy-Vee	Retailer	293	8	1.8	286	7	1.8
Wal-Mart	Retailer	285	9	1.8	-	-	-
Mrs. Gerry's	Food Processor	274	10	1.7	-	-	-
Good Samaritan Center	Outpatient Care Center	-	-	-	285	8	1.8
Riverland Community College	Post Secondary Education	-	-	-	296	5	1.9
All Other Employees		11,521		72.1	11,493		73.9
Total Employees		15,976		100.0 %	15,549		100.0 %

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	Households	Percent Increase	Population	Percent Increase
		(Decrease)		(Decrease)		(Decrease)
2012	31,027	(0.4) %	13,179	(0.1) %	5,368,972	0.7 %
2013	30,917	(0.4)	13,143	(0.3)	5,417,838	0.9
2014	30,831	(0.2)	13,123	(0.2)	5,489,594	1.3
2015	30,642	(0.6)	13,071	(0.4)	5,490,216	0.0
2016	30,446	(0.6)	13,046	(0.2)	5,525,050	0.6
2017	30,550	0.3	13,121	0.6	5,576,606	0.9
2018	30,495	(0.2)	13,110	(0.1)	5,629,416	0.9
2019	30,281	(0.7)	13,009	(0.8)	5,639,632	0.2
2020	30,895	2.0	13,005	(0.0)	5,706,494	1.2
2021	N/A	N/A	N/A	N/A	N/A	N/A

Source: State Demographer

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 Registered Voters	Number Voting	Percentage Voting	Date	Total Registered Voters	Number Voting	Percentage Voting
Sept. 10, 2002	18,236	7,525	41.3	Nov. 5, 2002	18,512	15,987	86.4
Sept. 14, 2004	18,659	4,219	22.6	Nov. 2, 2004	18,918	17,775	94.0
Sept. 12, 2006	19,264	3,861	20.0	Nov. 7, 2006	19,378	15,252	78.7
Sept. 09, 2008	19,189	4,081	21.3	Nov. 4, 2008	19,376	17,369	89.6
Aug. 10, 2010	18,627	5,841	31.4	Nov. 2, 2010	18,716	13,564	72.5
Aug. 14, 2012	17,714	2,813	15.9	Nov. 6, 2012	17,946	16,817	93.7
Aug. 12, 2014	17,563	3,889	22.1	Nov. 4, 2014	17,709	12,528	70.7
Aug. 10, 2016	17,282	1,421	8.2	Nov. 8, 2016	17,920	16,195	90.4
Aug. 14, 2018	17,575	4,831	27.5	Nov. 6, 2018	17,716	14,109	79.6
Mar. 3, 2020	17,962	4,512	25.1	Nov. 3, 2020	19,689	16,894	85.8

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
2012	5.8 %	5.5 %	8.1 %	\$ 1,273,548,000	\$ 40,998	\$ 47,377	\$ 44,200
2013	5.0	4.8	7.4	1,224,806,000	39,576	47,500	44,765
2014	4.2	4.0	6.2	1,245,146,000	40,374	48,711	46,129
2015	3.7	3.7	4.8	1,204,670,000	39,407	51,146	48,451
2016	4.4	4.0	4.5	1,219,212,000	40,045	52,038	49,246
2017	4.0	3.4	3.9	1,264,313,000	41,405	54,359	51,640
2018	3.9	3.2	3.7	1,394,588,000	45,808	57,566	54,446
2019	3.7	3.5	3.4	1,433,993,000	47,356	59,683	56,663
2020	3.4	4.6	6.5	1,529,242,000	50,364	61,540	59,729
2021	2.7	2.6	3.7	N/A	N/A	64,617	62,968

(1) Minnesota Department of Economic Security

(2) Per Bureau of Economic Analysis

N/A - This information is not yet available.

