

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2016. The information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of Hennepin County's CAFR dated December 31, 2016.

This online document has been formatted for two-sided printing.

2016 Comprehensive Annual Financial Report

Year Ended December 31, 2016



Hennepin County
Minnesota



**Hennepin County, Minnesota
Financial Highlights**

		2016	2015	Percent Change
Government-wide:	Assets	\$ 3,419,714,659	\$ 3,172,546,670	7.8%
	Deferred Outflows of Resources	\$ 361,566,041	\$ 71,471,229	405.9%
	Liabilities	\$ (2,545,992,862)	\$ (1,951,070,431)	30.5%
	Deferred Inflows of Resources	\$ (72,475,304)	\$ (82,089,934)	
	Net Position	<u>\$ 1,162,812,534</u>	<u>\$ 1,210,857,534</u>	-4.0%
Government-wide:	Program Expenses	\$ 1,647,659,456	\$ 1,513,966,075	8.8%
	Program Revenues	<u>770,161,547</u>	<u>759,734,316</u>	1.4%
	Net Program Expense	(877,497,909)	(754,231,759)	
	General Revenues	<u>829,452,909</u>	<u>863,174,107</u>	-3.9%
	Change in Net Position	<u>\$ (48,045,000)</u>	<u>\$ 108,942,348</u>	
	Expense Per Capita	\$ 1,336.86	\$ 1,237.76	8.0%

Funds Available for Investment at December 31:				
General Investible Funds	\$ 1,047,454,937	\$ 1,019,975,538		2.7%
Bond Proceeds/Non-General Investible Funds	<u>178,067,532</u>	<u>85,337,361</u>		108.7%
Total Investible Funds	<u>\$ 1,225,522,469</u>	<u>\$ 1,105,312,899</u>		10.9%
Annual Daily Average of General Investible Funds	\$ 1,194,636,551	\$ 1,220,865,892		-2.1%
Average Investment Return for All Funds *	0.66%	0.91%		-27.4%
Average Investment Yield for All Funds	1.28%	1.19%		7.7%

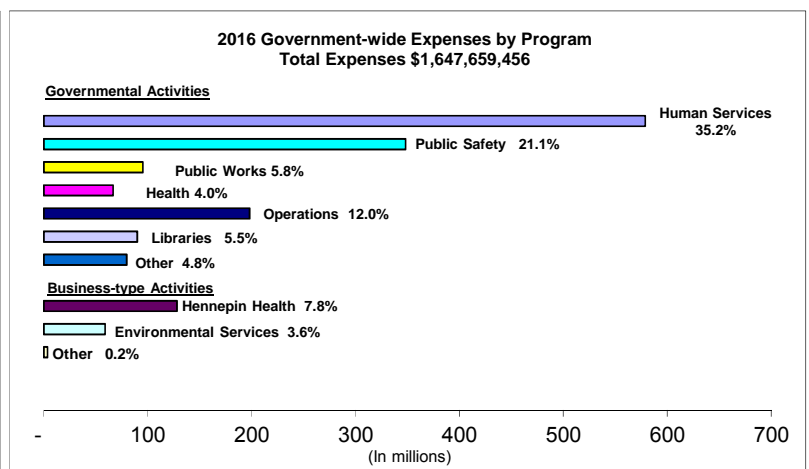
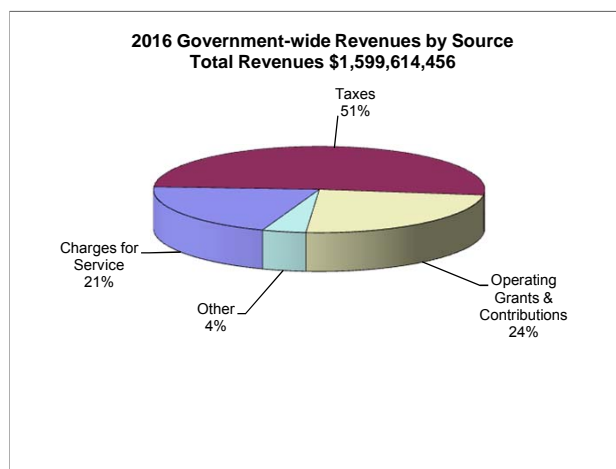
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2016 before recording the net change in fair value of investments was \$13,751,817 as compared to \$12,678,525 in 2015.

Total County Issued Bonds and Notes*	\$ 955,230,000	\$ 829,615,000		15.1%
Average Interest Rate on General Obligation Debt	4.35%	4.52%		-3.6%
Net General Obligation Debt Per Capita	\$ 763.59	\$ 621.00		23.0%
Ratio of Net General Obligation Debt to Property Market Value	0.611%	0.526%		16.1%
Long-term Bond Ratings:*	Standard & Poor's	AAA	AAA	
	Fitch Ratings	AAA	AAA	

* Excludes bonds issued for the Ballpark Project, which will be repaid with sales tax revenues.

Net Tax Capacity*	\$ 1,602,471,674	\$ 1,489,879,943		7.6%
Tax Capacity Rates:				
City of Minneapolis	45.336%	46.285%		-2.1%
Suburban	45.361%	46.437%		-2.3%
Estimated Market Value*	\$ 144,409,721,000	\$ 134,691,712,000		7.2%

* Prior year net tax capacity and estimated market value are shown because applicable taxes are collectible in the subsequent year.



Hennepin County, Minnesota

Comprehensive Annual Financial Report Year Ended December 31, 2016

Hennepin County Board of Commissioners

Mike Opat, 1st District
Linda Higgins, 2nd District
Marion Greene, 3rd District
Peter McLaughlin, 4th District
Randy Johnson, 5th District
Jan Callison, Chair, 6th District
Jeff Johnson, 7th District

Hennepin County Administrator

David J. Hough



Prepared by Hennepin County Office of Budget and Finance – General Accounting

Available online at hennepin.us/cafr



Hennepin County, Minnesota
2016 Comprehensive Annual Financial Report
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STATISTICAL SECTION

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Introductory Section

HENNEPIN COUNTY

MINNESOTA

May 31, 2017

The Honorable Members of the Hennepin County Board of Commissioners and Citizens of Hennepin County:

Minnesota Statutes require all counties to issue an annual report on their financial position and activity prepared in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the State auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Hennepin County (the County) for the fiscal year ended December 31, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

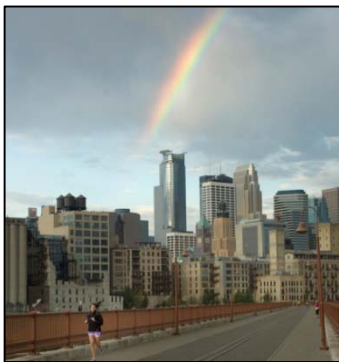
RSM US LLP, has issued an unmodified (“clean”) opinion on the County’s financial statements for the year ended December 31, 2016. The independent auditor’s report is located at the front of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are included in a separate Single Audit report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with the letter.

Profile of the Government

The County is governed by a seven-member Board of Commissioners elected by district for staggered, four-year terms. The County Attorney and Sheriff are also elected officials. County Commissioners are



responsible, among other things, for authorizing resolutions, adopting the annual budget, appointing committees and hiring the County Administrator. The County Administrator is responsible for carrying out the policies and resolutions of the Board of Commissioners, for overseeing the day-to-day operations of the County, and for appointing the heads of the County’s departments. The County has received high marks for governmental structure, as well as for integration of social services, superior debt management, technology, and innovative partnerships. The County was established by the territorial legislature of Minnesota in 1852, six years before Minnesota became a state. The County is located within the Twin Cities Metropolitan Area. The Mississippi River flows through Minneapolis and defines the northeastern boundary of the County.

David J. Hough, County Administrator

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Profile of the Government - continued

Minneapolis, the most populous city in Minnesota, is one of 45 municipalities within the County. The County encompasses 611 square miles with 200 lakes larger than 10 acres and numerous parks and trails providing recreational opportunities and community amenities to residents.

Population	1,232,483
Estimated Per Capita Income (2015)	\$65,231
Number of Cities	45
2016 Approved Budget	\$1.94 billion
Taxable Property Estimated Market Value	\$154.1 billion

County Services

At the end of 2016, 8,772 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2016 department operating indicators.

Libraries

Number of Employees – 774

- Circulation – 15.8 million (books, CDs and DVDs)
- Annual visits to library locations – 5.8 million
- Annual eLibrary visits – 20 million.

Hennepin County Library (HCL) serves patrons by providing access to library buildings and resources including materials, technology and staff. Just over 64% of County residents are active library card holders. HCL offers events and resources related to performing and visual arts and culture for all ages, including public art in library buildings viewable at www.hclib.org/art. During 2016, art acquisitions for new library buildings included a dichromatic glass art piece to be installed in the clerestory windows in the Walker Library, and a mural of folded ceramic steel panels designed for the Brooklyn Park Library (shown at right).



Public Safety

Number of Employees – 2,313

- County Attorney – Evaluated 15,392 adult and juvenile criminal cases in 2016
- Public Defender – Opened 37,154 adult criminal, juvenile delinquency and child protection cases
- Sheriff's Office – Answered 250,959 emergency 911 calls and an additional 389,399 non-emergency calls
- Community Corrections and Rehabilitation – 206,029 hours of Sentencing-to-Service and Community Work Service house completed and 250 juveniles in Out-of-Home Placements at year-end.



*Public Safety employees
at the 911 Dispatch Center*

The Public Safety program includes the County's activities in law enforcement, criminal prosecution, legal consultation for the indigent, as well as correctional programs. The County departments in this program are Public Safety Administration and Integration, County Attorney's Office, Court Functions, Public Defenders Office, Sheriff's Office, Department of Community Corrections and Rehabilitation, and the Sheriff's Radio Communications Fund.

County Services - continued

Human Services and Public Health

Number of Employees – 3,482

The Human Services and Public Health Department (HSPHD) provides a wide variety of required and discretionary financial assistance, human services, and public health programs. Services are provided in the following service areas: HSPHD Hennepin Health, Children and Family Services, Eligibility and Child Support, Access and Case Management, Public Health, Administrative and Community-based Services, Veterans' Services, and Internal Services.



- The department took several steps in 2016 related to making changes to the child protection system. From October 2015 to October 2016, the Hennepin County Child Protection Oversight Committee studied the County's child protection system, listened to staff and community members, and developed recommendations to dramatically reshape the system responsible for protecting children from abuse and neglect.
- In 2016, HSPHD received a grant to help employees who provide services for people with disabilities be more person-centered in their day-to-day practices. Person Centered Thinking is part of the state effort to support organizations in becoming more efficient in their work while also helping the people who use their services have lives of their own choosing in their communities. HSPHD has two partners in the grant work: Support Development Associates, LLC and the University of Minnesota Center on Community Integration. Staff from four HSPHD service areas are involved in this cross-departmental effort.

Health

Number of Employees – 372



- NorthPoint Health & Wellness Center – Patient visits - 103,032
- Hennepin Health – 9,963 Enrolled in Prepaid Medical Assistance Program and 2,374 enrolled in Special Needs Basic Care
- Total Cases referred to the Medical Examiner's Office – 7,289

Healthcare services available to citizens include: basic care, medical services to the indigent, emergency medical services, and investigations of certain deaths. These services are provided through the NorthPoint Health & Wellness Center; Hennepin Health, the Office of the Medical Examiner; and support of the Hennepin County Medical Center (the Medical Center), a discretely presented component unit of the County.

Public Works

Number of Employees – 467

Hennepin County's transportation system includes:

- 2,200 lane miles of road maintained
- 673 miles of bikeway
- 402 miles of sidewalk
- 147 bridges



Public Works provides maintenance and construction of County roads and bridges; management of the County's solid waste system; as well as housing transit and workforce development. In 2016, these services were provided by five areas: Environmental and Energy, Community Works, Transportation Operations, Transportation Project Delivery and Business Line Support. Public Works also manages two County internal service funds; the Central Mobile Equipment Division and the Energy Center. In addition, Public Works provides staff support to the Hennepin County Housing and Redevelopment Authority (HRA) and the Hennepin County Regional Railroad Authority (RRA).

County Services - continued

Operations

Number of Employees – 1,364

Operations provides legislative direction, administrative support, and general services for the management of County business and programs. This area is comprised of a number of different support and direct-service departments, including the following:

Board of Commissioners	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
County Administration	Implements county board policies, promotes interests with other government agencies and partners, and provides direction to departments to achieve the County's overarching goals.
Budget & Finance	Ensures sound credit conditions, working capital, and overall financial health within Hennepin County by supporting strategic objectives through best practices in budgeting, accounting, payroll, purchasing, leveraging technology, and effective management of financial and human resource systems and services.
Facility Services	Operates and manages 6 million square feet of building space owned and leased by the County to provide services to citizens.
Information Technology	Provides innovative, effective, and timely business-driven information technology solutions to County departments, building a technical infrastructure that supports the delivery of services to community partners and the citizens of the County in a secure, reliable, accessible manner.
Real Property Group	Administers property assessments; handles the administration of property tax collection activities and distribution to local governments; provides services relating to driver's licenses, motor vehicles, vital records and DNR registrations; and administers elections, including maintenance of a centralized voter registration file.
Human Resources	Provides human resource programs and support services.
Audit, Compliance & Investigation	Provides independent audit and investigative functions using established standards and best practices to identify and facilitate the mitigation of risk as a service to County management, the Audit Committee and the County Board.
General County Purposes	Reserves available funding for contingent activities further defined by the Board during the budget year and also includes the following countywide functions: the Center of Innovation and Excellence; Public Affairs; Retiree Health Care; Employee Tuition Assistance; the Business Information Office, support of youth activities, the County Fair, the Hennepin History Museum, and Hennepin County Extension Services; and provides dues/contributions to organizations benefiting the County.



Government Center Atrium

Budget

Budget Process

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. Project-length financial plans are adopted for all capital projects, as well as certain HRA and RRA projects. The budget process is described in more detail in the Notes to Required Supplementary Information on page 95.

2016 Original Budget Focus

The 2016 original budget was developed to address future needs of our residents in an effective manner. The budget totaled \$1.94 billion, a 6.39% increase compared to the adjusted 2015 budget. The budget included a net property tax levy of \$726.8 million. The net property tax levy's 4.48% increase supports the strong fiscal stewardship that Hennepin is known for as reflected in the County's AAA bond rating for over 30 years. The operations portion of the total budget was \$314.2 million dollars, which represents a 2.8% increase from 2015's adjusted budget. The 2016 budget included funding for a total of 8,032.7 full-time equivalent employees, representing a 3.4% increase over 2015. Direct-line Human Services staff were added, including child protection social workers, child support officers, and case management assistants. These new positions were targeted to address emerging needs and critical staffing shortages.

The capital portion of the 2016 budget totaled \$288.1 million dollars, a 9.5% increase over the adjusted 2015 budget capital budget of \$263.1 million.

Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 86. The comparison for enterprise funds is presented in the Supplementary Information - Enterprise Funds subsection of this report, which starts on page 111.

Major Initiatives and Achievements



Construction crews are working to restore the **Franklin Bridge** closer to the original bridge design in 1923. The new bridge deck incorporates safe, modern, multimodal features such as separated on-road bike lanes, walkways, overlook nooks and architectural lighting. Accelerated bridge construction techniques were used that enabled construction crews to remove and replace the entire bridge deck in 17 weeks. The bridge construction will be completed in 2017.

The **County Road 101** project in Minnetonka, Woodland and Wayzata began in 2006. The facets of the project was complex and the final design was completed in 2013. The project involved replacing deteriorating pavement, replacing a temporary bridge over railroad tracks, adding retaining walls, replacing utilities, upgrading intersections and adding a multi-use trail. Most of the project was completed in November 2016.



Major Initiatives and Achievements Continued



A new, stand-alone **Brooklyn Park Library** (shown at left) opened in June 2016, replacing the former library that had been constructed in 1976. Highlights of the new Brooklyn Park Library include a dynamic play and learn space for families designed with the Minnesota Children’s Museum, a teen-focused tech center with a recording studio, and flexible individual and collaborative work spaces for all ages. The new library emphasizes STEM (science, technology, engineering and math) and celebrates the diversity of world cultures in Brooklyn Park.

Construction continued on the **Human Services’ South Minneapolis Regional Service Center** in 2016. The County’s newest human service center, opening in May 2017, will be part of a transit village development that will make services more accessible to residents and maximize existing transit access. The Richfield and North Minneapolis Human Service Centers opened for client service in 2016.

The County provided support to the Medical Center for a portion of the construction of the **Ambulatory Outpatient Specialty Center** in downtown Minneapolis. The new facility will be an accessible “one stop” for healthcare that will provide a full range of primary care and specialty clinics, same day surgery, diagnostics, Cancer Center, Integrative Health, a café, and a pocket park. Substantial construction continued through 2016, with an opening planned for spring 2018. An architectural rendering is shown at right.



The **Stable Families Initiative** has both decreased the number of families using shelter — back to 2011 levels — and increased the ability of families to support themselves by increasing their incomes. In fact, monthly income for families in this program rose 67%, giving families the ability to move out of homelessness because they can pay more to house themselves. This is also true for veterans where our efforts are moving us closer to ending homelessness. This initiative is changing the experience of homelessness in Hennepin County.



Technology

Electronic poll (e-poll) books, shown at left, were introduced to voters during the primary election in August 2016. E-poll books replaced the paper voter rosters formerly used in polling places on Election Day. Benefits of the new technology include faster voter check-in and more efficient transfer of voter data to the State’s voter registration database. The e-poll books also log absentee ballots, making it easier for election judges to determine whether a person at the polls has already voted.

Economic and Financial Condition

Information presented in the financial statements is perhaps best understood when considered from the broader perspective of the specific environment within which the County operates.

Local Economy

The economy of the County, for which the City of Minneapolis is the county seat, has longstanding characteristics of strength and diversity in comparison to outstate, regional and even the national economy, as shown in measurements of income and employment. Healthcare, medical device manufacturing, retail sales, financial services and insurance, high tech, and food processing are significant economic sectors providing a strong employment and wage base in the County. Many large international companies maintain their headquarters in the County. At year-end 2016 the County unemployment rate of 3.4% was similar to the previous year's rate of 3.3%. Again in 2016, the County unemployment rate remained lower than the State rate of 3.9% and the national rate of 4.9%.

Long-term Financial Planning

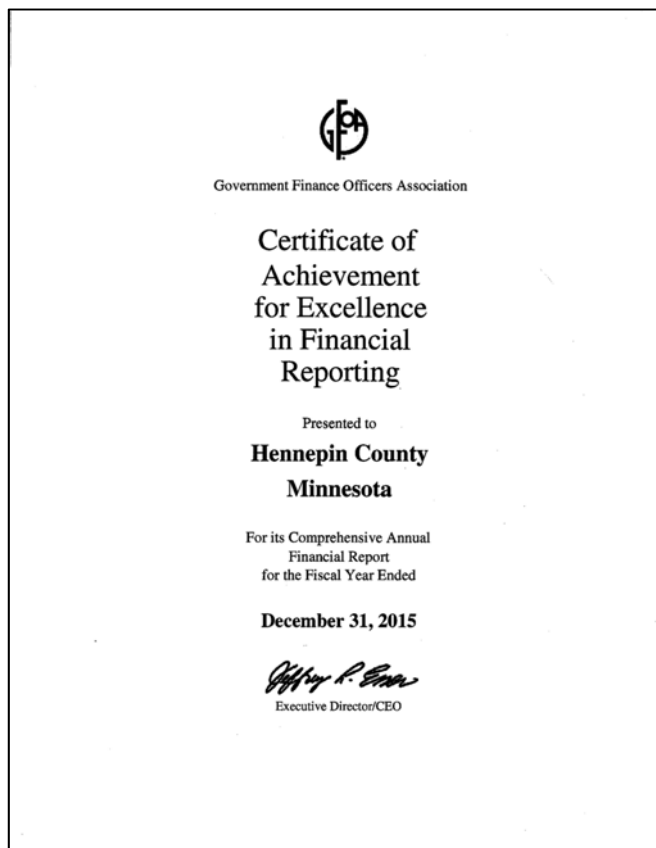
The overall state economic environment relating to the 2017 budget process was modestly stronger compared to the conditions in 2016. The February 2017 State of Minnesota's budget and economic forecast predicts a \$1.65 billion surplus for the biennium ending on June 30, 2019, an increase of \$250 million from the November 2016 forecast. The February 2017 forecast cites improved U.S. economic growth as a factor. Even so, uncertainty remains based on which proposed U.S. economic and fiscal policy changes will be enacted and their resulting economic impact. The state economic forecast indicates that consumer spending is expected to remain the primary contributor to growth in the economy. In this outlook, real consumer spending is expected to grow 3.2 percent in 2018, compared to 2.5 percent in the November 2016 outlook.

For 2017, the County budgeted \$1.94 billion to provide essential services and to make strategic investments in the future. Budget highlights include:

- The 2017 County operating budget reflects a decrease of \$28.4 million or 1.7% from the 2016 adjusted operating budget. The 2017 capital budget totals \$308.4 million, which is \$14.1 million more than the 2016 adjusted capital budget.
- Budgeted property tax revenues are \$745.3 million or 38.5% of the 2016 budgeted revenue of \$1.9 billion. This is an increase of \$32 million or 4.5% from the 2016 adjusted budget.
- For 2016, other tax revenues are budgeted at \$58.0 million. The major components are \$36.6 million in Ballpark sales tax revenues to be utilized to pay debt service on the Ballpark bonds and for other uses allowed by legislation; \$9.7 million in wheelage tax revenues to be utilized primarily for preservation, efficiency, safety and modernization of roads and bridges; and \$9.5 million budgeted for tax increment financing revenues.
- The Human Services program is projecting an estimated \$45.1 million in revenues for fees and services in 2017. The majority of this revenue relates to case management and other services for specialized populations, such as vulnerable adults and at-risk children, and is reimbursed by Federal/State Medical Assistance funding at pre-established rates for units of service.
- Another major source of fee and service revenue is the Solid Waste program, which collects fees for services associated with management of solid waste. In 2017, \$53.5 million is budgeted as revenue from tipping fees, ordinances, and solid waste fees.
- A majority of the County's budget relates to the Human Services, Public Safety and Operations (including debt) programs. In 2017, these programs account for 61.8% of the appropriated expenditure budget and 78.2% of budgeted FTEs.

The County maintains strong financial management and continues to receive the highest possible credit rating. As in past years, the County's long-term general obligation debt received AAA from Standard and Poor's Ratings Services, AAA from Fitch Ratings, and Aaa from Moody's Investors Service.

Financial Reporting Award and Acknowledgements



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's comprehensive annual financial reports for the years 1974 through 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

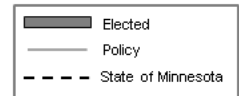
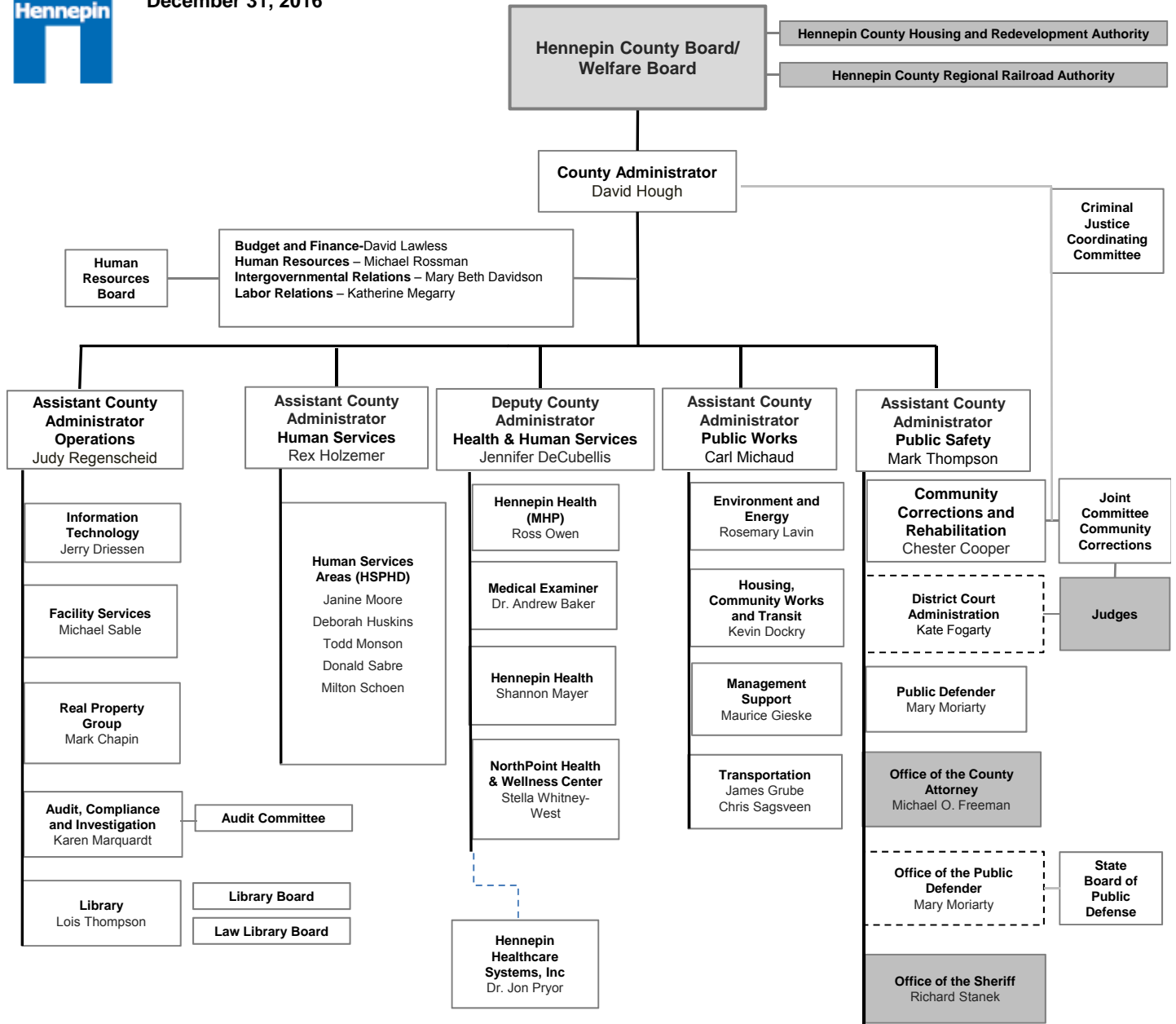
The preparation of this report could not have been accomplished without the dedicated services of the entire financial staff of the County. We would like to express appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Commissioners for their support for maintaining the highest standards of professionalism in the management of the County's finances.



David J. Hough
County Administrator



David R. Lawless
Director of Budget and Finance



Hennepin County, Minnesota
Principal Officials
December 31, 2016



Commissioners:

District 1	Mike Opat
District 2	Linda Higgins
District 3	Marion Greene
District 4	Peter McLaughlin
District 5	Randy Johnson
District 6	Jan Callison, Chair
District 7	Jeff Johnson

County Administrator

David Hough

Assistant County Administrator – Public Works

Carl Michaud

Assistant County Administrator – Public Safety

Mark Thompson

Deputy County Administrator – Health

Jennifer DeCubellis

Assistant County Administrator – Human Services

Rex Holzemer

Assistant County Administrator – Operations

Judy Regenscheid

Governmental Activities Departments and Directors

Public Works:

Kevin Dockry
Maurice Gieske
Jim Grube
Chris Sagsveen

Public Safety:

Public Safety Administration & Integration
County Attorney
Public Defender
Sheriff
Community Corrections and Rehabilitation

Mark Thompson
Michael Freeman
Mary Moriarty
Richard Stanek
Chester Cooper

Health:

NorthPoint Health & Wellness Center
Medical Examiner

Stella Whitney-West
Andrew Baker, M.D.

Libraries

Lois Langer Thompson

Human Services:

Area Director
Area Director
Area Director
Area Director
Area Director
Veteran's Services

Curt Haats
Janine Moore
Deborah Huskins
Todd Monson
Donald Sabre
Milton Schoen

Operations:

Budget and Finance
Facility Services
Information Technology
Information Technology
Real Property Group
Human Resources
Audit, Compliance, and Investigation Services

David Lawless
Michael Sable
Glen Gilbertson
Jerry Driessen
Mark Chapin
Michael Rossman
Karen Marquardt

Business-type Activities Departments and Directors

Hennepin Health
Environment and Energy

Shannon Mayer
Rosemary Lavin

Financial Section

Independent Auditor's Report

To the Board of County Commissioners
Hennepin County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for the retiree health plan, schedule of defined benefit pension plan contributions, schedule of County proportionate share of defined benefit pension plans, budgetary comparison schedules, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The 2016 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 supplementary information is fairly stated, in all material respects, in relation to the 2016 basic financial statements taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County's 2015 basic financial statements (not presented herein) and have issued our report dated May 31, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, as listed in the table of contents, as of and for the year ended December 31, 2015, is 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 2015 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements, or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 supplementary information is fairly stated, in all material respects, in relation to the 2015 basic financial statements taken as a whole.

The financial highlights, introductory section and statistical section, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated May 31, 2017, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
May 31, 2017



Management's Discussion and Analysis

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of Hennepin County and its blended component units for the year ended December 31, 2016. The information provided here should be read in conjunction with the letter of transmittal that begins on page 1 and the notes to the financial statements, which are presented on pages 45 to 82.

FINANCIAL HIGHLIGHTS

Government-Wide

At December 31, 2016, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.16 billion. Of this amount, \$110.8 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.34 billion.

The primary government's \$48.1 million decrease in net position during the year primarily relates to changes in pension amounts reported under the requirements of GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, which reduced net position by \$64.2 million in 2016. The County is required to report a net pension liability, as well as related deferred outflows and inflows of resources and expenses, in the government-wide financial statements. The net pension liability is the County's proportionate share of the difference between total pension liability (the present value of projected benefit payments to employees based on their past service) and the fair value of pension assets set aside in a trust run by the State of Minnesota (the State) to pay pension benefits. Although GASB 68 requires the County to report the net pension liability and related amounts, the County is not legally liable for these amounts, and the County's actual contributions to pension plans are not impacted by this change in reporting. Only Minnesota's legislature has the power to change pension contribution rates. Historically, rate increases have been for both employer and employee contributions, and the legislature has at times required special funding from the State. However, under the requirements of GASB 68, the net pension liability is measured as if only the employer would bear the burden of a potential future funding shortfall. The primary government's year-end net position is reported approximately \$522.8 million lower under the requirements of GASB 68 than net position would be without those requirements, resulting in the reporting of deficit unrestricted net position.

Fund Level

As reported in the governmental fund balance sheets on pages 34 and 35, at the end of 2016 the County's governmental funds reported total ending fund balances of \$592.8 million. The \$55.1 million increase in fund balance during 2016 was primarily due to the County's issuance of debt for ongoing County capital projects and ongoing support to the Medical Center component unit for construction of the Ambulatory Outpatient Specialty Center.

Unassigned fund balance for the General Fund was \$128.3 million, or approximately 22.1% of total General Fund expenditures for the year ended December 31, 2016, compared to \$138.8 million and 24.6% for 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements which include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

- *The Statement of Net Position* presents the County's assets and deferred outflows, which are equal to the reported liabilities, deferred inflows, and net position. Over time, increases or decreases in net position serve as an indicator of whether the financial position of the County is improving or deteriorating.
- *The Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused postemployment healthcare benefits).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include Operations, Human Services, Health, Public Safety, Public Works, Libraries, and Interest on Debt. The business-type activities of the County include Hennepin Health Plan, Environmental Services, and Other Enterprises.

The *primary government* shown in the government-wide financial statements includes two legally separate blended component units, the Hennepin County Regional Railroad Authority (RRA) and the Hennepin County Housing and Redevelopment Authority (HRA). The County's discretely presented component unit, Hennepin Healthcare System, Inc. d.b.a. Hennepin County Medical Center (Medical Center), is shown separately from the primary government. The government-wide financial statements can be found on pages 29 to 33 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information can assist in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Fund Financial Statements – continued

Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 47 to 50 of the Notes to the Basic Financial Statements.

The County maintains the following governmental fund types: the General Fund, special revenue funds, debt service funds, and capital projects funds. The County has five special revenue funds: Human Services Fund, Library Fund, the Ballpark Sales Tax Fund, and the funds for the two blended component units, the RRA and the HRA. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for each of these funds. The basic governmental fund financial statements can be found on pages 34 to 40.

- **Proprietary funds** provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. They are divided into two different types of funds: *enterprise funds* and *internal service funds*.

The proprietary fund financial statements provide separate information for the Hennepin Health and Solid Waste *enterprise funds*, both of which are considered to be major funds of the County. Conversely, the *nonmajor enterprise funds* are combined into a single, aggregated presentation in the proprietary fund financial statements.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. These funds are also combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 41 to 43 of this report. Individual fund data for the nonmajor enterprise funds, as well as for the internal service funds, is provided in the form of *combining statements* in the supplementary information section of this report.

- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is the same as the method used for proprietary funds. The basic fiduciary fund financial statement can be found on page 44 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 45 to 82 of this report.

Required and Supplementary Information

Required and supplementary information beginning on page 83 includes the Schedule of Funding Progress for the Retiree Health Plan, Schedule of Defined Benefit Pension Plan Contributions, Schedule of County Proportionate Share of Defined Benefit Pension Plans, schedules of revenue and expenditures for individual funds with a comparison of actual revenues and actual expenditures compared to budget and prior year, schedules of expenditures by program for specific funds, and combining schedules for internal service funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As shown in the table below, County assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.16 billion on December 31, 2016.

Summary of Net Position (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 880.6	\$ 798.6	\$ 101.5	\$ 124.8	\$ 982.1	\$ 923.4
Noncurrent Assets:						
Other assets	431.8	350.0	10.1	1.2	441.9	351.2
Net capital assets	1,864.7	1,772.0	131.0	126.0	1,995.7	1,898.0
Total assets	3,177.1	2,920.6	242.6	252.0	3,419.7	3,172.6
Deferred outflows of resources	357.3	70.3	4.2	1.2	361.5	71.5
Current Liabilities	296.2	215.8	38.4	61.7	334.6	277.5
Noncurrent Liabilities	2,183.5	1,660.0	27.8	13.6	2,211.3	1,673.6
Total liabilities	2,479.7	1,875.8	66.2	75.3	2,545.9	1,951.1
Deferred inflows of resources	72.0	80.6	0.5	1.5	72.5	82.1
Net Position:						
Net investment in capital assets	1,219.9	1,115.1	120.6	125.1	1,340.5	1,240.2
Restricted	55.6	60.0	55.2	46.3	110.8	106.3
Unrestricted (deficit)	(292.8)	(140.6)	4.3	5.0	(288.5)	(135.6)
Total Net Position	\$ 982.7	\$ 1,034.5	\$ 180.1	\$ 176.4	\$ 1,162.8	\$ 1,210.9

The largest portion of the County's net position reflects the net investment in capital assets (e.g., land, buildings, equipment, roads, and bridges net of any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$110.8 million portion of the County's net position represents resources that are subject to external restrictions on how they may be used. As indicated previously, the reported \$288.5 million deficit unrestricted government-wide net position as of December 31, 2016 is approximately \$522.8 million lower than net position would be without the required inclusion of GASB 68 pension amounts.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position

As shown in the table below, the County’s net position decreased in the current year by \$48.1 million from the 2015 net position, a change from 2015 of 4%.

	Changes in Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 141.6	\$ 140.9	\$ 184.2	\$ 198.7	\$ 325.8	\$ 339.6
Operating grants and contributions	348.4	338.6	5.9	5.6	354.3	344.2
Capital grants and contributions	89.1	75.9	0.7	-	89.8	75.9
General revenues:						-
Property taxes	765.2	736.1	-	-	765.2	736.1
Sales tax	36.5	35.8	-	-	36.5	35.8
Wheelage tax	9.9	10.0	-	-	9.9	10.0
Other taxes	3.5	3.5	3.6	3.7	7.1	7.2
Grants and contributions	32.5	32.4	-	-	32.5	32.4
Investment earnings	6.2	8.3	-	-	6.2	8.3
Change in equity interest in component unit	(27.9)	33.4	-	-	(27.9)	33.4
Total Revenues	1,405.0	1,414.9	194.4	208.0	1,599.4	1,622.9
Expenses:						
Operations	198.1	172.8	-	-	198.1	172.8
Human Services	578.8	518.7	-	-	578.8	518.7
Health	66.7	72.3	-	-	66.7	72.3
Public Safety	348.2	290.4	-	-	348.2	290.4
Public Works	95.3	90.2	-	-	95.3	90.2
Libraries	90.0	77.5	-	-	90.0	77.5
Housing and Redevelopment Authority	11.0	10.2	-	-	11.0	10.2
Regional Railroad Authority	24.7	23.9	-	-	24.7	23.9
Interest on long-term debt	44.0	43.2	-	-	44.0	43.2
Hennepin Health Plan	-	-	128.0	148.1	128.0	148.1
Environmental Services	-	-	59.0	63.3	59.0	63.3
Other Enterprises	-	-	3.7	3.3	3.7	3.3
Total Expenses	1,456.8	1,299.2	190.7	214.7	1,647.5	1,513.9
Increase (decrease) in net position before transfers	(51.8)	115.7	3.7	(6.7)	(48.1)	109.0
Transfers	-	1.0	-	(1.0)	-	-
Increase (decrease) in net position	(51.8)	116.7	3.7	(7.7)	(48.1)	109.0
Net Position – Beginning	1,034.5	917.8	176.4	184.1	1,210.9	1,101.9
Net Position – Ending	\$ 982.7	\$ 1,034.5	\$ 180.1	\$ 176.4	\$ 1,162.8	\$ 1,210.9

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position – continued

The 2016 decrease in government-wide net position included:

- a \$51.8 million decrease for governmental activities, which was primarily due to the \$64.2 million decrease relating to the required inclusion of GASB 68 pension amounts, and
- a \$3.7 million business-type activities increase, relating primarily to higher revenues than anticipated for tipping fees received at the Hennepin Energy Recovery Center (HERC) and for the selling of scrap metal. Expenditures were also lower than anticipated as the cost to process solid waste decreased from 2015 and there was a large reduction of spending for environmental programs.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental fund statements is to provide information on near-term inflows, near-term outflows, and balances of net resources. Such information is useful in assessing the County's financing requirements. In the governmental funds in particular, unassigned fund balance serves as a measure of available net resources.

As discussed in the financial highlights, the County's governmental funds reported combined ending fund balances of \$592.8 million an increase of \$55.1 million from the prior year's ending balances. Approximately 22.1% of total governmental fund balance, or \$128.3 million, is included in the unassigned (residual) classification for the General Fund, showing that it has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in nonspendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - CONTINUED

Governmental Funds – continued

Revenues

The table below presents the revenues reported in the governmental funds by source, as well as increases or decreases from the prior year.

Revenues Classified by Source Governmental Funds (in millions)						
Revenues by Source:	2016		2015		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Property taxes	\$ 771.1	52.5%	\$ 746.9	52.6%	\$ 24.2	3.2%
Sales tax	36.5	2.5%	35.8	2.5%	0.7	2.0%
Wheelage tax	9.9	0.7%	9.9	0.7%	-	0.0%
Other taxes	3.5	0.2%	3.5	0.2%	-	0.0%
Intergovernmental	472.0	32.1%	445.0	31.3%	27.0	6.1%
Investment earnings (losses)	6.3	0.4%	8.6	0.6%	(2.3)	-26.7%
Charges for services	137.5	9.4%	139.7	9.8%	(2.2)	-1.6%
Fines and forfeits	1.6	0.1%	1.8	0.1%	(0.2)	-11.1%
Licenses and permits	8.0	0.5%	7.8	0.5%	0.2	2.6%
Other	22.9	1.6%	21.8	1.5%	1.1	5.0%
Total Revenues	\$1,469.3	100%	\$1,420.8	100%	\$ 48.5	3.4%

Governmental fund revenues that changed significantly from the prior year are explained below.

- **Property taxes** increased \$24.2 million due to the 4.48% increase in the tax levy.
- **Intergovernmental revenue** was \$27 million higher than the 2015 level, primarily due to the receipt of \$29.4 million of state aid for the Franklin Avenue Bridge and for Highway 101 during 2016.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - CONTINUED

Governmental Funds – continued

Expenditures

The table below presents expenditures by function as well as increases or decreases from the prior year. In 2016, governmental fund expenditures increased \$209.5 million compared to 2015 expenditures.

Expenditures by Function Governmental Funds (in millions)						
Expenditures by Function:	2016		2015		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Operations	\$ 244.3	14.3%	\$ 180.8	12.1%	\$ 63.5	35.1%
Human services	553.4	32.5%	516.0	34.5%	37.4	7.2%
Health	62.2	3.6%	70.7	4.7%	(8.5)	-12.0%
Public safety	285.8	16.8%	266.2	17.8%	19.6	7.4%
Public works	71.5	4.2%	67.5	4.5%	4.0	5.9%
Libraries	78.0	4.6%	74.9	5.0%	3.1	4.1%
HRA	43.2	2.5%	13.0	0.9%	30.2	232.3%
RRA	24.5	1.4%	23.8	1.6%	0.7	2.9%
Debt service:						
Principal retirement	111.7	6.6%	83.5	5.6%	28.2	33.8%
Interest and fiscal charges	45.9	2.7%	47.1	3.2%	(1.2)	-2.5%
Capital projects	183.3	10.8%	150.8	10.1%	32.5	21.6%
Total Expenditures	\$1,703.8	100.0%	\$1,494.3	100.0%	\$209.5	14.0%

The governmental fund expenditures that changed significantly in 2016 from the prior year included those in the following functional categories:

- **Operations** expenditures increased \$63.5 million from the 2015 level, primarily due to the County's provision of \$81 million to the Medical Center discretely presented component unit for various Medical Center capital projects, primarily the \$62.9 million contributed for continued construction of the Ambulatory Outpatient Specialty Center.
- Expenditures for **Human Services** increased by \$37.4 million in 2016. Personal Services increased by \$22.5 million as additional employees were hired mid-year to help manage the integrity requirements of the State's new medical assistance program that was implemented and the increased workload of additional cases migrating to the states Minnesota Eligibility System. Public Assistance continued to increase, and was up by \$8.2 million from 2015 relating to increased foster care expenditures due to an increase in the number of children in child protection and longer lengths of stay in foster care.
- The majority of the \$19.6 million increase in **Public Safety** expenditures were due to additional employees hired in 2016 to reduce consultant costs relating to the Hennepin Justice Integrity Program, and to move personnel to the Sheriff's Office from an internal service fund.
- **HRA** expenditures increased \$30.2 million due to the ongoing construction of the new South Minneapolis Regional Human Services Center.
- **Principal Retirement** increased \$28.2 million due to use of \$15 million of existing County cash to refund old debt, and due to optional payments of \$7 million for early redemption on sales tax revenue bond issues outstanding.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Fund Balances

The **General Fund** is the County's primary operating fund. At the end of 2016, total fund balance for the General Fund was \$189.8 million and unassigned fund balance was \$128.3 million. Comparing the unassigned fund balance and total fund balance to total fund expenditures can be used as a measure of liquidity. The General Fund unassigned fund balance represents 21.6% of the total governmental fund balances and represents 22.1% of the total General Fund expenditures. In 2015, the unassigned fund balance represented 25.8% of total governmental fund balances and 24.6% of General Fund expenditures. The General Fund ended the year with a decrease of \$6.5 million in fund balance largely due to the \$6 million unrealized loss on investments reported at year-end.