(Unaudited)

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
New Hires (Regular Employees)	19	29	33	51	42	42	36	31	27	22
New Hires (Temporary/Seasonal)	2	3	10	12	3	6	3	7	18	6
Total Employees Supported	288	297	300	292	301	319	321	323	324	348
Number of Parcels in County	22,943	22,989	23,010	23,060	23,024	23,057	23,110	23,253	23,314	23,327
Number of Permits in County	305	270	267	248	244	281	264	299	373	305
Adult Felony	197	273	305	286	300	356	398	271	334	270
Juvenile Felony	16	21	35	19	28	16	33	25	20	31
Adult GM	127	114	151	177	194	256	344	191	205	150
Juvenile GM	16	13	15	14	9	15	14	7	7	6
Adult Misdemeanor	358	340	419	380	319	255	306	537	201	108
Juvenile Misdemeanor	170	162	154	124	123	128	165	116	64	84
Chips	62	54	66	85	82	78	83	120	76	75
Number of Technology Requests Completed	N/A	N/A	N/A	N/A	N/A	9,100	9,035	1,350	9,748	4,300
Number of GIS External Services Provided	N/A	N/A	N/A	N/A	95	95	195	347	373	325
Office Visits - Veterans Services	2,341	2,082	2,222	2,183	2,278	2,102	1,859	1,760	741	1,024
Letters - Veterans Services	N/A	N/A	N/A	816	1,429	1,403	1,471	1,244	822	668
Phone Calls - Veterans Services	N/A	N/A	N/A	5,402	5,491	5,188	4,927	4,864	5,890	7,305
Transported Veterans to VA Medical Center	1,061	1,022	949	786	800	789	983	836	295	365
Deceased Veterans	86	63	76	134	93	92	96	82	126	125
New Veterans	N/A	N/A	N/A	N/A	115	114	98	89	61	62
Public Safety										
Adults on Supervision at End of Year	705	717	922	710	604	632	621	725	577	781
Juveniles on Supervision at End of Year	226	220	255	133	154	158	152	140	137	150
Community Service Hours Done by Offenders	8,274	8,645	6,538	7,034	7,226	7,025	7,105	6,646	6,096	5,550
Investigations (Pre-Sentence, Pre-Trial, Pre-Release)	366	316	348	438	320	330	303	319	247	180
Social Services										
Minnesota Healthcare Cases	2,492	2,618	2,362	2,593	3,723	3,741	4,050	3,730	4,484	4,780
Health										
Number of Children Enrolled in Infant Follow-Along Program	721	318	319	301	282	266	223	230	218	176
Number of Emergency Preparedness Exercises	3	4	8	6	3	4	7	6	2	-
Number of Youth Participated in Public Health Sponsored Smoking Cessation Classes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Conservation Of Natural Resources										
Extension Services Volunteers	180	130	131	137	153	283	202	198	150	97
Extension Services 4-H Enrollment	405	570	413	625	526	853	716	775	450	386
Extension Services 4-H Participants	4,444	2,138	2,531	2,464	2,292	2,843	3,646	3,652	2,214	390
Extension Services Nutrition Direct Participants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Extension Services Nutrition Direct Contacts	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Environmental Services										
Landfill Tons	21,241	21,217	17,065	19,333	20,593	18,813	22,155	22,078	24,485	21,956
Demolition	8,256	4,379	8,648	9,751	9,127	945	642	622	781	781
Recycling Tons	17,415	16,628	15,716	17,601	13,286	7,192	7,643	5,548	7,101	11,009

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government buildings	3	3	3	3	3	3	3	3	4	4
Highways:										
Miles	634	634	634	634	634	634	634	634	634	634
Buildings	9	9	9	10	10	10	10	10	10	10
Culture and Recreation:										
Parks acreage	256	256	256	256	256	256	256	256	256	256
Miles	-	-	-	13	13	13	13	13	13	13
County parks	4	4	4	4	4	4	4	4	4	4

Source: Freeborn County Highway and Administration Departments

APPENDIX B

Form of Legal Opinion

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SPOKANE
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WICHITA

June 30, 2022

Freeborn County
Albert Lea, Minnesota

\$12,675,000
Freeborn County, Minnesota
General Obligation Capital Improvement Plan Bonds, Series 2022A

Ladies and Gentlemen:

We have acted as Bond Counsel to Freeborn County, Minnesota (the “County”) in connection with the issuance and sale by the County of \$12,675,000 in aggregate principal amount of its General Obligation Capital Improvement Plan Bonds, Series 2022A, dated June 30, 2022 (the “Bonds”) pursuant to a resolution adopted by the Board of Commissioners of the County on June 7, 2022 (the “Bond Resolution”).