Fund balance in the **Human Service Fund** decreased \$8.6 million from 2015 due to higher than expected costs relating to increased foster care expenditures due to an increase in the number of children in child protection and longer lengths of stay in foster care.

The \$6.8 million increase in fund balance in the **Ballpark Sales Tax Fund** related to smaller transfers to the debt service fund than originally expected.

The **HRA Fund** balance decreased by \$6.1 million due to the planned use of fund balance for projects such as the new South Minneapolis Regional Human Services Center.

Fund balance in the **General Debt Service Fund** increased \$9 million due to lower variable rate interest expenditures and healthy tax collections at the statutory 105% levy requirement. In addition, debt service expenditures for new bonds to be issued in 2016 were budgeted but not expended as these new bonds were structured to pay first principal and interest in 2017.

The **General Capital Project Fund** had a net fund balance increase from 2015 of \$57 million. This increase was a result of the County issuing bonds late in 2016 to fund ongoing capital projects.

Fund balances in the Library Fund, RRA Fund, and RRA Debt Service Fund did not change significantly in 2016.

General Fund Budgetary Highlights

The General Fund 2016 budget did not change significantly between the time of original approval and the time the amended budget was finalized. The revenue budget was decreased by \$.5 million and the expenditure budget was decreased by \$1.5 million. The General Fund expenditure budget decrease primarily related to:

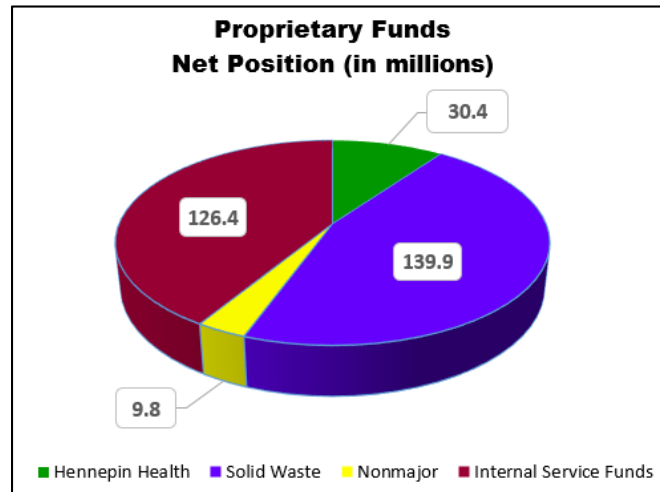
- Budget transfers totaling \$.6 million to the Human Services Fund to allow spending needed to meet new State Medical Assistance (MA) program requirements, to handle the workload of additional MA cases, and for person-centered service planning and delivery, and
- Budget transfers to the Capital Projects Fund totaling \$.3 million for County support of the design and construction of the Cedar Riverside Opportunity Center.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Proprietary Funds

Other than some differences in the treatment of internal service funds, the proprietary fund information reflected in the supplementary information section of this report provides essentially the same data as what is included in the business-type activities in the government-wide financial statements. However, more detail is included to facilitate analysis of individual funds' activities.

Total proprietary fund net position, shown in the chart below, was positive at the end of the year for each fund exhibited.



Enterprise Funds' total net position increased by \$3.9 million during 2016. The Solid Waste Fund increased \$2.6 million in 2016 mainly due to Environmental Services line of business. Revenues were higher than anticipated due to an increase received in tipping fees at the HERC and the favorable revenue received from the selling of scrap metal. Expenditures were also lower than anticipated as the cost to process solid waste had decreased from 2015 and a large reduction of spending for environmental programs than in previous years.

Internal Service Funds' total net position decreased overall by \$8 million. The Employee Health Plan Self Insurance fund decreased by \$7.8 million primarily due to additional employees and higher medical claims.

Fiduciary Fund

The County maintains one fiduciary fund, an agency fund used to account for assets that the County holds for others in an agency capacity, including pass-through grants that are equivalent to pure cash conduits; client, inmate, and other governmental agency funds held in the custody of the County; and revenues collected on behalf of other governmental units related to property taxes. Amounts held or due as agent at year-end totaled \$135.4 million, a 1.2% decrease from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the table below, the County's net capital assets for both governmental and business-type activities as of December 31, 2016, totals approximately \$2.0 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures. The table below summarizes the County's change in net capital assets during 2016. Additional information on the County's capital assets can be found in Note 5 on pages 58 to 59 of this report.

Hennepin County's Capital Assets (in millions)						
	Governmental Activities		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 106.8	\$ 107.3	\$ 9.2	\$ 9.2	\$ 116.0	\$ 116.5
Land improvements	35.5	34.4	1.9	1.9	37.4	36.3
Buildings	828.1	812.1	164.4	164.4	992.5	976.5
Equipment	177.3	175.8	39.2	29.1	216.5	204.9
Software	34.4	34.0	-	-	34.4	34.0
Library books and other media	50.5	46.8	-	-	50.5	46.8
Leasehold improvements	21.1	18.2	1.3	1.7	22.4	19.9
Arts & historical treasures	5.0	4.8	-	-	5.0	4.8
Infrastructure	1,462.2	1,361.8	-	-	1,462.2	1,361.8
Construction in progress	193.4	170.1	1.4	0.7	194.8	170.8
Total capital assets	2,914.3	2,765.3	217.4	207.0	3,131.7	2,972.3
Less: accumulated depreciation and amortization	(1,049.6)	(993.3)	(86.4)	(81.0)	(1,136.0)	(1,074.3)
Total capital assets, net	\$ 1,864.7	\$ 1,772.0	\$ 131.0	\$ 126.0	\$ 1,995.7	\$ 1,898.0
<i>Percent change from prior year</i>	<i>5.2%</i>		<i>4.0%</i>		<i>5.1%</i>	

Net capital assets increased \$97.7 million during 2016 and some of the significant changes are described below.

Governmental Activities:

- **Infrastructure** increased by approximately \$100.4 million from 2015 due to several road projects completed in 2016. The two most significant projects were Highway 101, a road project in Minnetonka, Woodland and Wayzata at \$53.3 million and Highway 48 a project on Minnehaha Avenue from 46th to Lake Street at \$18.7 million.
- Ongoing building and road construction projects increased **construction in progress (CIP)** by \$23.3 million in 2016. CIP additions during the year for the South Minneapolis Hub Building were \$29.8 million.

Business-Type Activities:

- **Equipment** additions totaling \$10.1 million in 2016 for Environmental Services were for modification of the boiler system at HERC. This modifications provide improvements in burning solid waste and producing steam and electricity, and aid compliance with Federal and State requirements for waste processing and pollution control systems.

CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

Debt Administration

As shown in the table below, General Obligation (G.O.) bonds and notes increased by \$185.6 million from 2015 to 2016.

- \$104.3 million of G.O. bonds were issued to finance a loan to the Medical Center component unit for the first phase of the construction of the Ambulatory Outpatient Specialty Center.
- \$95 million of G.O. bonds were issued to finance County-wide capital improvements.
- \$59.9 million of refunding G.O. bonds were issued, and the proceeds, the premium and \$15 million of County cash were used to refund \$86.1 million of older G.O. bonds.

Hennepin County's Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds and notes	\$ 1,053.6	\$ 877.6	\$ 10.4	\$ 0.8	\$ 1,064.0	\$ 878.4
Revenue bonds	236.3	249.5	-	-	236.3	249.5
Notes payable	4.9	5.4	-	-	4.9	5.4
	\$ 1,294.8	\$ 1,132.5	\$ 10.4	\$ 0.8	\$ 1,305.2	\$ 1,133.3

In addition to regularly scheduled 2016 principal payments and the optional \$15 million early redemption discussed above, the County made optional payments of \$7 million for the early redemption of sales tax revenue bonds.

State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the taxable market value of property. The County's outstanding net levy supported debt is significantly below the \$4.62 billion statutory limit.

The County's credit ratings on long-term G.O. bonds as of December 31, 2016 were:

Standard and Poor's Ratings Services	AAA
Fitch Ratings	AAA
Moody's Investors Service	Aaa

Additional information on the County's long-term debt can be found in Notes 10 and 11 on pages 64 to 68 of this report and on the Schedule of Changes in Long-term Debt, located on pages 108 through 109.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2017 Hennepin County governmental and enterprise fund budgets total \$1.94 billion, including a net property tax levy of \$759.4 million. The budget for 2017 decreased \$14.2 million (.7%) from the final 2016 budget. The property tax levy is an increase of \$32.6 million (4.5% higher) than the 2016 level. The 2017 budget includes funding for a total of 8,466.7 FTEs, representing a 5.4% increase over 2016.

The 2017 capital budget increased \$13 million compared to the 2016 final budget level. The \$308.4 million capital budget includes \$159.1 million for the various road, bridge projects; \$64.6 million for the final phase of construction of the new Ambulatory Outpatient Specialty Center by the Medical Center; and \$51 million of various improvements at County facilities.

The 2017 budget for general debt service totals \$134.9 million. The 2017 property tax requirement for debt service remained flat from 2016 at \$86.9 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – CONTINUED

The overall state economic environment relating to the 2017 budget process was modestly stronger compared to the conditions of 2016. The February 2017 State of Minnesota's budget and economic forecast predicts a \$1.65 billion surplus for the biennium ending on June 30, 2019, an increase of \$250 million from the November 2016 forecast. The February 2017 forecast cites improved U.S. economic growth as a factor. Even so, uncertainty remains based on which proposed U.S. economic and fiscal policy changes will be enacted and their resulting economic impact. The state economic forecast indicates that consumer spending is expected to remain the primary contributor to growth in the economy. In this outlook, real consumer spending is expected to grow 3.2 percent in 2018, compared to 2.5 percent in the November 2016 outlook. In December 2016, Hennepin County's unemployment rate of 3.4 percent was lower than both the national and state rates, at 4.9 and 3.9 percent respectively.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview for those interested in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Hennepin County Office of Budget and Finance, A-2301 Government Center, Minneapolis, MN 55487-0231, or readers may call (612) 348-5125. The County's Comprehensive Annual Reports can also be found at www.hennepin.us/cafr.



Basic Financial Statements

Hennepin County, Minnesota
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
ASSETS AND DEFERRED OUTFLOWS				
Current Assets:				
Cash and investments	\$ 764,658,380	\$ 85,760,804	\$ 850,419,184	\$ 68,880,983
Receivables, net	92,348,473	16,673,219	109,021,692	186,914,221
Internal balances	1,246,744	(1,246,744)	-	-
Due from component unit or primary government	2,851,882	37,059	2,888,941	4,205,205
Prepaid items	9,016,183	293,794	9,309,977	8,102,720
Inventories	3,926,892	4,307	3,931,199	6,091,191
Land held for resale	6,583,789	-	6,583,789	-
Total Current Assets	<u>880,632,343</u>	<u>101,522,439</u>	<u>982,154,782</u>	<u>274,194,320</u>
Noncurrent Assets:				
Cash and investments	182,118,339	9,018,105	191,136,444	43,268,964
Due from component unit or primary government	62,937,350	-	62,937,350	-
Notes receivable	111,699,040	1,084,272	112,783,312	-
Equity interest in component unit	75,002,622	-	75,002,622	-
Capital assets:				
Land	106,806,107	9,164,524	115,970,631	28,603,000
Land improvements	35,484,487	1,893,908	37,378,395	-
Buildings	828,072,042	164,392,139	992,464,181	376,962,000
Equipment	177,342,244	39,246,864	216,589,108	219,953,000
Software	34,427,737	-	34,427,737	4,061,000
Library books and other media	50,503,561	-	50,503,561	-
Leasehold improvements	21,126,625	1,262,103	22,388,728	25,506,000
Art and historical treasures	4,970,513	-	4,970,513	-
Infrastructure	1,462,211,107	-	1,462,211,107	-
Construction in progress	193,357,887	1,442,971	194,800,858	99,716,000
Total capital assets	<u>2,914,302,310</u>	<u>217,402,509</u>	<u>3,131,704,819</u>	<u>754,801,000</u>
Less accumulated depreciation and amortization	<u>(1,049,580,735)</u>	<u>(86,423,935)</u>	<u>(1,136,004,670)</u>	<u>(417,363,766)</u>
Net Capital Assets	<u>1,864,721,575</u>	<u>130,978,574</u>	<u>1,995,700,149</u>	<u>337,437,234</u>
Total Noncurrent Assets	<u>2,296,478,926</u>	<u>141,080,951</u>	<u>2,437,559,877</u>	<u>380,706,198</u>
Total Assets	<u>3,177,111,269</u>	<u>242,603,390</u>	<u>3,419,714,659</u>	<u>654,900,518</u>
Deferred Outflows of Resources:				
Pension-related	345,096,024	4,227,245	349,323,269	233,422,816
Deferred charge on debt refunding	12,242,772	-	12,242,772	-
Total Deferred Outflows of Resources	<u>357,338,796</u>	<u>4,227,245</u>	<u>361,566,041</u>	<u>233,422,816</u>
Total Assets and Deferred Outflows	<u>\$ 3,534,450,065</u>	<u>\$ 246,830,635</u>	<u>\$ 3,781,280,700</u>	<u>\$ 888,323,334</u>

Continued on next page

Hennepin County, Minnesota
Statement of Net Position
December 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current Liabilities:				
Accounts and contracts payable	\$ 110,438,097	\$ 5,434,185	\$ 115,872,282	\$ 36,255,339
Accrued interest payable	4,606,494	-	4,606,494	-
Accrued liabilities	29,504,188	17,748,197	47,252,385	57,225,025
Due to component unit or primary government	68,270	4,136,935	4,205,205	2,888,941
Commercial paper	75,000,000	-	75,000,000	-
Unearned revenue	8,583,480	10,382,356	18,965,836	-
Workers' compensation claims	1,500,000	-	1,500,000	1,700,000
Revenue bonds	6,355,000	-	6,355,000	-
General obligation bonds and notes	52,788,701	521,299	53,310,000	-
Notes payable	518,092	-	518,092	-
Compensated absences	6,865,001	200,000	7,065,001	-
Total Current Liabilities	<u>296,227,323</u>	<u>38,422,972</u>	<u>334,650,295</u>	<u>98,069,305</u>
Noncurrent Liabilities:				
Workers' compensation claims	14,609,236	-	14,609,236	12,450,000
Due to component unit or primary government	-	-	-	62,937,350
Revenue bonds	229,940,534	-	229,940,534	-
General obligation bonds and notes	1,000,846,817	9,898,122	1,010,744,939	-
Notes payable	4,344,736	-	4,344,736	-
Net pension	785,332,343	14,365,223	799,697,566	473,315,726
Postemployment healthcare benefits	61,334,742	2,051,697	63,386,439	40,156,282
Compensated absences	87,144,324	1,474,793	88,619,117	39,802,981
Total Noncurrent Liabilities	<u>2,183,552,732</u>	<u>27,789,835</u>	<u>2,211,342,567</u>	<u>628,662,339</u>
Total Liabilities	<u>2,479,780,055</u>	<u>66,212,807</u>	<u>2,545,992,862</u>	<u>726,731,644</u>
Deferred Inflows of Resources:				
Pension-related	<u>71,962,495</u>	<u>512,809</u>	<u>72,475,304</u>	<u>86,589,068</u>
Net Position:				
Net investment in capital assets	1,219,864,333	120,559,153	1,340,423,486	274,499,884
Restricted for:				
Grant and donor restrictions	540,451	12,646	553,097	45,666,760
Debt service	39,060,631	-	39,060,631	-
Statutory requirements relating to:				
Regional Railroad Authority	1,452,787	-	1,452,787	-
Metropolitan health plan	-	28,385,731	28,385,731	-
Solid waste management	-	26,856,536	26,856,536	-
Youth sports	4,807,844	-	4,807,844	-
County Recorder technology and other	9,737,155	-	9,737,155	-
Unrestricted (deficit)	<u>(292,755,686)</u>	<u>4,290,953</u>	<u>(288,464,733)</u>	<u>(245,164,022)</u>
Total Net Position	<u>982,707,515</u>	<u>180,105,019</u>	<u>1,162,812,534</u>	<u>75,002,622</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,534,450,065</u>	<u>\$ 246,830,635</u>	<u>\$ 3,781,280,700</u>	<u>\$ 888,323,334</u>

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



Hennepin County, Minnesota
Statement of Activities
For the Year Ended December 31, 2016

	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
Operations	\$ 219,138,485	\$ 11,963,383	\$ 231,101,868	\$ (33,038,169)
Human Services	558,093,189	7,546,174	565,639,363	13,147,216
Health	64,420,280	938,826	65,359,106	1,353,204
Public Safety	328,217,865	8,606,448	336,824,313	11,395,073
Public Works	65,793,720	26,674,048	92,467,768	2,872,416
Libraries	69,283,668	16,625,359	85,909,027	4,067,610
Housing and Redevelopment Authority	10,336,041	632,729	10,968,770	68,742
Regional Railroad Authority	24,538,111	41,804	24,579,915	133,908
Interest on Long-term Debt	44,024,761	-	44,024,761	-
Total Governmental Activities	<u>1,383,846,120</u>	<u>73,028,771</u>	<u>1,456,874,891</u>	<u>-</u>
Business-type Activities:				
Hennepin Health Plan	128,082,233	16,269	128,098,502	-
Environmental Services	52,161,195	6,893,918	59,055,113	-
Other Enterprises	2,701,606	929,344	3,630,950	-
Total Business-type Activities	<u>182,945,034</u>	<u>7,839,531</u>	<u>190,784,565</u>	<u>-</u>
Total Primary Government	<u>\$ 1,566,791,154</u>	<u>\$ 80,868,302</u>	<u>\$ 1,647,659,456</u>	<u>\$ -</u>
Component Unit:				
Hennepin County Medical Center	<u>\$ 981,805,869</u>	<u>\$ 33,542,387</u>	<u>\$ 1,015,348,256</u>	<u>\$ -</u>

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

Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Hennepin County Medical Center
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
			Governmental Activities	Business-type Activities		
\$ 31,996,677	\$ 12,065,266	\$ -	\$ (154,001,756)	\$ -	\$ (154,001,756)	\$ -
47,896,357	252,954,990	-	(277,935,232)	-	(277,935,232)	-
26,810,379	5,545,840	-	(34,356,091)	-	(34,356,091)	-
18,586,084	35,774,766	-	(293,858,536)	-	(293,858,536)	-
9,464,679	37,036,550	88,900,910	40,061,955	-	40,061,955	-
3,810,045	3,409,635	-	(82,756,957)	-	(82,756,957)	-
2,286,707	1,676,798	-	(7,074,007)	-	(7,074,007)	-
768,950	13,801	169,464	(23,761,608)	-	(23,761,608)	-
-	-	-	(44,024,761)	-	(44,024,761)	-
<u>141,619,878</u>	<u>348,477,646</u>	<u>89,070,374</u>	<u>(877,706,993)</u>	<u>-</u>	<u>(877,706,993)</u>	<u>-</u>
127,883,397	338,331	768,430	-	891,656	891,656	-
52,352,065	5,632,987	-	-	(1,070,061)	(1,070,061)	-
4,018,439	-	-	-	387,489	387,489	-
<u>184,253,901</u>	<u>5,971,318</u>	<u>768,430</u>	<u>-</u>	<u>209,084</u>	<u>209,084</u>	<u>-</u>
<u>\$ 325,873,779</u>	<u>\$ 354,448,964</u>	<u>\$ 89,838,804</u>	<u>(877,706,993)</u>	<u>209,084</u>	<u>(877,497,909)</u>	<u>-</u>
<u>\$ 895,325,418</u>	<u>\$ 70,625,536</u>	<u>\$ 18,029,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,367,362)</u>
General Revenues:						
Property taxes			765,198,455	-	765,198,455	-
Sales tax			36,468,191	-	36,468,191	-
Wheelage tax			9,918,363	-	9,918,363	-
Other taxes			3,514,045	3,647,892	7,161,937	-
Grants & contributions not restricted to specific programs . . .			32,451,058	-	32,451,058	-
Unrestricted investment earnings			6,167,796	-	6,167,796	3,454,471
Change in equity interest in component unit			(27,912,891)	-	(27,912,891)	-
Total General Revenues and Transfers			<u>825,805,017</u>	<u>3,647,892</u>	<u>829,452,909</u>	<u>3,454,471</u>
Change in Net Position			(51,901,976)	3,856,976	(48,045,000)	(27,912,891)
Net Position - Beginning			<u>1,034,609,491</u>	<u>176,248,043</u>	<u>1,210,857,534</u>	<u>102,915,513</u>
Net Position - Ending			<u>\$ 982,707,515</u>	<u>\$ 180,105,019</u>	<u>\$ 1,162,812,534</u>	<u>\$ 75,002,622</u>

Regional Railroad Authority (RRA)	RRA Debt Service	General Debt Service	General Capital Projects	Totals	
				2016	2015
\$ 39,306,842	\$ 297,074	\$ 25,399,154	\$ 164,063,725	\$ 752,766,443	\$ 631,519,815
-	-	-	-	494,305	1,298,860
209,144	-	672,001	41,497	8,177,609	8,948,950
-	-	-	7,030,833	65,030,364	65,582,305
-	-	-	45,258	3,202,975	3,549,722
-	-	-	13,198,051	14,444,795	13,840,136
127,630	-	-	743,108	14,834,324	6,725,632
-	-	-	-	2,831,957	1,642,077
-	-	-	-	3,306,720	3,387,492
-	-	-	-	6,583,789	6,583,789
-	-	95,880,000	-	111,699,040	116,978,381
434,435	-	1,720,749	-	19,635,071	13,867,159
<u>\$ 40,078,051</u>	<u>\$ 297,074</u>	<u>\$ 123,671,904</u>	<u>\$ 185,122,472</u>	<u>\$ 1,003,007,392</u>	<u>\$ 873,924,318</u>
\$ 1,030,607	\$ -	\$ 794,132	\$ 33,935,140	\$ 104,450,940	\$ 94,161,263
-	-	-	-	31,600	-
-	-	-	-	19,398,076	14,308,881
-	-	-	-	95,249,254	89,617,401
-	-	-	-	68,270	3,734,603
-	-	-	-	75,000,000	-
-	-	-	8,227,539	8,583,480	20,933,314
<u>1,030,607</u>	<u>-</u>	<u>794,132</u>	<u>42,162,679</u>	<u>302,781,620</u>	<u>222,755,462</u>
-	-	597,801	36,598	6,893,429	7,194,751
-	-	95,880,000	1,589,300	100,499,337	106,214,195
-	-	96,477,801	1,625,898	107,392,766	113,408,946
-	-	-	13,492,051	28,189,237	27,266,129
39,047,444	297,074	26,399,971	127,841,844	235,955,376	165,354,640
-	-	-	-	157,639,040	167,233,245
-	-	-	-	42,751,107	39,060,573
-	-	-	-	128,298,246	138,845,323
<u>39,047,444</u>	<u>297,074</u>	<u>26,399,971</u>	<u>141,333,895</u>	<u>592,833,006</u>	<u>537,759,910</u>
<u>\$ 40,078,051</u>	<u>\$ 297,074</u>	<u>\$ 123,671,904</u>	<u>\$ 185,122,472</u>	<u>\$ 1,003,007,392</u>	<u>\$ 873,924,318</u>

Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total governmental fund balances (page 35)	\$	592,833,006
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (The capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)		1,799,875,213
The equity interest in component unit is not a current financial resource and, therefore, is not reported in the governmental fund statements.		75,002,622
Certain assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the current period, but instead are deferred in the funds.		107,392,766
The long-term loan receivable from component unit is not reported in the primary government's fund statements because that receivable is offset by an equal amount of long-term debt not reported at the fund level.		62,937,350
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds that primarily serve governmental activities are included in governmental activities in the statement of net position. This reconciling item includes the adjustment to eliminate internal service fund surpluses and deficits.		143,991,373
Net pension liabilities and related deferred inflows and deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		(512,198,814)
Long-term liabilities and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		<u>(1,287,126,001)</u>
Net position of governmental activities (page 30)	\$	<u><u>982,707,515</u></u>

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



Hennepin County, Minnesota
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority
REVENUES					
Property taxes	\$ 340,499,862	\$ 235,664,730	\$ 64,976,685	\$ -	\$ 7,109,791
Sales tax	-	-	-	36,468,191	-
Wheelage tax	9,918,363	-	-	-	-
Other taxes	3,187,109	184,820	51,096	-	5,419
Intergovernmental	100,237,916	262,990,712	6,395,551	-	1,158,706
Investment earnings (losses)	5,570,663	-	27,641	23,443	40,329
Charges for services	89,825,078	43,824,990	1,056,068	-	2,056,900
Fines and forfeits	376,412	-	1,250,892	-	-
Licenses and permits	6,334,978	1,643,488	-	-	-
Other	18,863,885	1,413,621	1,425,543	-	229,807
Total Revenues	574,814,266	545,722,361	75,183,476	36,491,634	10,600,952
EXPENDITURES					
Current:					
Operations	161,005,276	-	-	2,305,651	-
Human services	-	553,443,954	-	-	-
Health	62,204,105	-	-	-	-
Public safety	285,755,221	-	-	-	-
Public works	71,479,236	-	-	-	-
Libraries	-	-	78,033,098	-	-
Housing and Redevelopment Authority	-	-	-	-	43,224,198
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital projects	-	-	-	-	-
Total Expenditures	580,443,838	553,443,954	78,033,098	2,305,651	43,224,198
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,629,572)</u>	<u>(7,721,593)</u>	<u>(2,849,622)</u>	<u>34,185,983</u>	<u>(32,623,246)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	3,031,097	863,664	2,300,000	-	27,347,520
Transfers out	(3,862,656)	(1,700,000)	-	(27,393,854)	(863,664)
Sale of capital assets	-	-	-	-	-
Debt premiums	-	-	-	-	-
Total Other Financing Sources (Uses)	(831,559)	(836,336)	2,300,000	(27,393,854)	26,483,856
Net Change in Fund Balances	(6,461,131)	(8,557,929)	(549,622)	6,792,129	(6,139,390)
Fund Balances - Beginning	196,230,528	133,841,510	42,415,072	9,737,873	18,445,582
Fund Balances - Ending	<u>\$ 189,769,397</u>	<u>\$ 125,283,581</u>	<u>\$ 41,865,450</u>	<u>\$ 16,530,002</u>	<u>\$ 12,306,192</u>

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

	Regional Railroad Authority	RRA Debt Service	General Debt Service	General Capital Projects	Totals	
					2016	2015
\$	27,023,703	\$ 2,879,011	\$ 87,079,647	\$ 5,825,543	\$ 771,058,972	\$ 746,943,774
	-	-	-	-	36,468,191	35,769,164
	-	-	-	-	9,918,363	9,965,015
	11,261	2,075	67,701	4,564	3,514,045	3,470,495
	13,801	-	12,338,316	88,900,910	472,035,912	444,999,327
	169,464	-	19,650	486,070	6,337,260	8,631,414
	755,575	-	-	-	137,518,611	139,607,449
	-	-	-	-	1,627,304	1,767,015
	-	-	-	-	7,978,466	7,816,949
	13,375	-	-	886,695	22,832,926	21,812,197
	<u>27,987,179</u>	<u>2,881,086</u>	<u>99,505,314</u>	<u>96,103,782</u>	<u>1,469,290,050</u>	<u>1,420,782,799</u>
	-	-	-	80,967,290	244,278,217	180,808,866
	-	-	-	-	553,443,954	515,973,604
	-	-	-	-	62,204,105	70,720,068
	-	-	-	-	285,755,221	266,219,052
	-	-	-	-	71,479,236	67,495,212
	-	-	-	-	78,033,098	74,876,993
	-	-	-	-	43,224,198	13,003,451
	24,538,111	-	-	-	24,538,111	23,768,353
	-	1,550,000	110,139,556	-	111,689,556	83,567,824
	-	1,339,500	44,525,468	-	45,864,968	47,073,271
	-	-	-	183,261,307	183,261,307	150,822,026
	<u>24,538,111</u>	<u>2,889,500</u>	<u>154,665,024</u>	<u>264,228,597</u>	<u>1,703,771,971</u>	<u>1,494,328,720</u>
	<u>3,449,068</u>	<u>(8,414)</u>	<u>(55,159,710)</u>	<u>(168,124,815)</u>	<u>(234,481,921)</u>	<u>(73,545,921)</u>
	-	-	59,865,000	199,285,000	259,150,000	-
	-	-	(35,304,504)	-	(35,304,504)	-
	507,905	-	25,722,970	2,830,000	62,603,156	91,512,238
	-	-	-	(28,782,982)	(62,603,156)	(90,386,342)
	-	-	-	483,806	483,806	1,483,608
	-	-	13,879,266	51,346,449	65,225,715	-
	<u>507,905</u>	<u>-</u>	<u>64,162,732</u>	<u>225,162,273</u>	<u>289,555,017</u>	<u>2,609,504</u>
	3,956,973	(8,414)	9,003,022	57,037,458	55,073,096	(70,936,417)
	<u>35,090,471</u>	<u>305,488</u>	<u>17,396,949</u>	<u>84,296,437</u>	<u>537,759,910</u>	<u>608,696,327</u>
\$	<u>39,047,444</u>	<u>\$ 297,074</u>	<u>\$ 26,399,971</u>	<u>\$ 141,333,895</u>	<u>\$ 592,833,006</u>	<u>\$ 537,759,910</u>

Hennepin County, Minnesota
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 For the Year Ended December 31, 2016

Net change in governmental fund balances (page 39) \$ 55,073,096

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

Capital outlays are reported by governmental funds 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. This is the amount by which capital outlays exceeded depreciation in the current period. 96,044,362

The net effect of **capital asset disposals, sales, and donations** is to decrease net position in the Statement of Activities. These amounts are not reported in the governmental funds because they do not affect current financial resources. Governmental funds only report proceeds from the sale of capital assets. (521,288)

The change in the **equity interest in component unit** reported in the statement of activities does not provide current financial resources and is not reported in the governmental funds. (27,912,891)

The long-term loan to component unit is a use of current financial resources (expenditure) in the governmental funds. However, in the statement of activities the long-term loan is offset by long-term debt. 62,937,350

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (6,016,180)

The issuance of **long-term debt** (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of the issuance and repayment of long-term debt. (167,898,202)

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds (i.e. interest on long-term debt, the amortization of long-term debt discount, and certain pension expenses). (59,139,911)

The net revenue of certain activities of **internal service funds** is reported with governmental activities. (4,468,312)

Change in net position of governmental activities (page 33) \$ (51,901,976)

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

Hennepin County, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2016
With Comparative Totals for December 31, 2015

	Business-type Activities - Enterprise Funds						2016 Internal Service Funds
	Hennepin Health	Solid Waste	Total Nonmajor	Totals			
				2016	2015		
ASSETS & DEFERRED OUTFLOWS							
Current Assets:							
Cash	\$ 59,984,105	\$ 21,638,365	\$ 4,138,334	\$ 85,760,804	\$ 99,686,958	\$ 174,375,205	
Interfund receivable	-	-	-	-	-	82,051,203	
Due from component unit	-	-	37,059	37,059	11,583	2,357,577	
Other receivable	11,156,333	5,291,309	225,577	16,673,219	17,895,107	1,103,201	
Inventories	-	-	4,307	4,307	5,610	620,172	
Prepaid items	291,766	-	2,028	293,794	75,048	6,184,226	
Total Current Assets	71,432,204	26,929,674	4,407,305	102,769,183	117,674,306	266,691,584	
Noncurrent Assets:							
Notes receivable	-	1,084,272	-	1,084,272	1,172,032	-	
Restricted cash and investments	500,000	8,518,105	-	9,018,105	7,747,761	-	
Capital assets:							
Land	-	8,179,432	985,092	9,164,524	9,164,524	1,040,600	
Land improvements	-	-	1,893,908	1,893,908	1,893,908	-	
Buildings	-	163,548,972	843,167	164,392,139	164,392,139	37,411,614	
Equipment	744,839	28,297,702	10,204,323	39,246,864	29,107,758	108,539,358	
Software	-	-	-	-	-	17,333,172	
Leasehold improvements	1,262,103	-	-	1,262,103	1,673,332	-	
Construction in progress	-	1,442,971	-	1,442,971	727,095	5,480,101	
Total capital assets	2,006,942	201,469,077	13,926,490	217,402,509	206,958,756	169,804,845	
Less accumulated depreciation and amortization	22,126	78,645,317	7,756,492	86,423,935	81,009,257	104,958,483	
Net Capital Assets	1,984,816	122,823,760	6,169,998	130,978,574	125,949,499	64,846,362	
Total Noncurrent Assets	2,484,816	132,426,137	6,169,998	141,080,951	134,869,292	64,846,362	
Total Assets	73,917,020	159,355,811	10,577,303	243,850,134	252,543,598	331,537,946	
Deferred Outflows of Resources:							
Pension-related	2,200,314	2,026,931	-	4,227,245	1,149,581	-	
Total Assets and Deferred Outflows	\$ 76,117,334	\$ 161,382,742	\$ 10,577,303	\$ 248,077,379	\$ 253,693,179	\$ 331,537,946	
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Interfund payable	\$ 1,246,744	\$ -	\$ -	\$ 1,246,744	\$ 642,085	\$ -	
Accounts and contracts payable	2,605,606	2,712,227	116,352	5,434,185	30,883,230	5,987,157	
Accrued interest payable	-	-	-	-	-	-	
Accrued expenses	17,627,142	121,055	-	17,748,197	17,415,305	10,106,112	
Due to component unit	4,136,935	-	-	4,136,935	2,478,128	-	
Unearned revenue	10,382,356	-	-	10,382,356	10,537,806	-	
Current portion of:							
Workers' compensation claims	-	-	-	-	-	1,500,000	
General obligation bonds and notes	-	361,299	160,000	521,299	155,000	1,755,504	
Compensated absences	150,000	50,000	-	200,000	250,000	6,865,001	
Total Current Liabilities	36,148,783	3,244,581	276,352	39,669,716	62,361,554	26,213,774	
Noncurrent Liabilities, Net of Current Portion:							
Workers' compensation claims	-	-	-	-	-	14,609,236	
General obligation bonds and notes	-	9,388,122	510,000	9,898,122	670,000	15,843,966	
Net pension	7,698,209	6,667,014	-	14,365,223	9,377,398	-	
Postemployment healthcare benefits	1,106,970	944,727	-	2,051,697	2,041,461	61,334,742	
Compensated absences	469,586	1,005,207	-	1,474,793	1,461,100	87,144,324	
Total Noncurrent Liabilities	9,274,765	18,005,070	510,000	27,789,835	13,549,959	178,932,268	
Total Liabilities	45,423,548	21,249,651	786,352	67,459,551	75,911,513	205,146,042	
Deferred Inflows of Resources:							
Pension-related	323,239	189,570	-	512,809	1,533,623	-	
Net Position:							
Net investment in capital assets	1,984,816	113,074,339	5,499,998	120,559,153	125,124,499	47,246,892	
Restricted for:							
Statutory requirements relating to:							
Metropolitan health plan	28,385,731	-	-	28,385,731	29,437,821	-	
Solid waste management	-	26,856,536	-	26,856,536	16,750,255	-	
Brownfield assessment and cleanup	-	12,646	-	12,646	7,562	-	
Unrestricted	-	-	4,290,953	4,290,953	4,927,906	79,145,012	
Total Net Position	30,370,547	139,943,521	9,790,951	180,105,019	176,248,043	126,391,904	
Total Liabilities, Deferred Inflows and Net Position	\$ 76,117,334	\$ 161,382,742	\$ 10,577,303	\$ 248,077,379	\$ 253,693,179	\$ 331,537,946	

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

Hennepin County, Minnesota
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016
With Comparative Totals for the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds					
	Hennepin Health	Solid Waste	Total Nonmajor	Total		2016 Internal Service Funds
				2016	2015	
OPERATING REVENUES						
Net charges for services.....	\$ 127,883,397	\$ 52,352,065	\$ 4,018,439	\$ 184,253,901	\$ 198,676,141	\$ 236,750,158
OPERATING EXPENSES						
Personal services.....	9,026,766	8,017,938	1,899,296	18,944,000	16,607,756	176,155,807
Commodities.....	21,708	362,263	247,589	631,560	868,089	18,018,919
Contractual services.....	118,950,097	36,889,511	365,309	156,204,917	169,071,626	30,200,818
Depreciation and amortization.....	16,269	6,893,918	929,344	7,839,531	8,265,558	19,213,744
Other.....	-	975,543	163,249	1,138,792	11,284,883	3,138,652
Total Operating Expenses	128,014,840	53,139,173	3,604,787	184,758,800	206,097,912	246,727,940
Operating Income (Loss)	(131,443)	(787,108)	413,652	(504,899)	(7,421,771)	(9,977,782)
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental.....	-	5,485,153	-	5,485,153	4,767,541	-
Investment earnings (losses).....	338,331	147,834	-	486,165	825,241	-
Interest expense.....	(83,662)	-	(16,500)	(100,162)	(126,719)	(399,953)
Gain (Loss) on capital asset disposal.....	-	-	(9,663)	(9,663)	(6,219)	1,045,532
Other.....	-	3,647,892	-	3,647,892	3,677,095	-
Environmental grants awarded.....	-	(5,915,940)	-	(5,915,940)	(8,518,791)	-
Total Nonoperating Revenues (Expenses)	254,669	3,364,939	(26,163)	3,593,445	618,148	645,579
Income (Loss) Before Contributions and Transfers	123,226	2,577,831	387,489	3,088,546	(6,803,623)	(9,332,203)
Capital contributions.....	768,430	-	-	768,430	31,570	1,289,312
Transfers out.....	-	-	-	-	(1,075,000)	-
Net Contributions and Transfers	768,430	-	-	768,430	(1,043,430)	1,289,312
Change in Net Position	891,656	2,577,831	387,489	3,856,976	(7,847,053)	(8,042,891)
Total Net Position - Beginning	29,478,891	137,365,690	9,403,462	176,248,043	184,095,096	134,434,795
Total Net Position - Ending	\$ 30,370,547	\$ 139,943,521	\$ 9,790,951	\$ 180,105,019	\$ 176,248,043	\$ 126,391,904

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

Hennepin County, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				
	Hennepin Health	Solid Waste	Total Nonmajor	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.	\$ 129,162,931	\$ 52,659,938	\$ 3,804,886	\$ 185,627,755	\$ 233,876,166
Payments to suppliers for goods and services.	(141,306,390)	(38,993,674)	(544,094)	(180,844,158)	(52,276,456)
Payments to employees for services.	(8,633,572)	(7,547,856)	(1,899,296)	(18,080,724)	(169,585,097)
Other operating disbursements.	-	(975,543)	(163,249)	(1,138,792)	(3,138,652)
Net Cash Provided (Used) by Operating Activities	<u>(20,777,031)</u>	<u>5,142,865</u>	<u>1,198,247</u>	<u>(14,435,919)</u>	<u>8,875,961</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net grants and contributions.	-	3,304,865	-	3,304,865	-
Interfund loan.	604,659	-	-	604,659	-
Net Cash Provided by Noncapital Financing Activities	<u>604,659</u>	<u>3,304,865</u>	<u>-</u>	<u>3,909,524</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets.	(1,191,585)	-	(1,808,449)	(3,000,034)	(8,941,722)
Interest paid.	(83,662)	-	(16,500)	(100,162)	(399,953)
Debt issuance cost and principal payments.	-	-	(155,000)	(155,000)	(1,520,444)
Other.	-	639,616	-	639,616	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,275,247)</u>	<u>639,616</u>	<u>(1,979,949)</u>	<u>(2,615,580)</u>	<u>(10,862,119)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income.	338,331	147,834	-	486,165	-
Net Cash Provided by Investing Activities	<u>338,331</u>	<u>147,834</u>	<u>-</u>	<u>486,165</u>	<u>-</u>
Net Increase (Decrease) In Cash	(21,109,288)	9,235,180	(781,702)	(12,655,810)	(1,986,158)
Cash at Beginning of Year	81,593,393	20,921,290	4,920,036	107,434,719	176,361,363
Cash at End of Year	<u>\$ 60,484,105</u>	<u>\$ 30,156,470</u>	<u>\$ 4,138,334</u>	<u>\$ 94,778,909</u>	<u>\$ 174,375,205</u>
CASH COMPONENTS:					
Cash.	\$ 59,984,105	\$ 21,638,365	\$ 4,138,334	\$ 85,760,804	\$ 174,375,205
Restricted cash.	500,000	8,518,105	-	9,018,105	-
Cash at End of Year	<u>\$ 60,484,105</u>	<u>\$ 30,156,470</u>	<u>\$ 4,138,334</u>	<u>\$ 94,778,909</u>	<u>\$ 174,375,205</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss).	\$ (131,443)	\$ (787,108)	\$ 413,652	\$ (504,899)	\$ (9,977,782)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization.	16,269	6,893,918	929,344	7,839,531	19,213,744
(Increase) decrease in:					
Receivables and prepaid items.	916,121	275,656	(188,635)	1,003,142	(6,869,190)
Due from component unit.	-	-	(25,476)	(25,476)	(678,932)
Inventories.	-	-	1,303	1,303	252,452
Increase (decrease) in:					
Accounts payable and accrued expenses.	(23,534,477)	(1,675,806)	68,059	(25,142,224)	6,935,669
Due to component unit.	1,658,807	-	-	1,658,807	-
Unearned revenue.	(155,450)	-	-	(155,450)	-
Net pension liability.	2,541,409	2,446,416	-	4,987,825	-
Deferred outflows-pension.	(1,568,139)	(1,509,525)	-	(3,077,664)	-
Deferred inflows-pension.	(520,128)	(500,686)	-	(1,020,814)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (20,777,031)</u>	<u>\$ 5,142,865</u>	<u>\$ 1,198,247</u>	<u>\$ (14,435,919)</u>	<u>\$ 8,875,961</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributions of capital assets.	\$ 768,430	\$ -	\$ -	\$ 768,430	\$ 1,289,312
Loss on disposal of capital assets.	-	-	(9,663)	(9,663)	(35,289)
Decrease in fair value of investments.	(396,072)	(157,241)	-	(553,313)	-

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

Hennepin County, Minnesota
Statement of Fiduciary Net Position
Agency Fund
December 31, 2016

	Agency
ASSETS	
Cash and investments	\$ 106,643,130
Delinquent taxes receivable	28,795,568
Other receivables	7,300
Total Assets	\$ 135,445,998
LIABILITIES	
Amounts due as agent	\$ 135,445,998

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

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Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

Hennepin County (the County) was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member Hennepin County Board of Commissioners (County Board) elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units (the primary government), as well as its discretely presented component unit. While legally separate entities, the blended component units discussed below are included as part of the primary government, due to their governance structure and the significance of their operational and financial relationships with the County. The County's discretely presented component unit is also a legally separate entity; however discrete presentation is required because this component unit's governing board is not essentially the same as the governing board of the County. Each component unit has a December 31 year end.