We have examined the Constitution and certain statutes of the State of Minnesota (the “State”), a certified copy of the Bond Resolution, the form of the Bonds, and such certified proceedings, documents and certifications of public officials as we deemed necessary to render this opinion. We have assumed that the County and others will comply with the covenants, agreements, representations and certifications included in the items examined. As to questions of fact material to our opinion, we have relied upon such certified proceedings, documents and certifications furnished to us without undertaking to verify such facts by independent investigation.

From such examination and based on the foregoing, we are of the opinion that:

1. The Bonds are valid and binding general obligations of the County, issued under authority of Minnesota Statutes, Chapter 475 and Section 373.40.
2. The Bonds are payable as to principal and interest from ad valorem taxes levied on all taxable property in the County pursuant to the Bond Resolution, and the County is obligated to levy additional general ad valorem taxes upon all taxable property located in the County without limitation as to rate or amount, if necessary, to pay principal and interest on the Bonds when due.

June 30, 2022

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3. Under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax.

4. Under the existing laws of the State, interest on the Bonds is excluded from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax and is not a specific tax preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, estates and trusts

The opinions expressed in numbered paragraphs 3 and 4 above are based solely on the documents, representations and assumptions set forth above and subject to the limitations and qualifications described herein.

The obligations of the County, and the enforceability thereof, with respect to the Bonds, the Bond Resolution and the other documents described above are subject, in part, to the provisions of the bankruptcy laws of the United States of America and to other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally, now or hereafter in effect. Certain of such obligations, and enforcement thereof, are also subject to general equity principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents.

The accrual or receipt of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions or certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit or taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Bonds.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto (excepting only matters relating to our opinion set forth in the Official Statement).

We express no opinion herein as to any matter not specifically set forth above. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. Such

June 30, 2022

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opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Very truly yours,

APPENDIX C

Continuing Disclosure Certificate

(This page has been left blank intentionally.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”), dated as of June 30, 2022, is executed and delivered by Freeborn County, Minnesota (the “**County**”) in connection with the issuance by the County of \$12,675,000 in aggregate principal amount of its General Obligation Capital Improvement Plan Bonds, Series 2022A (the “**Bonds**”). The Bonds are being issued pursuant to a resolution adopted by the Board of Commissioners of the County on June 7, 2022 (“**Resolution**”) authorizing the issuance of the Bonds. The County covenants and agrees as follows:

Section 1. Purpose of this Disclosure Certificate. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit each Participating Underwriter in the primary offerings of the Bonds to comply with Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission (the “**Commission**”) under the Securities Exchange Act of 1934, as amended (the “**Rule**”), the County is making the covenants and agreements set forth herein for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The County is the only obligated person with respect to the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made.

Section 2. Definitions. As used in this Disclosure Certificate:

“**Annual Report**” shall mean any Annual Report provided by the County pursuant to, and as described in, Section 4 of this Disclosure Certificate.

“**Beneficial Owner**” means any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

“**Dissemination Agent**” shall mean any entity designated by the County to act as the Dissemination Agent hereunder.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosure of the MSRB.

“**Financial Obligation**” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“**Listed Event**” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“Listed Event Notice” means notice of a Listed Event in Prescribed Form.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Owner” or **“Bondowner”** means the registered owner or owners of any Bond appearing in the Bond register maintained by the registrar for the Bonds or any Beneficial Owner thereof, if such Beneficial Owner provides to the registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the registrar

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in any primary offering of the Bonds.

“Prescribed Form” means, with regard to the filing of Annual Report and notices of Listed Events with the MSRB at www.emma.msrb.org (or such other address or addresses as the MSRB may from time to time specify), such electronic format, accompanied by such identifying information, as shall have been prescribed by the MSRB and which shall be in effect on the date of filing of such information.

Section 3. CUSIP Number/Final Official Statement. The CUSIP Number of the final maturity of the Bonds is _____. The final Official Statement relating to the Bonds is dated June __, 2022 (the **“Final Official Statement”**).