Blended Component Units. The Hennepin County Regional Railroad Authority (RRA) provides for the preservation and improvement of local rail service for agriculture, industry, or passenger traffic when determined to be practicable and necessary for the public welfare. The county commissioners comprise the entire RRA board, a financial benefit or burden relationship exists, and management of the County has operational responsibility for the RRA. The RRA is included in the County's governmental funds, and separately issued financial statements can be obtained from the RRA.

The Hennepin County Housing and Redevelopment Authority (HRA) provides for the development of housing, the expanding of the tax base, increasing jobs, and industrial and commercial development. The county commissioners comprise the entire HRA board, a financial benefit or burden relationship exists, and management of the County has operational responsibility for the HRA. The HRA is included in the County's governmental funds, and separately issued financial statements can be obtained from the HRA.

Discretely Presented Component Unit. Hennepin Healthcare System, Inc. d.b.a. Hennepin County Medical Center (the Medical Center), engages in the organization and delivery of healthcare and related services to the general public and conducts related programs and research. The Medical Center functions as a principal crisis and emergency treatment center, and as a teaching and research institution. The County has ownership and governing rights and obligations, including the review and approval of the annual capital and operating budgets and the annual health service plan. Land and buildings used by the Medical Center are owned by the County and leased to the Medical Center; therefore these assets are reported by the Medical Center, rather than the County. Separately issued Medical Center financial statements can be obtained from the Medical Center.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The annual financial report includes two separate sets of statements, the government-wide financial statements and the fund financial statements. The measurement focus, basis of accounting and basis of presentation differs between the government-wide financial statements and the fund financial statements. These differences, along with an explanation of the differing purposes and information provided by these separate financial statements, are described in the sections below.

➤ **Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its discretely presented component unit using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the County's net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's various functions where elimination would distort the direct costs and program revenues reported for the functions concerned.

Both of the government-wide financial statements distinguish between functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The two government-wide statements also distinguish between the primary government and the discretely presented component unit. The structure of these two statements is further described in the following two paragraphs.

Statement of Net Position – This statement is designed to display the financial position of the County and its component units. The County reports all capital assets, including infrastructure, and all long-term liabilities, such as long-term debt. The net position of the County is reported in three categories 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Restrictions reported are those imposed by parties outside the County, such as creditors, grantors, contributors, laws and regulations of other governments, or imposed by law through enabling legislation. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed. Internal service funds have been consolidated into the governmental activities that they primarily benefit.

Statement of Activities – This statement demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated based on the annual County-wide Cost Allocation Plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. Just as the Statement of Net Position includes all capital assets, the Statement of Activities includes all depreciation expense. In the Statement of Activities, the operations of internal service funds have been consolidated into the governmental activities that they primarily benefit.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

➤ **Fund Financial Statements**

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The minimum number of funds is maintained consistent with legal and managerial requirements. All individual funds considered major are reported as separate columns in the fund financial statements. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund.

Governmental Funds. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The County considers revenues, including property tax revenues, to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences, and other postemployment benefits, are recorded only when payment is due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes when levied for; and investment earnings, charges for services, and intergovernmental revenue when eligibility requirements are met. Changes in the fair value of investments are recognized in investment earnings (losses) at the end of each year. Fines, forfeitures, licenses, and permit revenues are recorded when cash is received by the County because they are generally not measurable until actually received.

The County reports the following governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. The fund is used to account for revenues and expenditures necessary to carry out basic governmental activities relating to areas such as administration, legal, public safety, assessment, tax collection, roads and bridges.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Funds – continued.

Special revenue funds are governmental funds that account for revenue sources that are legally restricted (by parties outside the County as well as those imposed by the County) to expenditure for specific purposes other than major capital projects. The County reports five special revenue funds.

- The *Human Services Fund* is used to account for specific state and federal revenues, property taxes levied specifically for human services, and expenditures for financial, social and public health services.
- The *Library Fund* is used to account for County-committed property tax revenues and for expenditures relating to the activities of the County's public libraries.
- The *Ballpark Sales Tax Fund* is used to account for the inflows of cash from taxpayers to the trustee and transfers to other funds for repayment of Ballpark related bonds, Minnesota Ballpark Authority operating costs, and other expenditures allowed under legislation.
- The *Regional Railroad Authority Fund* is used to account for property taxes levied by the RRA and expenditures relating to the preservation and improvement of local rail service for agriculture, industry, or passenger traffic when determined to be practicable and necessary for public welfare.
- The *Housing and Redevelopment Authority Fund* is used to account for property taxes levied by the HRA and expenditures relating to the development of housing, the expanding of the tax base, increasing jobs, and industrial and commercial development.

Debt service funds account for the servicing of general long-term debt not being financed by proprietary funds. Debt service funds include the *General Debt Service Fund*, used to account for County levy supported bonds and notes, as well as revenue bonds, and the *Regional Railroad Authority Debt Service Fund*, used to account for debt issued by the RRA.

The Capital Projects Fund accounts for the acquisition of certain capital assets or the construction of major capital projects not being financed by proprietary funds, such as construction costs of libraries, roads, bridges, and other construction and improvement projects.

The County considers the following funds to be major funds for public interest reasons: Ballpark Sales Tax, HRA, RRA, and RRA Debt Service.

Proprietary Funds. The proprietary funds use the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net position. Under 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. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Proprietary Funds – continued. The County reports the following proprietary funds:

Enterprise funds are proprietary funds used to account for those operations that are financed and operated in a manner similar to private business or where the County Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Data from two nonmajor funds are combined into a single aggregate presentation. Individual fund data for each of the nonmajor enterprise funds is provided in the form of combining statements in the Supplementary Information – Enterprise Funds section of this report. The enterprise funds that the County considers to be major funds include:

- The *Hennepin Health Fund*, formerly named the Metropolitan Health Plan Fund, provides health care coverage to County residents who are enrolled in Minnesota health care programs, including Prepaid Medical Assistance Plan, MinnesotaCare, and Special Needs BasicCare. Hennepin Health is a nonprofit, state-certified health maintenance organization that contracts with the Minnesota Department of Human Services.
- The *Solid Waste Fund* is used to account for the management of the solid waste system pursuant to Hennepin County Ordinance 15 and MN Statutes 473.84 and 400.08. Fund activities include the resource recovery facilities, transfer stations, recycling and household hazardous waste programs, and the environmental response fund program. All money received by the Solid Waste Fund is restricted for the purposes of providing solid waste activities, functions, and facilities.

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, or to other governmental units, on a cost-reimbursement basis.

- The *Central Services Fund* is used to account for receiving and distribution, mail handling, printing, the countywide multi-function device program, paper recycling, and surplus furnishings and equipment services.
- The *Central Mobile Equipment Fund* is used to account for the costs of purchasing, operating, and replacing all automotive and other mobile equipment used by departments.
- The *Information Technology Fund* is used to account for the costs of data processing and data processing equipment leasing services provided to departments.
- The *Energy Center Fund* is used to account for the costs of operating the Energy Center, which provides heat and air conditioning primarily to County-owned facilities.
- The *Self Insurance Fund* is used to account for workers' compensation and tort liabilities, and for amounts relating to building and contents property insurance retentions.
- The *Employee Health Plan Self Insurance Fund* is used to account for the County's self-insured health and dental benefit plans.
- The *Other Employee Benefits Fund* is used to account for earned and unused compensated absences and other postemployment benefit obligations for governmental funds.

Fiduciary Funds. The County has one fiduciary fund, an agency fund, which is custodial in nature and does not present results of operations or have a measurement focus. The Agency Fund is accounted for using the accrual basis of accounting. This fund is used to account for assets that the County holds for others in an agency capacity, including pass-through grants that are equivalent to pure cash conduits; client, inmate, and other governmental agency funds held in the custody of the County; and revenues collected on behalf of other governmental units related to property taxes.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position

Cash and Investments. The County maintains an investment pool for substantially all cash and investments. Each fund's portion of the pool is reported as "cash" or "restricted cash." For County funds that receive investment earnings, the allocation of those earnings is based on average monthly balances of cash and investments. Investments are stated at fair value. The fair value of investments is based on quoted market prices. State law authorizes the County to invest in the following instruments: U.S. government and agency issues; repurchase agreements; reverse repurchase agreements; certificates of deposit; money market funds; general obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service; revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service; bankers acceptances; commercial paper; futures contracts; guaranteed investment contracts; options; and shares of certain investment companies.

Interfund Receivables and Payables. Transactions between funds that are representative of lending/borrowing arrangements, as well as unpaid amounts of interfund services provided and used that are outstanding at the end of the year are referred to as "interfund receivables/payables." Balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables. Taxes receivable are reported net of the allowance for uncollectible delinquent taxes, which is an estimate based on historical collection experience. All other receivables are reported net of any allowance for uncollectible accounts based on collection experience and management's evaluation of the current status of existing receivables. Receivable amounts relating to intergovernmental revenues are generally reimbursement based, with no allowance for uncollectible accounts necessary. The portion of all receivables not included in the allowance and not collected within 60 days are generally offset by deferred inflows of resources in the governmental fund financial statements.

Inventories and Prepaid Items. All inventories are reported at the lower of cost or market, using the first-in, first-out consumption method. Expenditures or expenses are recognized in the funds when inventories are consumed. Inventories of supplies are reported at cost. The County does not hold any inventories for resale. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Governmental fund inventories and prepaid items are offset by nonspendable constraint of fund balance. The cost of prepaid items is reported as expenditures/expenses when consumed, rather than when purchased.

Capital Assets. Capital assets are reported in proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets include property, plant, infrastructure, equipment, library materials, and intangible assets. Capitalization thresholds are \$5,000 for equipment; \$250,000 for improvements and intangibles; and \$500,000 for land, buildings and infrastructure. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In governmental funds, capital outlay and capital projects expenditures include expenditures for capital assets, as well as for items that are capital in nature but do not qualify for financial reporting as capital assets under the County's capitalization policy. The costs of maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized (e.g., road overlays). In proprietary funds, outlays for capital assets are capitalized as the projects are constructed. Interest is capitalized when there is a period of time required to prepare the capital asset for use.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position – continued

Capital Assets – continued. Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Leasehold improvements	Initial lease term
Land improvements	10-25 years
Infrastructure:	
Major river crossings	90 years
Conventional bridges	50-70 years
County roads	60 years
Equipment:	
Automobiles and light trucks	4-6 years
Construction/maintenance vehicles	10-20 years
General equipment	10 years
Computer equipment	3 years
800Mz radio equipment	7 years
Software	3-7 years
Library books and materials	7 years
Intangible assets	3-8 years

Employee Compensated Absences. It is the County’s policy to permit employees to accumulate earned but unused compensated absences. Under certain conditions, employees are compensated upon termination of employment for their accumulated unpaid vacation, paid time off, and sick leave up to a maximum number of hours. The County has chosen the option of using an Internal Service Fund to account for the cost and liquidation of the governmental funds’ compensated absences. As a result, the County reports these estimated earned and unused benefits on a full accrual basis.

Pensions. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

Long-Term Obligations. In the government-wide and the proprietary fund Statements of Net Position, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premiums and discounts, which are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are expensed in the period issued. In governmental funds, the proceeds from the issuance of debt and debt premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs and debt principal payments are reported as governmental fund expenditures.

Deferred Outflows/Inflows of Resources. In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has two items that meet this criterion, certain amounts related to pension plans and deferred charges on debt financings. In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County’s governmental fund unavailable revenue items and deferrals of pension expense are in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Balance/Net Position - continued

Equity Interest in Component Unit. The County accounts for its investment in its discretely presented component unit, the Medical Center, in the government-wide governmental activities financial statements under the equity method.

Fund Balance and Net Position. In the governmental fund financial statements, fund balance is reported in the following classifications that are based on the spending constraints placed on the resources:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory).
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government) or imposed by law through enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County Board as approved or rescinded in a County Board Resolution.
- Assigned fund balance – amounts constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. As adopted in 2010 on County Board Resolution 10-0431R2, the County Board, County Administrator, Deputy County Administrator, and the Director of the Office of Budget and Finance have the authority to assign fund balance.
- Unassigned fund balance – amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes, and deficit fund balances of the other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is used first. When an expenditure is incurred for which unrestricted fund balance is to be used, committed amounts are used first, followed by assigned, and then unassigned.

In the enterprise fund and government-wide financial statements, the net investment in capital assets portion is reported separately. Restricted net position is reported for amounts that are legally restricted by outside parties to be used for a specific purpose or imposed by law through enabling legislation. The unrestricted component of net position consists of the net amount of the assets, deferred outflows of resources, and liabilities that are not included in the determination of the other two components of net position.

D. Comparative Data, Reclassifications, and Use of Estimates

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of certain changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

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, liabilities, deferred outflows/inflows, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

2. RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position:

The basic financial statements include a reconciliation of the governmental fund balance sheet to the Statement of Net Position. The capital assets element of that reconciliation consists of the following:

Capital assets used in governmental activities (note that the capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	\$ 2,744,497,465
Accumulated depreciation related to governmental activities	<u>(944,622,252)</u>
Total Capital Assets Reconciliation Item	<u>\$ 1,799,875,213</u>

The long-term liabilities element of that reconciliation consists of the following:

General obligation (G.O.) bonds and notes payable	\$ (944,810,579)
Net G.O. premiums and discounts (to be amortized as interest expense)	(108,824,939)
Revenue bonds	(229,700,000)
Revenue bond premiums (to be amortized as interest expense)	(6,595,534)
Notes payable	(4,862,828)
Accrued interest payable	(4,574,893)
Deferred charge on debt refunding	<u>12,242,772</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,287,126,001)</u>

Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities:

The basic financial statements include a reconciliation of the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances to the government-wide Statement of Activities. The details of one element of that reconciliation, the amount by which capital outlays exceeded depreciation, follow:

Capital outlay	\$ 149,859,389
Less depreciation expense	<u>(53,815,027)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 96,044,362</u>

The reconciling item relating to long-term debt consists of the following:

Issuance of debt	\$ (259,150,000)
Bond premiums	(65,225,715)
Principal repayments – G.O. debt	110,129,421
Principal repayments – refunding bonds	33,000,000
Principal repayments – Ballpark revenue bonds	12,830,000
Principal repayments – note payable	<u>518,092</u>
Total Long-term Debt Reconciliation Item	<u>\$ 167,898,202</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2016

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions. It is the County's policy to follow MN Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security, an irrevocable standby letter of credit, or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned/controlled by the financial institution furnishing the collateral.

At year end, the bank balance was \$42,639,193. The bank balance was covered by either federal depository insurance, surety bonds, an irrevocable standby letter of credit, or by collateral held by the County's agent in the County's name. The carrying amount of deposits at year end was \$30,973,453. County, fiduciary, and discretely presented component unit cash and investments are pooled.

Management of Investment Risk. At December 31, 2016, the County had the following investments. Effective duration is shown in years.

<u>Nonfiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. Government and Agency	\$ 977,778,291	3.31
Repurchase Agreements	194,050,444	0.06
Money Market Funds	<u>12,432,740</u>	0.07
Total Fair Value	<u>\$ 1,184,261,475</u>	
Effective Duration		2.74

Interest Rate Risk. Through its investment policy, the County manages exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the investment portfolio to six years or shorter. It is the County's practice to generally ensure that investments can be held to maturity if necessary.

Credit Risk. The County's investments in the bonds of U.S. government and agencies were rated AA by Standard & Poor's (S&P) and Aaa by Moody's Investors Service (Moody's), with the exception of \$22,679,771 of certain unrated U.S. government and agency issues. The County's investments in money market funds were rated AAA by S&P and Aaa by Moody's. The County's general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of bankers acceptances, guaranteed investment contracts, and shares of investment companies.

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County's total investments is in each of the following: Federal Home Loan Mortgage Corporation (24%), Federal Farm Credit Banks Funding Corporation (20%), Federal National Mortgage Association (20%), and Federal Home Loan Bank (12%).

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The County purchases securities in such a manner that the securities are insured, registered in the County's name, or are in the possession of the County's trustee or held by a custodial bank for the County under a tri-party agreement.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses. Cash from all funds is pooled for deposit and investment purposes. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the funds shown in the table below. Investment earnings are allocated based on average monthly cash and investment balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2016 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings
Governmental Funds:			
General	\$ 11,597,412	\$ (6,026,749)	\$ 5,570,663
Special Revenue:			
Library	71,986	(44,345)	27,641
Ballpark Sales Tax	23,443	-	23,443
Housing and Redevelopment	72,608	(32,279)	40,329
Regional Railroad	441,170	(271,706)	169,464
Debt Service	19,650	-	19,650
Capital Projects	486,070	-	486,070
	<u>12,712,339</u>	<u>(6,375,079)</u>	<u>6,337,260</u>
Proprietary Funds:			
Enterprise:			
Hennepin Health	734,403	(396,072)	338,331
Solid Waste	305,075	(157,241)	147,834
	<u>1,039,478</u>	<u>(553,313)</u>	<u>486,165</u>
Total	<u>\$ 13,751,817</u>	<u>\$ (6,928,392)</u>	<u>\$ 6,823,425</u>

A summary comparing the results of stating investments at fair value follows:

	2016	2015
Investment income and realized gains and losses	\$ 13,751,817	\$ 12,678,525
Net annual increase (decrease) in the fair value of investments	(6,928,392)	(3,221,870)
Total Investment Earnings (Losses)	<u>\$ 6,823,425</u>	<u>\$ 9,456,655</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year are included as a change in the fair value of investments in the current year.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

Fair Value Measurements. GASB Statement No. 72, *Fair Value and Measurement and Application*, established the guidance for measuring investments at fair value, along with an associated hierarchy that categorizes the valuation inputs. In accordance with the guidance, the County has categorized its investments based on the priority of the valuation inputs into a three-level fair value hierarchy. In instances where the County does not have a readily determinable fair value, the County is permitted to establish fair value by using the observable or determinable value.

The three levels of the fair value hierarchy are described below:

- Level 1: Inputs for quoted prices (unadjusted) for the identical investment in active markets that the County can directly observe and access on the date of measurement, December 30, 2016 (the last active market day).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement, or can be determined by third parties such as a pricing service using accepted methodologies.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	\$ 50,144,500	\$ -	\$ -	\$ 50,144,500
U.S. Agency Debentures	-	889,026,986	-	889,026,986
U.S. Agency Mortgage-backed Securities	-	38,606,805	-	38,606,805
Repurchase Agreements – Tri-party	-	194,050,444	-	194,050,444
Money Market Fund	12,432,740	-	-	12,432,740
	<u>\$ 62,577,240</u>	<u>\$ 1,121,684,235</u>	<u>\$ -</u>	<u>\$ 1,184,261,475</u>

4. RESTRICTED CASH AND INVESTMENTS

Proprietary fund assets are reported as restricted based on applicable legal requirements. Restrictions indicate the asset may only be used for a specific purpose that is narrower than the purpose of the fund or funds indicated by the column heading. Cash and investment restrictions are shown below.

- \$500,000 Hennepin Health cash restricted by MN statute 62D.041 for protection in the event of insolvency
- \$8,518,105 Solid Waste Fund Environmental Response Program cash and investments restricted for purposes specified by Minnesota statutes, section 383B.81.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2016
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 4,814,782	\$ 155,731	\$ -	\$ 4,970,513
Land	107,289,913	-	(483,806)	106,806,107
Construction in progress	170,151,693	143,191,347	(119,985,153)	193,357,887
<i>Total capital assets not being depreciated</i>	<u>282,256,388</u>	<u>143,347,078</u>	<u>(120,468,959)</u>	<u>305,134,507</u>
<i>Capital assets being depreciated:</i>				
Buildings	812,088,986	15,983,056	-	828,072,042
Equipment	175,776,103	13,761,544	(12,195,403)	177,342,244
Software	33,962,183	465,554	-	34,427,737
Library books and materials	46,781,668	6,020,288	(2,298,395)	50,503,561
Leasehold improvements	18,243,996	2,882,629	-	21,126,625
Land improvements	34,397,660	1,086,827	-	35,484,487
Infrastructure	1,361,813,410	102,813,566	(2,415,869)	1,462,211,107
<i>Total capital assets being depreciated</i>	<u>2,483,064,006</u>	<u>143,013,464</u>	<u>(16,909,667)</u>	<u>2,609,167,803</u>
<i>Less accumulated depreciation for:</i>				
Buildings	380,300,713	18,517,579	-	398,818,292
Equipment	119,387,625	18,336,666	(12,042,308)	125,681,983
Software	15,667,750	6,709,903	-	22,377,653
Library books and materials	25,201,135	6,626,506	(2,298,395)	29,529,246
Leasehold improvements	12,204,038	1,972,650	-	14,176,688
Land improvements	14,200,249	1,657,587	-	15,857,836
Infrastructure	426,318,229	19,207,880	(2,387,072)	443,139,037
<i>Total accumulated depreciation</i>	<u>993,279,739</u>	<u>73,028,771</u>	<u>(16,727,775)</u>	<u>1,049,580,735</u>
Total capital assets being depreciated, net	<u>1,489,784,267</u>	<u>69,984,693</u>	<u>(181,892)</u>	<u>1,559,587,068</u>
Governmental activities capital assets, net	<u>1,772,040,655</u>	<u>213,331,771</u>	<u>(120,650,851)</u>	<u>1,864,721,575</u>
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	9,164,524	-	-	9,164,524
Construction in progress	727,095	1,579,070	(863,194)	1,442,971
<i>Total capital assets not being depreciated</i>	<u>9,891,619</u>	<u>1,579,070</u>	<u>(863,194)</u>	<u>10,607,495</u>
<i>Capital assets being depreciated:</i>				
Buildings	164,392,139	-	-	164,392,139
Equipment	29,107,758	10,900,290	(761,184)	39,246,864
Leasehold improvements	1,673,332	1,262,103	(1,673,332)	1,262,103
Land improvements	1,893,908	-	-	1,893,908
<i>Total capital assets being depreciated</i>	<u>197,067,137</u>	<u>12,162,393</u>	<u>(2,434,516)</u>	<u>206,795,014</u>
<i>Less accumulated depreciation for:</i>				
Buildings	67,822,456	5,865,396	-	73,687,852
Equipment	10,074,099	1,888,118	(751,521)	11,210,696
Leasehold improvements	1,673,332	10,261	(1,673,332)	10,261
Land improvements	1,439,370	75,756	-	1,515,126
<i>Total accumulation depreciation</i>	<u>81,009,257</u>	<u>7,839,531</u>	<u>(2,424,853)</u>	<u>86,423,935</u>
Total capital assets being depreciated, net	<u>116,057,880</u>	<u>4,322,862</u>	<u>(9,663)</u>	<u>120,371,079</u>
Business-type activities capital assets, net	<u>125,949,499</u>	<u>5,901,932</u>	<u>(872,857)</u>	<u>130,978,574</u>
Total Capital Assets, Net	<u>\$ 1,897,990,154</u>	<u>\$ 219,233,703</u>	<u>\$ (121,523,708)</u>	<u>\$ 1,995,700,149</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

5. CAPITAL ASSETS – CONTINUED

The direct depreciation expenses shown in the Statement of Activities include the depreciation expenses of the Internal Service Funds. The \$19,213,744 of depreciation is included in the governmental activities programs in the following amounts: Operations \$3,208,226, Human Services \$3,971,489, Health \$392,875, Public Safety \$4,827,927, Public Works, \$5,225,186 and Libraries \$1,588,041.

Of the capital assets shown in governmental activities in the previous table, the RRA and HRA blended component units' capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
RRA:				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 37,397,947	\$ -	\$ -	\$ 37,397,947
<i>Capital assets being depreciated:</i>				
Buildings	1,790,681	-	-	1,790,681
Less accumulated depreciation	1,362,843	41,804	-	1,404,647
	427,838	(41,804)	-	386,034
RRA Capital Assets, Net	\$ 37,825,785	\$ (41,804)	\$ -	\$ 37,783,981
HRA:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,423,503	\$ -	\$ -	\$ 1,423,503
Construction in progress	2,075,970	32,888,157	-	34,964,127
Total capital assets not being depreciated	3,499,473	32,888,157	-	36,387,630
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	-	-	12,654,573
Less accumulated depreciation	6,107,954	632,729	-	6,740,683
Total capital assets being depreciated, net	6,546,619	(632,729)	-	5,913,890
HRA Capital Assets, Net	\$ 10,046,092	\$ 32,255,428	\$ -	\$ 42,301,520

6. RECEIVABLES

Receivables as of year-end for the County's funds, including the applicable allowances for uncollectible accounts, are as follows:

	Taxes Receivable	Intergovern- mental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Net Total Receivables
Fund:						
General	\$5,798,651	\$ 10,392,912	\$ 3,157,717	\$ 13,473,457	\$ (994,646)	\$ 31,828,091
Human Services	2,571,426	41,642,675	-	359,678	(677,426)	43,896,353
Library	680,314	9,035	-	77,955	(178,089)	589,215
Ballpark Sales Tax	-	5,892,544	-	-	-	5,892,544
HRA	73,950	62,365	-	52,496	(19,213)	169,598
RRA	286,381	-	-	127,630	(77,237)	336,774
General Debt Service	911,551	-	-	-	(239,550)	672,001
Capital Projects	58,342	7,030,833	45,258	743,108	(16,845)	7,860,696
Hennepin Health	-	-	-	11,246,970	(90,637)	11,156,333
Solid Waste	-	-	-	5,291,309	-	5,291,309
Nonmajor Enterprise	-	-	-	225,577	-	225,577
Internal Service	-	-	-	1,103,201	-	1,103,201
Total	\$10,380,615	\$ 65,030,364	\$ 3,202,975	\$ 32,701,381	\$ (2,293,643)	\$109,021,692

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

6. RECEIVABLES – CONTINUED

Taxes Receivable. Property tax liens attach on the first Monday of the year following property assessment. Tax levies are certified to the county auditor five business days after December 20 of the year the property is assessed. The taxes levied are payable in the following year in two equal installments. The amounts and due dates for taxes on real property are half on or before May 15 and the balance on or before October 15. Personal property taxes are due in one installment on May 15. The amount of the allowance for uncollectible delinquent taxes is an estimate based on historical collection experience. Estimated uncollectible delinquent taxes total \$2,203,006 in the governmental funds.

Notes Receivable. In addition to the receivables detailed in the preceding table, the County reports notes receivable totaling \$95,880,000 in the General Debt Service Fund. A \$102,810,000 note receivable was established when the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing sales tax revenue bonds and loaning the proceeds to CTIB. As disclosed in Note 7, CTIB is expected to repay the remaining \$83,605,000 balance from sales tax revenues equal to the bond debt service paid by the County. The remaining \$12,275,000 of notes receivable in the General Debt Service Fund relates to the notes receivable from the Minnehaha Watershed District for similar transactions, for which the Watershed will levy property taxes for repayment.

The County reports \$15,707,903 of notes receivable in the HRA Fund. In 2011, the County Board authorized participation in a project to construct the Northwest Family Service Center. The County's participation in this transaction allowed the County and partners to benefit from New Market Tax Credits. The General Capital Projects Fund originally provided a \$14,175,000 loan for the project that flowed through the HRA Fund to Northwest Family Service Center Lender LLC. At year-end, the HRA reports the remaining \$13,198,051 note receivable and a corresponding interfund payable to the County. The note charges a 6% interest rate and matures in June 2019. The HRA also provides Transit-oriented Development (TOD) loans and reports the \$3,346,469 notes receivable net of \$836,617 allowance for uncollectibles for net TOD notes receivable of \$2,509,852.

Deferred Long-term Loans Receivable. In 2000, the HRA Board of Commissioners established the Affordable Housing Incentive Fund (AHIF) Program to assist municipalities, government and nonprofit agencies, private and nonprofit housing developers, and lenders in the development of affordable housing throughout Hennepin County. As of December 31, 2016 there are 183 AHIF deferred loans outstanding, with original terms ranging from 10 to 45 years. Loans totaling \$24,016,075 are underwritten with no interest payments, and will be forgiven at the end of the loan period if all program conditions are met. Additional loans totaling \$29,941,305 are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met and are expected to be repaid or refinanced with extended terms at their due date. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

A total of \$12,054,763 is outstanding at year-end for 619 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 5 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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6. RECEIVABLES – CONTINUED

Deferred Long-term Loans Receivable – continued. The federal Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. As of December 31, 2016 there are 415 HOME deferred loans totaling \$35,179,611 outstanding, with original terms ranging from 5 to 40 years. Loans are structured with various terms, including those with principal and interest deferred until the end of the loan term and expected to be repaid or refinanced with extended terms at that date; forgivable loan agreements placed through Habitat for Humanity; forgivable loans providing funding to the West Hennepin Affordable Housing Land Trust; loans to low-income homebuyers in the form of deferred, zero interest loans that are payable at the end of their 30-year term; and other loan structures. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

7. COMMITMENTS

Light Rail Transit. The RRA has committed to expend up to:

- \$53,134,401 for the project development continuance and engineering phases of the Southwest Corridor light rail transit project. The RRA's total commitment to this project is for 10% of the total capital cost up to \$185,800,000,
- \$18,400,000 for the project development phase and \$10,340,000 for the project development continuance phase of the Bottineau light rail transit project. The RRA's total commitment to this project is for 10% of the capital cost in an amount not to exceed \$149,600,000, and
- \$12,790,000 to Orange Line bus rapid transit project capital costs.

Commitments will be paid from future revenues.

Solid Waste Facilities. The County is obligated under service agreements to make certain payments and supply solid waste to two solid waste facilities. Payments are being made from user charges, and future payments are expected to be \$20,600,000 in 2017, \$20,970,800 in 2018, and \$11,192,299 in 2019.

Medical Center Discretely Presented Component Unit. In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including offering various community-based social service programs such as free clinics, health screenings, trauma services, training for emergency service personnel, crisis intervention, and transportation to and from the hospital campus. Additionally, a large number of health-related education programs are provided for the benefit of the community, including: health enhancements and wellness, classes on specific conditions, unreimbursed costs of medical education, telephone information services, and costs related to programs designed to improve the general standards of the health of the community. The Medical Center also provides medical care without charge or at reduced cost to residents of its community through the provision of charity care. Included in the Medical Center's definition of charity care is: (a) services provided to the uninsured or underinsured, and (b) the services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socioeconomic factors.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

7. COMMITMENTS – CONTINUED

Medical Center Discretely Presented Component Unit – continued. Based on the community benefits provided by the Medical Center, the County is committed to the provision of significant support to Medical Center operations, including allowing the Medical Center to use specific County-owned land and buildings at essentially no cost, guaranteeing a specific level of cash liquidity for the Medical Center, providing funding for the provision of uncompensated care services based on a specific formula, and providing funding for Medical Center capital improvement projects approved through the County's budgeting process. County Board budget approvals for County support of Medical Center capital improvements relating to 2016 and prior years that had not yet been completed at year-end totaled \$23,808,675 with \$18,029,938 already expended, resulting in a remaining commitment of \$5,778,737. The County also committed to providing up to \$224,600,000 to the Medical Center for the construction of the Ambulatory Outpatient Specialty Center where the funding is to be repaid to the County by the Medical Center beginning in 2018 over a term of 25 years at an interest rate of approximately 2.8 percent. Through the end of 2016, \$62,937,350 had been provided, resulting in a remaining commitment of \$161,662,650. The County is committed to providing 100% of employer-paid healthcare benefits for Medical Center employees who were retired as of December 31, 2006. In addition, should the Medical Center's costs for healthcare benefits for employees retiring after December 31, 2006 who receive that benefit exceed \$1,000,000 annually, the County would reimburse the Medical Center for 50% of that excess amount.

Counties Transit Improvement Board – Joint Venture (non-equity interest). In 2008, the County Board authorized the County to join the Counties Transit Improvement Board (CTIB). The Minnesota Legislature authorized this joint powers board to impose a 0.25% sales and use tax, and an excise tax of \$20 on sales of motor vehicles. The taxes are used to provide grants to fund improvements to the transit system, including light rail, commuter rail, and bus rapid transit. In 2010, the County assisted CTIB in obtaining more favorable financing terms by issuing \$102,810,000 of G.O. sales tax revenue bonds and loaning the proceeds to CTIB. CTIB will repay the County from sales tax revenues equal to the bond debt service paid by the County. Year-end remaining principal and interest payments total \$116,044,625. At December 31, 2016, the unaudited CTIB assets totaled \$286,236,979 and liabilities totaled \$91,371,092, resulting in a net position of \$194,865,887. Separately issued financial statements can be obtained from CTIB.

8. RELATED PARTY TRANSACTIONS

Significant transactions between the County and the Medical Center discretely presented component unit during the year included the following:

- While the County has retained ownership of land and buildings used by Medical Center operations, the majority of those facilities were leased to the Medical Center for a nominal amount.
- The County provided \$18,500,000 to the Medical Center in support of uncompensated care provided to Hennepin County citizens.
- The County provided \$62,937,350 to the Medical Center for the construction of the Ambulatory Outpatient Specialty Center. Beginning in 2018, the funding is to be repaid by the Medical Center over a term of 25 years, at an interest rate of approximately 2.8 percent.
- The County contributed \$18,029,938 to the Medical Center for other capital improvement projects.
- The County's Hennepin Health enterprise fund is a health maintenance organization purchasing services from the Medical Center and other medical service providers. During 2016, Hennepin Health purchased Medical Center services totaling \$44,303,898.

Hennepin County, Minnesota
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December 31, 2016

9. INTERFUND BALANCES AND ACTIVITY

Interfund Balances at December 31 consisted of the following:

- \$13,198,051 due from the HRA Fund to the General Capital Projects Fund relating to the County's participation in a project to construct the Northwest Family Service Center and benefit from New Market Tax Credits (see also Note 6). This is not expected to be repaid until approximately 2019.
- \$489,379 due from the Hennepin Health Fund to the General Fund relating to a risk-share arrangement with NorthPoint Health and Wellness Center.
- \$757,365 due from the Hennepin Health Fund to the Human Services Fund relating to a risk-share arrangement.
- \$49,621,095 due from the General Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$49,000,000 is not expected to be repaid within one year.
- \$27,877,803 due from the Human Services Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$27,000,000 is not expected to be repaid within one year.
- \$4,552,305 due from the Library Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$4,000,000 is not expected to be repaid within one year.

The County has chosen the option of using an Internal Service Fund to account for the cost and liquidation of the governmental funds' postemployment healthcare benefits and compensated absences. As a result, the County reports these estimated future benefit costs in the fund statements on a full accrual basis. Interfund liabilities are reported in the governmental funds for the amounts to be paid to the internal service fund in future years for these benefits.

Interfund transfers during 2016 consisted of the following:

Fund Transferred From	Fund Transferred To	Purpose	Amount
<i>Between Funds Within Governmental Activities:</i>			
General	General Capital Projects	Contributions for building projects	1,130,000
General	General Debt Service	Wheelage tax support of debt service	2,000,000
General	General Debt Service	Central Library Parking Facility debt service	732,656
Human Services	General Capital Projects	Contribution to Human Services Hub project	1,700,000
Ballpark Sales Tax	General	Sales tax support of youth sports	2,300,000
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,300,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	22,793,854
HRA	Human Services	Northwest Family Service Center	863,664
Capital Projects	General	Contribution to the construction of the Cedar-Riverside Opportunity Center	250,000
Capital Projects	General	Return of excess contributions to Interchange Project	481,097
Capital Projects	HRA	NorthPoint Health & Wellness Center expansion	2,870,668
Capital Projects	HRA	Construction of South Minneapolis Human Services Center	24,208,084
Capital Projects	HRA	Transit-oriented development	268,768
Capital Projects	RRA	Return of excess contributions to Interchange Project	507,905
Capital Projects	General Debt Service	Augsburg debt service	196,460
			\$ 62,603,156

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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10. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2016 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
G.O. bonds – County-wide & Capital Notes	\$ 692,900,000	\$ 259,150,000	\$ (136,634,421)	\$ 815,415,579	\$ 45,998,701
Limited Authority G.O. bonds RRA	34,695,000	-	(1,550,000)	33,145,000	1,610,000
G.O. bonds – non-levy supported	13,440,000	-	(795,000)	12,645,000	825,000
G.O. revenue bonds – CTIB	87,755,000	-	(4,150,000)	83,605,000	4,355,000
Unamortized premiums	48,863,211	65,225,715	(5,263,987)	108,824,939	-
Total G.O. bonds & notes	877,653,211	324,375,715	(148,393,408)	1,053,635,518	52,788,701
Sales tax revenue bonds	242,530,000	-	(12,830,000)	229,700,000	6,355,000
Unamortized premiums	6,967,753	-	(372,219)	6,595,534	-
Total revenue bonds and notes	249,497,753	-	(13,202,219)	236,295,534	6,355,000
Total G.O. & revenue bonds and notes	1,127,150,964	324,375,715	(161,595,627)	1,289,931,052	59,143,701
Notes payable	5,380,920	-	(518,092)	4,862,828	518,092
Compensated absences	91,212,657	15,030,875	(12,234,207)	94,009,325	6,865,001
Postemployment healthcare	59,960,700	10,627,542	(9,253,500)	61,334,742	-
Governmental Activities Total	1,283,705,241	350,034,132	(183,601,426)	1,450,137,947	66,526,794
<u>Business-type Activities:</u>					
G.O. bonds Golf Course	825,000	-	(155,000)	670,000	160,000
G.O. bonds Solid Waste	-	9,749,421	-	9,749,421	361,299
Compensated absences	1,711,100	183,171	(219,478)	1,674,793	200,000
Postemployment healthcare	2,041,461	98,236	(88,000)	2,051,697	-
Business-type Activities Total	4,577,561	10,030,828	(462,478)	14,145,911	721,299
Government-wide Total	\$ 1,288,282,802	\$ 360,064,960	\$ (184,063,904)	\$ 1,464,283,858	\$ 67,248,093

The Schedule of Changes in Long-term Debt (page 108) provides additional detail on bonds and notes Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

11. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds and notes are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities included in the County's annual five-year capital improvement program. During the year, G.O. bonds totaling \$259,150,000 were issued. Of this amount:

- \$104,285,000 was issued to finance a loan to the Medical Center component unit for the first phase of the construction of the Ambulatory Outpatient Specialty Center.
- \$95,000,000 was issued to finance County-wide capital improvements.
- \$59,865,000 was issued and, together with the premium and \$15,000,000 of County cash, was used to refund the \$38,125,000 currently callable amount of series 2008D and to advance refund the callable portion of series 2009A of \$48,000,000. Relating to the advance refunding of series 2009A, at December 31, 2016, \$45,075,000 of defeased bonds remain outstanding. The current and advance refundings resulted in a total reduction of the County's debt service payments of \$16,307,326 over the next twelve years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of \$13,393,227.

In December 2016, \$9,749,421 of G.O. bond liabilities, along with the related capital assets, were transferred from governmental activities to the Solid Waste Fund (business-type activities), as the Solid Waste Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.

Sales tax revenue bonds are issued when sales tax revenue is pledged to pay debt service. In 2007 and 2008, the County issued Ballpark Revenue Bonds and pledged revenue derived from a 0.15% Hennepin County sales tax to pay the debt service. The revenue bonds were issued for the construction of Target Field in Minneapolis, the home of the Minnesota Twins. Target Field is owned by the Minnesota Ballpark Authority, which is not a County agency or component unit. At year-end, \$358,889,225 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2037. The third lien sales tax revenue bonds were fully redeemed in November 2016 when the County optionally redeemed the remaining \$7,000,000. Principal and interest paid for the current year and pledged net sales tax revenues received were \$17,170,889 and \$36,013,974, respectively. To the extent that sales tax revenues are available each year after payment of debt service, other allowable payments may occur. In addition to use for debt service and for sales tax collection fees, the sales tax revenues may be used 1) to pay for certain operating costs of the Ballpark Authority, 2) to establish and annually fund a reserve fund for capital improvements to the Ballpark, and 3) to make certain expenditures and grants for youth activities and amateur sports and extended library hours.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Annual debt service requirements for G.O. bonds and notes and for sales tax revenue bonds, as of December 31 are as follows:

	<u>G.O. Bonds & Capital Notes</u>		<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities:					
2017	\$48,253,701	\$36,906,452	\$6,355,000	\$11,055,100	\$102,570,253
2018	50,802,712	34,005,087	6,945,000	10,760,750	102,513,549
2019	52,416,388	31,757,712	7,540,000	10,438,800	102,152,900
2020	52,064,720	29,503,746	8,125,000	10,061,800	99,755,266
2021	52,657,697	27,352,854	8,700,000	9,672,763	98,383,314
2022-26	234,234,950	108,238,521	59,775,000	40,926,662	443,175,133
2027-31	186,189,536	65,582,713	64,710,000	24,424,475	340,906,724
2032-36	129,735,875	34,118,960	54,350,000	11,221,875	229,426,710
2037-41	54,480,000	7,366,500	13,200,000	627,000	75,673,500
	<u>860,835,579</u>	<u>374,832,545</u>	<u>229,700,000</u>	<u>129,189,225</u>	<u>1,594,557,349</u>
Business-type Activities:					
2017	521,299	300,942	-	-	822,241
2018	537,288	286,752	-	-	824,040
2019	553,612	272,129	-	-	825,741
2020	570,280	257,061	-	-	827,341
2021	407,303	241,538	-	-	648,841
2022-26	2,230,050	1,014,153	-	-	3,244,203
2027-31	2,590,464	653,740	-	-	3,244,204
2032-36	3,009,125	235,077	-	-	3,244,202
	<u>10,419,421</u>	<u>3,261,392</u>	<u>-</u>	<u>-</u>	<u>13,680,813</u>
	<u>\$871,255,000</u>	<u>\$ 378,093,937</u>	<u>\$ 229,700,000</u>	<u>\$ 129,189,225</u>	<u>\$1,608,238,162</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Annual debt service requirements for G.O. bonds and notes and for sales tax revenue bonds – continued.