Section 4. Annual Report. The County will provide, in the manner set forth in Section 7 hereof, either directly or indirectly through an agent designated by the County, on or before twelve (12) months after the end of each fiscal year of the County, commencing with the fiscal year ending December 31, 2021, the following financial information and operating data in respect of the County (collectively, the **“Annual Report”**):

(a) the audited financial statements of the County for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

(b) to the extent not included in the audited financial statements referred to in paragraph (a) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: **“INDEBTEDNESS,”** and **“PROPERTY VALUATIONS AND TAXES.”**

If the audited financial statements are not available by the date specified, the County shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Annual Report. Within 10 days after the receipt thereof, the County shall provide the audited financial statements.

Any or all of the Annual Report may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the MSRB through its EMMA portal or the Commission. The County shall clearly identify in the Annual Report each document so incorporated by reference.

If any part of the Annual Report can no longer be generated because the operations of the County have materially changed or been discontinued, such part need no longer be provided if the County includes in the Annual Report a statement to such effect; provided, however, if such operations have been replaced by other County operations in respect of which data is not included in the Annual Report and the County determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in Section 5 hereof), then, from and after such determination, the Annual Report shall include such additional specified data regarding the replacement operations. If the Annual Report is changed or this Section is amended as permitted by Section 9 hereof, then the County shall include in the next Annual Report to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

If the County fails to timely file the complete Annual Report, the County shall file, or shall cause to be filed, a notice with the MSRB of such failure in substantially the form attached as **Exhibit I** hereto.

Section 5. Listed Events Disclosure. The County will provide, in the manner set forth in Section 7 hereof, either directly or indirectly through an agent designated by the County, not in excess of 10 business days, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “**Listed Event**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax- status of the Bonds;
- (7) modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;

- (12) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

As used herein, for those Listed Events which must be reported if material, an event is “material” if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the Listed Event identified in (12) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

Section 6. Additional Disclosures. The County will provide, in the manner set forth in Section 7 hereof, either directly or indirectly through an agent designated by the County, in a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:

- (a) the failure of the County to provide the Annual Report required under Section 4 hereof at the time specified thereunder;

- (b) the amendment or supplementing of this Disclosure Certificate pursuant to Section 9 hereof, together with a copy of such amendment or supplement and any explanation provided by the County under Section 4 hereof;
- (c) the termination of the obligations of the County under this Disclosure Certificate pursuant to Section 8 hereof;
- (d) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Annual Report are prepared; and
- (e) any change in the fiscal year of the County.

Section 7. Manner of Reporting.

(a) The County agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in Sections 4, 5 and 6 hereof.

(b) All documents provided to the MSRB pursuant to this Section 7 hereof shall be accompanied by identifying information as prescribed by the MSRB from time to time.

Section 8. Term. The covenants of the County in this Disclosure Certificate shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the County under this Disclosure Certificate shall terminate and be without further effect as of any date on which the County delivers to the registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the County to comply with the requirements of this Disclosure Certificate will not cause the Participating Underwriters in the primary offerings of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

Section 9. Amendments. This Disclosure Certificate (and the requirements hereof) may be amended or supplemented by the County from time to time, without notice to (except as provided in Section 6 hereof) or the consent of the Owners of any Bonds, by a resolution of the County filed in the office of the recording officer of the County accompanied by an opinion of Bond Counsel, who may rely on certificates of the County and others and the opinion may be subject to customary qualifications, to the effect that: (a) such amendment or supplement (i) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the County or the type of operations conducted by the County, or (ii) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (b) this Disclosure Certificate as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (a)(i) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (c) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

Section 10. Consequences of Failure of the County to Provide Information. If the County fails to comply with any provisions of this Disclosure Certificate, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in

equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this Disclosure Certificate, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this Disclosure Certificate constitute a default under the Bonds or under any other provision of the Resolution.

Section 11. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 12. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall not have any obligation under this Disclosure Certificate to update such information or include it in any future disclosure or notice of the occurrence of a Listed Event.

Section 13. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of Minnesota.

EXECUTED AND DATED as of this 30th day of June 2022.

FREEBORN COUNTY, MINNESOTA

By _____
Chair

And by _____
County Administrator

[CONTINUING DISCLOSURE CERTIFICATE]

EXHIBIT I

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Freeborn County, Minnesota

Name of Bond Issue: General Obligation Capital Improvement Plan
Bonds, Series 2022A

Date of Issuance: June 30, 2022

BASE CUSIP: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided [the Annual Report] [a portion of the Annual Report, such as the County's audited financial statements] with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to such Bonds, and Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The County anticipates that [the remainder of] the Annual Report will be filed by _____.

Dated:

[FREEBORN COUNTY]
[DISSEMINATION AGENT, on behalf the County]

By _____
Its _____

APPENDIX D

Request for Proposals

(This page has been left blank intentionally.)

REQUEST FOR PROPOSALS

\$9,275,000⁽¹⁾

GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2022A FREEBORN COUNTY, MINNESOTA

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

TIME AND PLACE

Electronic or sealed proposals for the purchase of \$9,275,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2022A (the “Bonds”) will be received by Freeborn County, Minnesota (the “County”) on Tuesday, June 28, 2022 until 11:00 A.M. Central Time in the offices of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the County will be accepted unless all proposals are rejected. No proposals may be altered or withdrawn after the time appointed for opening proposals. The Board of County Commissioners has established a Pricing Committee to consider the proposals and award the sale, which will occur no later than 2:00 P.M. on Tuesday, June 28, 2022

SECURITY, PURPOSE, AND SOURCE OF PAYMENT

The Bonds are issued pursuant to the provisions of Minnesota Statutes, Chapter 475 and Section 373.40. The proceeds of the Bonds will be used to (i) finance a portion of the costs of the capital improvement projects included in the County’s 2022-2026 Capital Improvement Plan, and (ii) pay the financing costs associated with the issuance of the Bonds. The Bonds are general obligations of the County, for which the County pledges its full faith, credit and power to levy direct general ad valorem taxes

FORM OF PROPOSALS

Proposals must be submitted on or in substantial compliance with the Request for Proposals provided by the County or through Parity (the “Electronic Proposal System”). The County shall not be responsible for any malfunction or mistake made by any person, or as a result of the use of the electronic proposal, facsimile facilities or the means used to deliver or complete a proposal. The use of such facilities or means is at the sole risk of the prospective proposer who shall be bound by the terms of the proposal as received.

No proposal will be received after 11:00 A.M. Central Time on Tuesday, June 28, 2022, as specified in the Request for Proposals. The time as maintained by the Internet Proposal System shall constitute the official time with respect to all proposals submitted. A proposal may be withdrawn before the proposing deadline using the same method used to submit the proposal. If more than one proposal is received from the proposer, the last proposal received shall be considered.

Sealed Proposals: Sealed proposals may be submitted and will be received at the offices of PFM Financial Advisors LLC, 50 South Sixth Street, Suite 2250, Minneapolis, Minnesota 55402.

Electronic Proposals: Electronic proposals must be submitted through Parity (the “Electronic Proposal System”). Information about the Electronic Proposal System may be obtained by contacting Parity at i-Deal/Parity, Customer Support, 40 West 23rd Street, Fifth Floor, New York, New York 10010, (212) 849-5021.

⁽¹⁾ Preliminary, subject to change.

Each proposer shall be solely responsible for making necessary arrangements to access the Internet Proposal System for purposes of submitting its electronic proposals in a timely manner and in compliance with the requirements of the Request for Proposals. The County is permitting proposers to use the services of Electronic Proposal System solely as a communication mechanism to conduct the electronic proposing and the Electronic Proposal System is not an agent of the County. Provisions of the Request for Proposals and the Proposal Form shall control in the event of conflict with information provided by the Electronic Proposal System.

Electronic Facsimile Proposals: Proposals may be submitted via facsimile at the offices of PFM Financial Advisors LLC, fax number (612) 338-7264. Electronic facsimile proposals will be sealed and treated as sealed proposals. Neither the County nor its agents will assume liability for the inability of the proposer to reach the above named fax number prior to the time of sale specified above. Time of receipt shall be the time recorder of the facsimile receiver.