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly. The liquidity facility that supports the general obligation bonds of series 2013C variable rate G.O. bonds expires December 1, 2018. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2018 debt service for governmental activities' G.O. bond principal will be \$119,122,712, rather than the \$50,802,712 shown in the table above for the year 2018.

G.O. revenue bonds are issued when specific revenues are pledged to pay debt service. G.O. revenue bonds include bonds payable from Augsburg Ice Arena pledged revenue through 2018, as well as bonds payable from CTIB sales tax revenues through 2030. Additional information on CTIB bonds is provided in Note 7.

Annual debt service requirements for G.O. revenue bonds, as of December 31 are as follows:

	G.O. Revenue Bonds		Total
	Principal	Interest	
Governmental Activities:			
2017	\$ 4,535,000	\$ 3,952,074	\$ 8,487,074
2018	4,760,000	3,725,504	8,485,504
2019	4,800,000	3,487,693	8,287,693
2020	5,040,000	3,247,694	8,287,694
2021	5,295,000	2,995,694	8,290,694
2022-2026	30,150,000	11,294,406	41,444,406
2027-2030	29,395,000	3,764,000	33,159,000
	\$ 83,975,000	\$ 32,467,065	\$ 116,442,065

Notes Payable annual debt service requirements are as follows:

	Notes Payable		Total
	Principal	Interest	
Governmental Activities:			
2017	\$ 518,092	\$ -	\$ 518,092
2018	518,092	-	518,092
2019	518,092	-	518,092
2020	518,092	-	518,092
2021	518,092	-	518,092
2022-25	2,272,368	-	2,272,368
	\$ 4,862,828	\$ -	\$ 4,862,828

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Taxable commercial paper was issued in a par amount of \$100,000,000 on February 8, 2016, at an interest rate of 0.40% and a maturity date of March 9, 2016, pursuant to the authorized \$200,000,000 commercial paper program. That issuance was repaid on March 9, 2016 and reissued for \$100,000,000 at an interest rate of 0.49% and a maturity date of May 9, 2016. Commercial paper was issued in a par amount of \$75,000,000 on December 9, 2016, at an interest rate of 0.70%, and a maturity date of January 23, 2017. The County Board authorized the commercial paper program as a liquidity instrument and as an option for short-term financing of the capital improvement plan.

12. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING

In support of housing, the HRA has issued, or acted as an agent for, various debt instruments (e.g., revenue bonds, refunding bonds, notes) for which the HRA has no legal obligation to make principal and interest payments. These conduit financings do not constitute an indebtedness of the County within the meaning of any state constitutional provision or statutory limitation. Conduit financings are special limited obligations of the HRA payable solely from amounts pledged by the agencies shown in the table below.

Conduit Financing, Agreement Date	Original Balance	Balance December 31, 2015	Balance December 31, 2016
Opportunity Partners, Inc., September 2008	\$ 2,940,022	\$ 1,498,580	\$ 1,264,532
Loring Park Apartments LLC, December 2001	17,250,000	17,250,000	17,250,000
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	20,120,000	20,120,000
Ebenezer York Assisted Living LLC December 2009	16,000,000	14,385,000	14,014,844
A-Mill Artist Lofts October 2013	55,000,000	55,000,000	-
A-Mill Artist Lofts November 2015	5,000,000	5,000,000	-
4041 Hiawatha Millworks Lofts April 2016	24,946,367	-	6,786,410
	<u>\$ 141,256,389</u>	<u>\$ 113,253,580</u>	<u>\$ 59,435,786</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

In addition to unassigned fund balance, governmental fund balance classifications and the constraints imposed on the uses of those resources are shown in the table below. The classifications are described in greater detail in the Fund Balance and Net Position section of Note 1.

Classification and Amount at December 31, 2016				
<u>Fund and Purpose</u>	<u>Nonspendable</u>	<u>Restricted For</u>	<u>Committed For</u>	<u>Assigned For</u>
<u>General Fund</u>				
Inventories	\$ 3,306,720			
Prepays	327,874			
Grant requirements		\$ 540,451		
Statutory requirements - primarily relating to youth sports & County Recorder technology		14,544,999		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 42,751,107
<u>Human Services Fund</u>				
Prepays	190,650			
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 125,092,931	
<u>Library Fund</u>				
Endowments	1,974,720			
Prepays	1,335,560			
Donor requirements specific to media category or library location		4,494,348		
Extended Library hours		1,514,713		
Print/electronic collection and technology improvements			32,546,109	
<u>Ballpark Sales Tax Fund</u>				
Debt service & statutory requirements		16,530,002		
<u>HRA Fund</u>				
Inventories	6,583,789			
Prepays	977,873			
HRA general expenditures		4,744,530		
<u>RRA Fund</u>				
RRA general expenditures		39,047,444		
<u>RRA Debt Service Fund</u>				
Debt service		297,074		
<u>General Debt Service Fund</u>				
Debt service		26,399,971		
<u>General Capital Projects Fund</u>				
Long-term portion of receivables	13,492,051			
Bond requirements relating to capital projects		127,841,844		

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

14. Property Tax Abatements

The County is subject to property tax abatements granted by tax increment finance (TIF) authorities within the County. TIF authorities are defined in Minn. Stat. § 469.174 and include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property tax on the property subject to the TIF agreement.

In the case of the County, TIF agreements of other local governments have resulted in reductions of County property tax revenues for the year ended December 31, 2016 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Brooklyn Park	\$ 282,637
Eden Prairie	1,385,467
Hopkins	982,053
Minneapolis	2,840,317
Minnetonka	466,901
Plymouth	264,793
Richfield	1,723,025
St Louis Park	3,022,600
Wayzata Housing & Redevelopment Authority	344,217
Thirteen Other Cities and Authorities	728,558
	\$ 12,040,568

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

15. RISK MANAGEMENT

The Self-Insurance fund is used to account for tort claims, workers' compensation claims and to hold funds for property risk retentions.

Tort Claims. The County is exposed to various risks of loss related to general, automobile, and professional liability torts; theft of, damage to, and destruction of assets; injuries to employees, and natural disasters. Minnesota Statutes Section 466.04 limits the tort liability of the County to \$500,000 for a claimant and \$1,500,000 for multiple claims arising out of a single occurrence for claims arising on or after July 1, 2009. The limits double when a claim arises out of the release of a hazardous substance.

Outstanding and incurred but not reported (IBNR) tort claims are evaluated through a combination of case-by-case reviews and application of historical experience. The balance of the estimated tort liability in the Self Insurance fund at December 31, 2016 is \$500,000. This estimated amount is expected to be paid within one year. Changes in the estimated tort liabilities during the past two years are as follows:

	2016	2015
Estimated liability at beginning of year	\$ 500,000	\$ 500,000
Estimated incurred claims (including IBNR)	526,953	414,272
Claim payments	(526,953)	(414,272)
Estimated liability at end of year	\$ 500,000	\$ 500,000

Workers' Compensation Claims. The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$2,000,000 per occurrence. During 2016, \$3,071,034 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The balance in the liability account at December 31, 2016 was \$16,109,236. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

Changes in the estimated workers' compensation liability during the past two years are as follows:

	2016	2015
Estimated liability at beginning of year	\$ 13,709,236	\$ 13,459,236
Estimated incurred claims (including IBNR)	5,471,034	4,438,127
Claim payments and expenses	(3,071,034)	(4,188,127)
Estimated liability at end of year	\$ 16,109,236	\$ 13,709,236

Property Claims. Commercial property insurance is carried for the County's buildings and contents, subject to deductible amounts. Settled claims from insured losses have not exceeded commercial insurance coverage in any of the past three years.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

16. SELF-INSURED EMPLOYEE HEALTH PLAN

Employee Health and Dental Claims are accounted for in the Employee Health Plan Self Insurance internal service fund. The County makes premium payments to the fund that include both employer and employee contributions. A stop-loss insurance policy was purchased for the plan which limits the County's annual exposure to 125% of projected medical claim payments for the year and \$1,500,000 per person. A liability was recorded at year-end for estimated open and IBNR claims. Outstanding and IBNR claims are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end.

Changes in the employee health plan liability during the past two years are as follows:

	2016	2015
Estimated liability at beginning of year	\$ 6,225,325	\$ 5,886,897
Estimated incurred claims (including IBNR)	107,523,759	94,644,993
Claim payments and expenses	(104,336,008)	(94,306,565)
Estimated liability at end of year	\$ 9,413,076	\$ 6,225,325

17. CONTINGENCIES

The County is involved in disputes and litigation, which normally occur in governmental operations and often involve claims for money damages. These pending cases are not considered unusual in number or amount and, based on past experiences in similar litigation, should not have a material adverse effect on the financial position of the County; however, they could be material to an individual period.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally Federal and State governments. Disallowed claims, if any, which could include amounts already received, may result in a liability for the applicable funds. The County does not believe such amounts will have a material effect on its financial position.

18. OTHER EMPLOYEE BENEFITS

The County uses an internal service fund to account for the cost and liquidation of governmental fund compensated absences and postemployment healthcare benefits.

Compensated Absences. Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 800 hours for most employees. The maximum is 1,280 hours for certain employees based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$12,453,685 in 2016. The Other Employee Benefits internal service fund is used to account for these benefits and to liquidate the liability for the governmental funds. As of December 31, the liability for accumulated compensated absences for all employees totaled \$95,684,118. At the government-wide level, \$1,674,793 is reported in business-type activities. The remaining amount of \$94,009,325 is reported in governmental activities, of which \$43,846,195 is funded in the Other Employee Benefits internal service fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

18. OTHER EMPLOYEE BENEFITS – CONTINUED

Single-Employer Postemployment Healthcare Benefit Program

Plan Description. Employees who have County-sponsored health coverage in force as of their termination date and who meet certain age and length of service requirements may be eligible for one of the County's retiree healthcare coverage categories. Eligible retirees may continue health coverage in the County's group health insurance program indefinitely.

While they are under age 65, retirees may participate in the County's group health coverage program with access to the same health plan (and benefit levels) available to active employees. Retirees can qualify to receive a County contribution toward health plan premium (an amount equal to that contributed to an active employee electing employee-only health coverage) until they reach age 65 by meeting one of three specific age and length of service requirements or by qualifying for and applying for a retirement annuity from an approved public service retirement program on the basis of a specified minimum number of years of service. If an employee was hired prior to July 1, 1989, they are eligible for retirement when the sum of their age and service equals 90. Individuals eligible to receive this benefit include certain former County employees who are now employees of either the State of MN Fourth Judicial District Court or Hennepin County Medical Center.

This benefit is not available to non-organized employees beginning County employment after January 1, 2007, or to organized employees beginning County employment after January 1, 2008, except for former employees of the Minneapolis Public Library who became county employees on January 1, 2008. Additionally, this benefit is not available to employees who traded their eligibility for the retiree healthcare benefit for participation in a Health Care Savings Program (HCSP) through a one-time opt-out offered to organized employees hired prior to January 1, 2008. The HCSP is funded by contributions of 1% of salary by the employee and \$500-\$700 per year by the County, beginning in January 2009. The County's contributions to the HCSP for the years ending December 31, 2016 and 2015 were \$545,300 and \$504,700, respectively.

Upon reaching age 65, retirees not eligible for Parts A and B of Medicare can continue to participate in the same health plan as active employees, however this benefit is not subsidized by the County. Retirees who are eligible for Parts A and B of Medicare, to remain in the County group program, must enroll in a County sponsored community-rated group Medicare Cost Managed Care plan, which is not subsidized by the County or active employees.

The current retiree healthcare benefit plan is approved by the County Board on a year-to-year basis. According to MN Statute 179A.20, subdivision 2a, a contract may not obligate an employer to fund all or part of the cost of healthcare benefits for a former employee beyond the duration of the contract. The statute also states that a personnel policy may not obligate an employer to fund all or part of healthcare benefits for a former employee beyond the duration of the policy. Within the dictates of existing contracts, the County Board may change the benefit structure at any time. The retiree healthcare plan does not issue a publicly available financial report.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

18. OTHER EMPLOYEE BENEFITS – CONTINUED

Funding Policy. The Other Employee Benefits internal service fund is used to account for the cost and liquidation of postemployment healthcare benefits relating to governmental funds on a cost-reimbursement basis. Cash set aside in this internal service fund for the future costs of retiree healthcare totaling \$23,428,907 does not meet requirements for reporting this funding as a contribution in relation to the Annual Required Contribution (ARC). The required contribution is based on projected “pay-as-you-go” financing requirements. The County Board may change the funding policy at any time. In 2016, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$80 per month to the County for the benefit. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) expense is actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement 45. The County's annual OPEB cost (AOC) represents a level of funding that would be projected to cover the normal cost each year including interest and adjustments, and would amortize the unfunded actuarial liabilities (UAL) over a 30-year period.

The \$10,725,778 AOC in 2016 consists of the \$6,215,143 normal cost, the \$4,252,293 amortization of UAL, and net interest and adjustments of \$258,342. During 2016, approximately 751 former employees received this postemployment healthcare benefit. The table below shows the components of the County's annual OPEB cost, the amount actually contributed to the plan, and changes in the County's net OPEB obligation relating to the postemployment healthcare plan:

ARC	\$ 10,467,436
Interest on net OPEB obligation	2,325,081
Adjustments to ARC	<u>(2,066,739)</u>
AOC (expense)	10,725,778
Contributions made	<u>(9,341,500)</u>
Increase in net OPEB obligation	1,384,278
Net OPEB obligation - beginning of year	<u>62,002,161</u>
Net OPEB obligation - end of year	<u>\$ 63,386,439</u>

Annual cost, contributions, and year-end obligation information for the last three years are shown below:

Year Ended December 31	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2014	\$16,308,025	60%	\$55,721,129
2015	\$16,928,032	63%	\$62,002,161
2016	\$10,725,778	87%	\$63,386,439

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

18. OTHER EMPLOYEE BENEFITS – CONTINUED

Funded Status and Funding Progress. The actuarial accrued liability for benefits as of January 1, 2016 was \$122,957,871. This liability will be phased in over 30 years until the adoption of GASB 75, which is discussed further in Note 19. Contributions in relation to the \$10,725,778 AOC during 2016 totaled \$9,341,500. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2016 remained \$122,957,871. The annual payroll of active employees covered by the plan was \$555,965,942. The ratio of the UAAL to the covered payroll was 36.3%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, showing multiyear trend information about the actuarial accrued liability for benefits and the non-funded status, immediately follows the notes to the basic financial statements.

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

In the January 1, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 3.75% investment rate of return, which is the expected long-term investment return on the County's own investments. An annual healthcare cost trend rate of 6.4% initially, reduced over 55 years to an ultimate rate of 4.5%, was used. Wage inflation of 3.75% per year and a level percentage of projected payroll 30-year open amortization period were used. The Schedule of Funding Progress for the Retiree Health Plan is found in the Required Supplementary Information section on page 83.

19. EMPLOYEE RETIREMENT SYSTEMS

A. Public Employees Retirement Association (PERA) of Minnesota Defined Benefit Pension Plans

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 (General Employees Plan – accounted for in PERA's General Employees Fund). All full-time and certain part-time employees of the County are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Public Employees Police and Fire Plan (Police and Fire Plan – accounted for in PERA's Police and Fire Fund). 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 (Correctional Plan – accounted for in PERA's Correctional Fund). 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. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases. The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. 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.

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For 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.

Police and Fire Plan Benefits for members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. 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.

Correctional Plan Benefits for members first hired after June 30, 2010 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

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. Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2016. The County was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2016. The County's contributions to the General Employees Fund for the year ended December 31, 2016 were \$36,767,023. The County's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions. Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The County was required to contribute 16.2% of pay for members in calendar year 2016. The County's contributions to the Police and Fire Fund for the year ended December 31, 2016 were \$4,332,526. The County's contributions were equal to the required contributions as set by state statute.

Correctional Fund Contributions. In calendar year 2016 plan members were required to contribute 5.83% of their annual covered salary. The County was required to contribute 8.75% of pay for plan members in calendar year 2016. The County's contributions to the Correctional Fund for the year ended December 31, 2016 were \$2,671,107. 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, 2016, the County reported a liability of \$632,545,899 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 \$6,000,000 to the fund in 2016. 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 \$8,261,604. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016 the County's proportion share was 7.79% which was an increase of .06% from its proportion measured as of June 30, 2015. For the year ended December 31, 2016 the County recognized pension expense of \$78,137,915 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$190,200 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution to the General Employees Fund.

At year end, 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,904,814	\$ (51,276,730)
Changes in actuarial assumptions	136,644,434	-
Difference between projected and actual investment earnings	69,002,869	
Changes in proportion	2,413,729	(4,655,225)
Contributions paid to PERA subsequent to the measurement date	20,217,322	-
	<u>\$ 230,183,168</u>	<u>\$ (55,931,955)</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Pension Costs – continued. *General Employees Fund Pension Costs – continued.* The \$20,217,322 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in 2016 through 2020 pension expense as follows:

Year Ended June 30	Pension Expense Amount
2017	\$ (42,034,939)
2018	(27,338,733)
2019	(61,811,550)
2020	(22,848,669)

Police and Fire Fund Pension Costs. At December 31, 2016 the County reported a liability of \$109,358,992 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportion of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2016 the County’s proportion was 2.75% which was a decrease of .17% from its proportion measured as of June 30, 2015. The County also recognized \$245,250 for the year ended December 31, 2016 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9,000,000 to the Police and Fire Fund each year, starting in fiscal year 2014. For the year ended December 31, 2016 the County recognized pension expense of \$16,429,153 for its proportionate share of the Police and Fire Plan’s pension expense.

At year end, 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 25,983	\$ (12,797,614)
Changes in actuarial assumptions	64,827,160	-
Difference between projected and actual investment earnings	9,305,965	-
Changes in proportion	216,008	(1,619,133)
Contributions paid to PERA subsequent to the measurement date	2,360,283	-
	\$ 76,735,399	\$ (14,416,747)

The \$2,360,283 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2017	\$ (11,325,847)
2018	(11,325,847)
2019	(15,144,284)
2020	(12,154,946)
2021	(10,007,445)

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Pension Costs – continued. *Correctional Plan Pension Costs.* At December 31, 2016 the County reported a liability of \$57,792,675 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016 the County's proportion was 15.82% which was a decrease of .01% from its proportion measured as of June 30, 2015. For the year ended December 31, 2016 the County recognized pension expense of \$13,622,804 for its proportionate share of the Correctional Plan's pension expense.

At year end 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 Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 45,242	\$ (827,058)
Changes in actuarial assumptions	36,820,892	(1,298,384)
Difference between projected and actual investment earnings	4,074,124	-
Changes in proportion	23,764	(1,160)
Contributions paid to PERA subsequent to the measurement date	1,440,680	-
	\$ 42,404,702	\$ (2,126,602)

The \$1,440,680, 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2017	\$ (11,028,108)
2018	(12,528,899)
2019	(14,039,376)
2020	(1,241,037)

Actuarial Assumptions The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.5%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan and Correctional Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% per year for all future years for the General Employees Plan and Police and Fire Plan, and 2.5% for all years for the Correctional Plan.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Actuarial Assumptions – continued. Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for Police and Fire Plan was for the period July 1, 2004 through June 30, 2009. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2016:

General Employees Fund

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.5% per year thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Police and Fire Fund

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2037 and 2.5% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

Correctional Fund

- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
	100%	

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2016

19. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Discount Rate. The discount rate used to measure the total pension liability in 2016 was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Police and Fire Fund and the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058, respectively. Beginning in fiscal years ended June 30, 2057 for the Police and Fire Fund and June 30, 2059 for the Correctional Fund, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.6% for the Police and Fire Fund and 5.31% for the Correctional Fund was determined, which produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.5% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

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 1% lower or 1% higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate (in thousands)

	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Higher	6.5%	\$898,402,640	4.6%	\$153,088,075	4.31%	\$ 87,017,910
Current Discount Rate	7.5%	632,545,899	5.6%	109,358,992	5.31%	57,792,675
1% Lower	8.5%	413,552,299	6.6%	73,629,010	6.31%	34,976,754

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.

B. Supplemental Retirement Defined Contribution Plan

The County administers a defined contribution plan that provides additional pension benefits for eligible employees through a nonelective deferred compensation plan "grandfathered" under Section 6064(d)(3) of the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). The plan is established and administered in accordance with Minnesota Statutes, Chapter 383B. Employees have the option to participate after five years of continuous service, although the plan has been discontinued for employees hired after April 13, 1982. State legislation requires that both the employee and the employer contribute an amount equal to 1% of the employee's gross salary. Contributions (and interest allocated to the employee's account) are fully vested immediately. The County's contributions to the Supplemental Retirement Plan for the years ending December 31, 2016, 2015, and 2014 were \$122,490, \$150,462, and \$173,262, respectively.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2016

20. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 72, *Fair Value Measurement and Application*, required disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

GASB Statement No. 77, *Tax Abatement Disclosures* required disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Accounting Standards Not Yet Adopted

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, revised and established new financial reporting requirements for postemployment benefits, including, requiring the recognition of the full actuarially-determined liability, rather than continuing to allow recognition over a period not-to-exceed 30 years. This statement will be effective for the County on January 1, 2018.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, will be effective for the County on January 1, 2017. This Statement requires blending of certain component units.