DATE, MATURITIES AND REDEMPTION

The Bonds are dated July 20, 2022 as the date of original issuance and are in denominations of \$5,000 and integral multiples thereof. Principal is payable annually on February 1 in the following years and amounts:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>
2024	\$ 320,000	2034	\$ 460,000
2025	330,000	2035	475,000
2026	345,000	2036	495,000
2027	355,000	2037	510,000
2028	370,000	2038	530,000
2029	385,000	2039	555,000
2030	400,000	2040	575,000
2031	420,000	2041	600,000
2032	435,000	2042	620,000
2033	450,000	2043	645,000

⁽¹⁾ Preliminary, subject to change.

The Bonds maturing on February 1, 2033 and thereafter are subject to optional redemption on February 1, 2032 and any date thereafter at a price of par plus accrued interest to the redemption date.

INTEREST

Interest on the Bonds is payable semi-annually on February 1 and August 1, commencing February 1, 2023. Interest will be computed on a 360-day year, 30-day month basis, and paid to the owners of record as of the close of business on the fifteenth of the immediately preceding month. Payments coming due on a non-business day will be paid on the next business day.

ADJUSTMENTS TO PRINCIPAL AFTER DETERMINATION OF BEST PROPOSAL

The aggregate principal amount of the Bonds, and each scheduled maturity thereof, are subject to change by the County or its designee after the determination of the successful proposer. Such adjustments shall be made in the sole discretion of the County or its designee in multiples of \$5,000, provided that the County or its designee shall only make such adjustments in order to size the Bonds to establish a debt service structure that is acceptable to the County.

The dollar amount of the purchase price specified by the successful proposer will be changed if the aggregate principal amount of the Bonds is adjusted as described above. Generally any premium offered or discount taken will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced provided that the County's municipal advisor will make every effort to ensure that the net compensation to the successful proposer as a percentage of the adjusted par amount does not

increase or decrease from what it would have been if no adjustment had been made to the principal amounts shown in the maturity schedule above.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds subject to mandatory redemption so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

CUSIP NUMBERS

It is anticipated the Committee on Uniform Security Identification Procedures ("CUSIP") numbers will be printed on the Bonds and the Purchaser must agree in the proposal to pay the cost thereof. In no event will the County, Bond Counsel or Municipal Advisor be responsible for the review or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on said Bonds shall not be cause for the Purchaser to refuse to accept delivery of said Bonds. The County will assume no obligation for the assignment of CUSIP numbers to the Bonds or for the correctness of any such numbers printed thereon, but the County will permit such printing to be done at the expense of the Purchaser, provided that such printing does not result in any delay of the date of delivery of the Bonds.

GOOD FAITH DEPOSIT

The successful proposer (the "Purchaser") is required to submit a good faith deposit in an amount equal to \$93,000 (the "Deposit") to the County in the form of a wire transfer, as instructed by the County or its municipal advisor, no later than 3:30 P.M. Central Daylight Time on the day on which the proposals are received. If the Deposit is not received by such time, the County may revoke its acceptance of the proposal. No interest on the Deposit will accrue to the Purchaser. The Deposit will be applied to the purchase price of the Bonds. In the event the Purchaser fails to honor its accepted proposal, the Deposit will be retained by the County.

TYPE OF PROPOSAL AND AWARD

Proposals for **not less than \$9,200,800 (99.2% of Par)** plus accrued interest from the dated date of the Bonds to the date of delivery must be received prior to the time specified above. Each proposal must specify the interest rates on the Bonds in multiples of 1/20 or 1/8 of 1%, and one rate per maturity. No rate for any maturity may be lower by more than one percentage point than the rate for any prior maturity. Interest will be computed on a 360-day year, 30-day month basis.

Proposals will be compared on the basis of true interest cost ("TIC"). The proposal which results in the lowest true interest cost will be deemed the most favorable. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. In the event two or more proposals provide the lowest true interest cost, the County shall determine which proposal shall be accepted, and such determination shall be final.

The County reserves the right to reject any and all proposals, to waive any informality in any proposal and to adjourn the sale.

ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD

In order to establish the issue price of the Bonds for federal income tax purposes, the County requires proposers to agree to the following, and by submitting a proposal, each proposer agrees to the following.

If a proposal is submitted by a potential underwriter, the proposer confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the “initial offering price”) for each maturity as set forth in the proposal and (ii) the proposer, if it is the winning proposer (the “Purchaser”), shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate “maturity,” and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the proposer’s own account in a capacity other than as an underwriter of the Bonds, and the proposer has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the proposer shall notify the County to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the Purchaser intends to act as an underwriter, the County shall advise the Purchaser at or prior to the time of award whether (i) the competitive sale rule or (ii) the “hold-the-offering price” rule applies.

If the County advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the County at or prior to closing a certification, substantially in the form attached hereto as Exhibit D-1, as to the reasonably expected initial offering price as of the award date.

If the County advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the “hold-the-offering price” rule applies, the Purchaser shall (1) upon the request of the County confirm that the underwriters did not offer or sell any maturity of the to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the County a certification substantially in the form attached hereto as Exhibit D-2, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the County pursuant hereto may be taken or received on behalf of the County by PFM Financial Advisors LLC, the County’s municipal advisor.

Proposers should prepare their proposals on the assumption that the Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Request for Proposals shall be considered a firm offer for the purchase of the Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

BOOK-ENTRY ONLY SYSTEM

The Bonds will be issued as fully registered Bonds without coupons and, when issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof, of a single maturity. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owner of the Bonds.

DELIVERY

The Bonds will be delivered without cost to the Purchaser, anywhere in the United States within 40 days against payment in immediately available funds, to a location mutually agreed upon by the Purchaser and the County. Delivery will be subject to the approving legal opinion of the County’s Bond Counsel, Kutak Rock LLP, Minneapolis, Minnesota and customary closing Bonds, including a certificate that the Official Statement did not at the date of delivery of the Bonds contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements contained therein not misleading, a certificate as to absence of material litigation, and an

arbitrage certificate. The Bonds will be delivered against payment in immediately available funds at the County's designated depository on the date of delivery. The Bonds will be available for delivery on or about July 20, 2022

LEGAL OPINION

Kutak Rock LLP, Minneapolis, Minnesota will furnish an opinion as to the validity of the Bonds and the tax exemption of the interest. The legal opinion, in substantially the form included as APPENDIX B herein, will accompany the Bonds and will state that the Bonds are valid and binding limited obligations of the County enforceable in accordance with their terms, except to the extent to which enforceability may be limited by principles of equity and by state or United States laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

BOND INSURANCE AT THE PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the proposer, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the County has requested and received a rating on the Bonds from a rating agency, the County will pay the initial rating fee. Any other rating agency fees shall be the responsibility of the Purchaser.

OFFICIAL STATEMENTS

The County has prepared an Official Statement dated June 21, 2022 which the County deems to be a preliminary or "near-final" Official Statement as that term is defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Official Statement is available to prospective proposers and to others who request copies from the County or its Municipal Advisor, PFM Financial Advisors LLC.

Not later than seven business days following the award of the Bonds, the County shall provide copies of the Final Official Statement, as that term is used in the Rule, to the Purchaser of the Bonds. The Final Official Statement will be the Official Statement dated June 21, 2022, modified to include the maturity dates and amounts, interest rates and reoffering yields or prices, and any other information required by law.

The Purchaser will be supplied with Final Official Statements in a quantity sufficient to meet their request. Up to 25 copies of the Final Official Statement will be furnished without cost.

ON BEHALF OF THE BOARD OF COUNTY COMMISSIONERS

By: /s/ Pat Paquin
Finance Director
Freeborn County, Minnesota

Further information may be obtained from:

PFM Financial Advisors LLC
50 South Sixth Street, Suite 2250
Minneapolis, MN 55402
Tel: (612) 338-3535
Direct: (612) 371-3749
Attn: Arcelia Detert
Email: deterta@pfm.com

EXHIBIT D-1

ISSUE PRICE CERTIFICATE FOR COMPETITIVE SALES WITH AT LEAST THREE PROPOSALS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its proposal to purchase the Bonds. Attached as Schedule B is a true and correct copy of the proposal provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other proposals prior to submitting its proposal.

(c) The proposal submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. Persons generally are “related parties” for purposes of this certificate if they have more than 50 percent common ownership or control, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity of the Bonds. The Sale Date of each Maturity of the Bonds is [DATE].

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S PROPOSAL
(Attached)

EXHIBIT D-2

ISSUE PRICE CERTIFICATE –COMPETITIVE SALES WITH FEWER THAN THREE PROPOSALS FROM ESTABLISHED UNDERWRITERS – HOLD OFFERING PRICE

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the specified initial offering prices listed in Schedule B (the “Initial Offering Prices”) on or before the Sale Date. If there is a Hold-the-Offering-Price Maturity, a copy of the pricing wire for the Bonds is attached to this certificate as Schedule C.

(b) As set forth in the [Bond Purchase Agreement][Notice of Sale and proposal award], [SHORT NAME OF UNDERWRITER][each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the Hold-the-Offering-Price Rule. Based on its own knowledge and, in the case of sales by other Underwriters, representations obtained from the other Underwriters, no Underwriter has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “General Rule Maturities.”

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds, if any, listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at one or more prices, each of which is no higher than the Initial Offering Price for such Maturity.

(d) *Issuer* means [DESCRIBE ISSUER].

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. Persons generally are “related parties” for purposes of this certificate if they have more than 50 percent common ownership or control, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity of the Bonds. The Sale Date of each Maturity of the Bonds is [DATE].

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer [and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Dated: [ISSUE DATE]

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES
(Attached)

SCHEDULE B

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

SCHEDULE C
PRICING WIRE
(Attached)

OFFICIAL PROPOSAL FORM

\$9,275,000⁽¹⁾

**GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2022A
FREEBORN COUNTY, MINNESOTA**

**Members of the Board of County Commissioners
c/o PFM Financial Advisors LLC**

**Sale Date: Tuesday, June 28, 2022
FAX: 612/338-7264**

For all or none of the principal amount of \$9,275,000⁽¹⁾ General Obligation Capital Improvement Plan Bonds, Series 2022A (the "Bonds") issued by Freeborn County, Minnesota (the "County"), legally issued and as described in the Request for Proposals, we will pay the County \$_____ (not less than \$9,572,800 plus accrued interest on the total principal of \$9,275,000⁽¹⁾ to date of delivery, provided the Bonds bear the following interest rates:

<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount⁽¹⁾</u>	<u>Interest Rate</u>
2024	\$ 320,000	____%	2034	\$ 460,000	____%
2025	330,000	____%	2035	475,000	____%
2026	345,000	____%	2036	495,000	____%
2027	355,000	____%	2037	510,000	____%
2028	370,000	____%	2038	530,000	____%
2029	385,000	____%	2039	555,000	____%
2030	400,000	____%	2040	575,000	____%
2031	420,000	____%	2041	600,000	____%
2032	435,000	____%	2042	620,000	____%
2033	450,000	____%	2043	645,000	____%

⁽¹⁾ Preliminary, subject to change.

We hereby designate that the following bonds be aggregated into term bonds maturing on February 1 of the following years and in the following amounts (leave blank if no term bonds are specified):

<u>Years Aggregated</u>	<u>Maturity Year</u>	<u>Amount</u>
_____ through _____	_____	_____
_____ through _____	_____	_____
_____ through _____	_____	_____

The Bonds will be dated as of July 20, 2022. The Bonds mature on February 1 in each of the years as indicated above and interest is payable on each February 1 and August 1 of each year, commencing February 1, 2023.

In making this offer, we accept the terms and conditions as defined in the Request for Proposals published in the Official Statement dated June 21, 2022 and confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. Our good faith deposit in the amount of \$93,000 has been filed according to the terms and conditions outlined in the Request for Proposals. All blank spaces of this offer are intentional and are not to be construed as an omission.

NOT PART OF THIS PROPOSAL:

Explanatory Note: According to our computation, this Proposal involves the following:

\$ _____
Net Interest Cost

_____ %
True Interest Rate (TIC)

Respectfully submitted,

Account Manager

By _____

(A list of the firms associated with us in this Proposal is on the reverse side of this form.)

The foregoing offer is hereby accepted by and on behalf of Freeborn County, Minnesota, this 28th day of June, 2022.

Board Chair

Finance Director