GASB Statement No. 81, *Irrevocable Split-interest Agreements*, will be effective for the County on January 1, 2017. Among other requirements, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding the presentation of payroll-related measures, the selection of assumptions, the treatment of deviations from other guidance, and the classification of employer payments made to satisfy employee contribution requirements. This statement is effective for the County on January 1, 2017.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the County on January 1, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

GASB Statement No. 85, *Omnibus 2017*, will be effective for the County on January 1, 2018. This Statement addresses a variety of topics including blending of component units, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for the County on January 1, 2018. This Statement will require additional disclosures regarding debt that has been defeased in substance.

The County's management has not yet determined the effect that the above GASB statements will have on the County's financial statements, but GASB Statement No. 75 will have a material impact.

21. SUBSEQUENT EVENTS

In January 2017, the County issued \$116,885,000 of series 2017A first lien sales tax revenue refunding bonds (Ballpark Project) at a premium of \$21,462,726. Proceeds, together with \$9,019,206 of available funds, were used for the advance refunding of the \$141,050,000 remaining balance of series 2007A first lien sales tax revenue bonds. The County has evaluated subsequent events to May 31, 2017, the date the financial statements were available to be issued.

Required Supplementary Information

Hennepin County, Minnesota
Schedule of Funding Progress
Postemployment Healthcare Benefit Program

	Actuarial Valuation Date		
	1/1/2012	1/1/2014	1/1/2016
<u>Results of Actuarial Valuation</u>			
Actuarial value of assets	\$ -	-	-
Actuarial accrued liability (AAL) entry age normal cost method	\$ 210,519,404	198,747,432	122,957,871
Unfunded AAL (UAAL)	\$ 210,519,404	198,747,432	122,957,871
Funded ratio	0.0 %	0.0 %	0.0 %
Covered payroll	\$ 465,818,934	495,139,982	555,965,942
UAAL as a percentage of covered payroll	45.2 %	40.1 %	22.1 %
<u>Factors that Significantly Affect Identification of Trends</u>			
Annual required contribution (ARC)	\$ 16,022,203	16,103,079	10,467,436
Employer contributions	\$ 10,357,000	9,774,000	9,341,000
Contributions as a percentage of the ARC	65 %	61 %	89 %
Interest and adjustments	\$ 158,605	204,946	258,342
Net OPEB obligation	\$ 43,888,808	55,721,129	63,386,439
<u>Demographics</u>			
Active employees	7,085	7,150	7,573
Number of retirees utilizing the retiree health plan at year-end	974	825	751
Number of active employees age 50-54	1,161	1,065	1,010
Number of active employees age 55-59	1,193	1,125	1,111
Number of active employees age 60-64	869	915	839
Number of active employees age 65+ (ineligible for benefit)	228	249	350

Notes:

See Note 17 in the Notes to the Basic Financial Statements for additional information relating to the plan description, funding, cost, obligation, and actuarial methods/assumptions.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedule of Defined Benefit Pension Plan Contributions
 Last Two Fiscal Years

Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
<u>General Employees Fund:</u>					
12/31/2015	\$ 36,164,980	\$ 36,164,980	\$ -	\$ 482,199,730	7.50%
12/31/2016	36,767,023	36,767,023	-	490,226,973	7.50%
<u>Police and Fire Fund:</u>					
12/31/2015	\$ 4,246,683	\$ 4,246,683	\$ -	\$ 26,214,091	16.20%
12/31/2016	4,332,526	4,332,526	-	26,743,988	16.20%
<u>Correctional Fund:</u>					
12/31/2015	\$ 2,530,932	\$ 2,530,932	\$ -	\$ 28,924,934	8.75%
12/31/2016	2,671,107	2,671,107	-	30,526,937	8.75%

Note 18 in the Notes to the Basic Financial Statements presents additional information relating to pension plans Data not available prior to 2015. This schedule will show information for ten years as it becomes available.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedule of County Proportionate Share of Defined Benefit Pension Plans
 Last Two Fiscal Years

Year Ended	Proportion (Percentage) of the Net Pension Liability	The County's Proportionate Share (Amount) of the Net Pension Liability (a)	The State's Proportionate Share (Amount) of the Net Pension Liability Associated with the County (b)	Combined Proportionate Share of the Net Pension Liability Associated With the County (a+b)	County Covered- Employee Payroll (c)	County Proportionate Share of Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>General Employees Fund:</u>							
6/30/2015	7.7283%	\$ 400,520,863	\$ -	\$ 400,520,863	\$ 454,517,827	88.1%	78.2%
6/30/2016	7.7905%	632,545,899	8,261,604	640,807,503	483,432,200	132.6%	68.9%
<u>Police and Fire Fund:</u>							
6/30/2015	2.896%	\$ 32,905,325	\$ -	\$ 32,905,325	\$ 26,595,916	123.7%	86.6%
6/30/2016	2.725%	109,358,992	-	109,358,992	26,251,457	416.6%	63.9%
<u>Correctional Fund:</u>							
6/30/2015	15.83%	\$ 2,447,349	\$ -	\$ 2,447,349	\$ 28,428,994	8.6%	97.0%
6/30/2016	15.82%	57,792,675	-	57,792,675	40,124,800	144.0%	58.2%

Note 18 in the Notes to the Basic Financial Statements presents additional information relating to pension plans
 Data not available prior to 2015. This schedule will show information for ten years as it becomes available.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2015 Actual
REVENUES					
Property taxes	\$ 332,578,612	\$ 331,943,612	\$ 340,499,862	\$ 8,556,250	\$ 336,741,628
Wheelage tax	10,000,000	10,000,000	9,918,363	(81,637)	9,965,015
Other taxes	2,197,017	2,197,017	3,187,109	990,092	3,167,184
Intergovernmental	99,000,348	99,177,412	100,237,916	1,060,504	106,454,390
Investment earnings (losses)	10,250,000	10,250,000	5,570,663	(4,679,337)	8,031,331
Charges for services	95,687,294	95,687,294	89,825,078	(5,862,216)	92,501,332
Fines and forfeits	225,000	288,535	376,412	87,877	410,499
Licenses and permits	6,295,765	6,295,765	6,334,978	39,213	6,210,338
Other	18,357,576	18,216,833	18,863,885	647,052	16,249,898
Total Revenues	574,591,612	574,056,468	574,814,266	757,798	579,731,615
EXPENDITURES - CURRENT					
Operations					
County Board:					
Personal services	2,595,156	2,597,156	2,434,599	162,557	2,357,078
Commodities	56,620	58,802	26,606	32,196	24,925
Contractual services	120,632	112,431	100,163	12,268	84,072
Capital outlay	2,550	2,550	-	2,550	-
Other charges	203,627	188,802	60,143	128,659	96,012
	<u>2,978,585</u>	<u>2,959,741</u>	<u>2,621,511</u>	<u>338,230</u>	<u>2,562,087</u>
County Administration:					
Personal services	2,027,748	2,027,748	2,061,443	(33,695)	1,673,739
Commodities	18,750	24,143	17,872	6,271	11,405
Contractual services	1,215,301	1,215,862	750,954	464,908	764,911
Capital outlay	2,000	2,000	-	2,000	-
Other charges	48,800	48,800	29,070	19,730	42,996
	<u>3,312,599</u>	<u>3,318,553</u>	<u>2,859,339</u>	<u>459,214</u>	<u>2,493,051</u>
Budget & Finance:					
Personal services	11,285,181	11,285,181	10,534,785	750,396	9,510,722
Commodities	22,800	23,414	337,359	(313,945)	163,393
Contractual services	3,966,783	4,224,167	4,198,263	25,904	3,696,167
Capital outlay	2,000	2,000	-	2,000	-
Other charges	372,000	372,000	218,181	153,819	198,237
	<u>15,648,764</u>	<u>15,906,762</u>	<u>15,288,588</u>	<u>618,174</u>	<u>13,568,519</u>
Facility Services:					
Personal services	21,009,116	21,009,116	20,726,186	282,930	19,160,795
Commodities	1,504,775	1,346,133	1,397,413	(151,280)	1,833,547
Contractual services	32,074,939	30,885,190	31,080,064	(194,874)	29,799,180
Capital outlay	-	(42,000)	51,970	(93,970)	237,447
Other charges	1,825,241	1,811,958	1,753,950	58,008	737,864
	<u>56,414,071</u>	<u>55,010,397</u>	<u>55,009,583</u>	<u>814</u>	<u>51,768,833</u>
Information Technology:					
Personal services	982,568	982,568	830,471	152,097	4,731,749
Commodities	278	278	47,239	(46,961)	72,496
Contractual services	2,084,473	1,376,104	490,701	885,403	2,194,905
Capital outlay	-	1,418	75,719	(74,301)	985,198
Other charges	29,750	29,750	-	29,750	30,465
	<u>3,097,069</u>	<u>2,390,118</u>	<u>1,444,130</u>	<u>945,988</u>	<u>8,014,813</u>
Real Property Group:					
Personal services	31,042,907	31,042,909	29,585,908	1,457,001	26,697,067
Commodities	332,467	489,100	407,685	81,415	252,912
Contractual services	11,089,164	11,092,912	7,745,601	3,347,311	7,677,533
Capital outlay	1,753,000	1,772,210	1,858,317	(86,107)	45,462
Other charges	341,266	342,906	1,829,218	(1,486,312)	1,967,207
	<u>44,558,804</u>	<u>44,740,037</u>	<u>41,426,729</u>	<u>3,313,308</u>	<u>36,640,181</u>
Human Resources:					
Personal services	7,671,776	7,671,776	8,049,762	(377,986)	6,267,548
Commodities	97,026	99,156	220,084	(120,928)	56,323
Contractual services	7,349,101	9,157,131	7,163,071	1,994,060	1,118,609
Capital outlay	300	300	-	300	-
Other charges	536,299	536,299	219,959	316,340	303,551
	<u>15,654,502</u>	<u>17,464,662</u>	<u>15,652,876</u>	<u>1,811,786</u>	<u>7,746,031</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2015 Actual
EXPENDITURES - CURRENT, continued					
Operations, continued					
Audit, Compliance and Investigation Services:					
Personal services	3,214,323	3,214,323	2,999,300	215,023	2,621,997
Commodities	31,000	31,060	39,530	(8,470)	22,337
Contractual services	842,966	842,830	664,545	178,285	606,475
Capital outlay	-	-	-	-	2,606
Other charges	67,350	67,350	33,106	34,244	55,763
	<u>4,155,639</u>	<u>4,155,563</u>	<u>3,736,481</u>	<u>419,082</u>	<u>3,309,178</u>
General County Purposes ¹ :					
Personal services	9,439,911	9,465,781	13,156,801	(3,691,020)	15,270,557
Commodities	298,902	325,314	109,928	215,386	578,233
Contractual services	6,050,793	6,066,380	5,512,220	554,160	13,206,521
Capital outlay	38,000	38,000	(147,960)	185,960	65,160
Other charges	15,361,194	13,183,194	4,335,050	8,848,144	3,618,314
	<u>31,188,800</u>	<u>29,078,669</u>	<u>22,966,039</u>	<u>6,112,630</u>	<u>32,738,785</u>
Total Operations:					
Personal services	89,268,686	89,296,558	90,379,255	(1,082,697)	88,291,252
Commodities	2,362,618	2,397,400	2,603,716	(206,316)	3,015,571
Contractual services	64,794,152	64,973,007	57,705,582	7,267,425	59,148,373
Capital outlay	1,797,850	1,776,478	1,838,046	(61,568)	1,335,873
Other charges	18,785,527	16,581,059	8,478,677	8,102,382	7,050,409
	<u>177,008,833</u>	<u>175,024,502</u>	<u>161,005,276</u>	<u>14,019,226</u>	<u>158,841,478</u>
Health					
NorthPoint Health & Wellness Center:					
Personal services	28,118,761	28,113,020	27,318,197	794,823	25,369,258
Commodities	2,430,386	2,441,317	2,419,629	21,688	2,351,938
Contractual services	5,248,772	5,289,899	5,774,549	(484,650)	5,024,528
Capital outlay	437,000	432,975	419,435	13,540	40,627
Other charges	590,949	590,949	589,825	1,124	643,758
	<u>36,825,868</u>	<u>36,868,160</u>	<u>36,521,635</u>	<u>346,525</u>	<u>33,430,109</u>
Medical Examiner:					
Personal services	4,594,488	4,603,488	4,684,832	(81,344)	4,407,719
Commodities	100,433	100,507	91,830	8,677	97,499
Contractual services	1,093,280	1,093,415	1,083,784	9,631	1,012,451
Capital outlay	-	-	-	-	-
Other charges	90,200	90,200	26,663	63,537	35,309
	<u>5,878,401</u>	<u>5,887,610</u>	<u>5,887,109</u>	<u>501</u>	<u>5,552,978</u>
Uncompensated Care:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	18,500,000	18,500,000	18,500,000	-	18,500,004
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>18,500,000</u>	<u>18,500,000</u>	<u>18,500,000</u>	<u>-</u>	<u>18,500,004</u>
Health Administration and Support:					
Personal services	464,588	464,588	407,167	57,421	276,241
Commodities	2,000	2,000	39	1,961	786
Contractual services	19,200	19,200	34,399	(15,199)	30,016
Capital outlay	-	-	-	-	-
Other charges	10,000	10,000	1,896	8,104	75
	<u>495,788</u>	<u>495,788</u>	<u>443,501</u>	<u>52,287</u>	<u>307,118</u>
Sexual Assault Resources Service (SARS):					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	930,000	930,000	851,860	78,140	12,929,859
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>930,000</u>	<u>930,000</u>	<u>851,860</u>	<u>78,140</u>	<u>12,929,859</u>
Total Health:					
Personal services	33,177,837	33,181,096	32,410,196	770,900	30,053,218
Commodities	2,532,819	2,543,824	2,511,498	32,326	2,450,223
Contractual services	25,791,252	25,832,514	26,244,592	(412,078)	37,496,858
Capital outlay	437,000	432,975	419,435	13,540	40,627
Other charges	691,149	691,149	618,384	72,765	679,142
	<u>62,630,057</u>	<u>62,681,558</u>	<u>62,204,105</u>	<u>477,453</u>	<u>70,720,068</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				2015 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Safety					
Public Safety Administration & Integration:					
Personal services	4,378,450	4,378,450	3,801,473	576,977	-
Commodities	474,164	486,296	212,998	273,298	-
Contractual services	2,967,687	3,217,687	2,527,274	690,413	-
Capital outlay	82,176	57,176	23,878	33,298	-
Other charges	103,078	102,988	86,218	16,770	-
	<u>8,005,555</u>	<u>8,242,597</u>	<u>6,651,841</u>	<u>1,590,756</u>	<u>-</u>
County Attorney:					
Personal services	42,159,711	42,293,711	41,837,738	455,973	40,334,634
Commodities	243,800	244,578	225,544	19,034	227,693
Contractual services	7,506,494	7,078,671	7,307,687	(229,016)	6,584,001
Capital outlay	-	(10,500)	-	(10,500)	-
Other charges	135,613	139,105	308,814	(169,709)	145,263
	<u>50,045,618</u>	<u>49,745,565</u>	<u>49,679,783</u>	<u>65,782</u>	<u>47,291,591</u>
Court Functions:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	1,910,000	2,010,000	1,799,818	210,182	2,047,315
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>1,910,000</u>	<u>2,010,000</u>	<u>1,799,818</u>	<u>210,182</u>	<u>2,047,315</u>
Public Defender:					
Personal services	8,876,910	8,876,910	8,814,351	62,559	9,484,174
Commodities	245,000	895,194	705,799	189,395	81,797
Contractual services	5,740,488	5,689,922	5,886,558	(196,636)	4,415,883
Capital outlay	10,000	257,660	156,666	100,994	-
Other charges	50,500	50,500	74,485	(23,985)	81,715
	<u>14,922,898</u>	<u>15,770,186</u>	<u>15,637,859</u>	<u>132,327</u>	<u>14,063,569</u>
Sheriff:					
Personal services	79,742,367	80,342,367	82,412,274	(2,069,907)	77,913,158
Commodities	4,979,433	4,721,639	4,054,496	667,143	3,968,388
Contractual services	13,700,004	13,761,566	12,975,317	786,249	12,433,631
Capital outlay	624,107	720,191	208,484	511,707	302,778
Other charges	1,132,224	1,144,515	1,030,555	113,960	1,129,331
	<u>100,178,135</u>	<u>100,690,278</u>	<u>100,681,126</u>	<u>9,152</u>	<u>95,747,286</u>
Community Corrections and Rehabilitation:					
Personal services	86,799,682	86,816,674	87,328,154	(511,480)	83,731,416
Commodities	3,021,347	3,099,002	2,895,481	203,521	3,281,077
Contractual services	21,806,517	21,514,128	20,734,550	779,578	19,369,210
Capital outlay	107,500	(12,021)	41,950	(53,971)	301,700
Other charges	436,612	431,670	304,659	127,011	385,888
	<u>112,171,658</u>	<u>111,849,453</u>	<u>111,304,794</u>	<u>544,659</u>	<u>107,069,291</u>
Total Public Safety					
Personal services	221,957,120	222,708,112	224,193,990	(1,485,878)	211,463,382
Commodities	8,963,744	9,446,709	8,094,318	1,352,391	7,558,955
Contractual services	53,631,190	53,271,974	51,231,204	2,040,770	44,850,040
Capital outlay	823,783	1,012,506	430,978	581,528	604,478
Other charges	1,858,027	1,868,778	1,804,731	64,047	1,742,197
	<u>287,233,864</u>	<u>288,308,079</u>	<u>285,755,221</u>	<u>2,552,858</u>	<u>266,219,052</u>
Total Public Works:					
Personal services	36,304,665	36,295,143	34,523,826	1,771,317	32,960,537
Commodities	7,039,845	7,140,117	6,575,806	564,311	7,715,333
Contractual services	28,921,466	28,473,321	29,687,976	(1,214,655)	26,182,495
Capital outlay	210,000	(118,650)	310,729	(429,379)	249,130
Other charges	373,224	373,224	380,899	(7,675)	387,717
	<u>72,849,200</u>	<u>72,163,155</u>	<u>71,479,236</u>	<u>683,919</u>	<u>67,495,212</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				2015 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
TOTAL EXPENDITURES - CURRENT:					
Personal services	380,708,308	381,480,909	381,507,267	(26,358)	362,768,389
Commodities	20,899,026	21,528,050	19,785,338	1,742,712	20,740,082
Contractual services	173,138,060	172,550,816	164,869,354	7,681,462	167,677,766
Capital outlay	3,268,633	3,103,309	2,999,188	104,121	2,230,108
Other charges	21,707,927	19,514,210	11,282,691	8,231,519	9,859,465
Total Expenditures	\$ 599,721,954	\$ 598,177,294	\$ 580,443,838	\$ 17,733,456	\$ 563,275,810
Excess (Deficiency) of Revenues Over Expenditures	(25,130,342)	(24,120,826)	(5,629,572)	18,491,254	16,455,805
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	3,031,097	3,031,097	3,208,396
Transfers out	(1,312,657)	(1,312,657)	(3,862,656)	(2,549,999)	(21,923,774)
Total Other Financing Sources (Uses)	(1,312,657)	(1,312,657)	(831,559)	481,098	(18,715,378)
Net Change in Fund Balance	(26,442,999)	(25,433,483)	(6,461,131)	\$ 18,972,352	(2,259,573)
Fund Balance - Beginning	196,230,528	196,230,528	196,230,528		198,490,101
Fund Balance - Ending	\$ 169,787,529	\$ 170,797,045	\$ 189,769,397		\$ 196,230,528

¹ The General County Purposes program in Operations included functions such as the Center of Innovation and Excellence; Public Affairs; Retiree Health Care; Employee Tuition Assistance; the Business Information Office, support of youth activities, the County Fair, the Hennepin History Museum, and Hennepin County Extension Services; and provides dues/contributions to organizations benefiting the County.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 231,742,009	\$ 232,377,009	\$ 235,664,730	\$ 3,287,721	\$ 226,668,669
Other taxes	-	-	184,820	184,820	168,298
Intergovernmental	247,580,224	257,256,385	262,990,712	5,734,327	239,249,639
Charges for services	45,500,316	45,500,316	43,824,990	(1,675,326)	43,391,968
Licenses and permits	1,700,000	1,700,000	1,643,488	(56,512)	1,606,611
Other	1,487,000	1,487,000	1,413,621	(73,379)	2,430,613
Total Revenues	528,009,549	538,320,710	545,722,361	7,401,651	513,515,798
EXPENDITURES					
Human Services:					
Personal services	277,260,612	280,083,180	283,255,108	(3,171,928)	260,799,084
Commodities	2,179,281	2,193,781	2,020,426	173,355	2,841,203
Contractual services	48,498,448	48,588,005	47,080,681	1,507,324	44,285,551
Public aid assistance	191,985,775	201,028,311	199,457,023	1,571,288	191,261,017
Capital outlay	65,120	65,120	41,693	23,427	-
Other	14,884,313	21,526,313	21,589,023	(62,710)	16,786,749
Total Expenditures	534,873,549	553,484,710	553,443,954	40,756	515,973,604
Excess (Deficiency) of Revenues Over Expenditures	(6,864,000)	(15,164,000)	(7,721,593)	7,442,407	(2,457,806)
OTHER FINANCING SOURCES					
Transfers in	864,000	864,000	863,664	(336)	2,936,302
Transfers out	-	-	(1,700,000)	(1,700,000)	(19,900,000)
Total Other Financing Sources (Uses)	864,000	864,000	(836,336)	(1,700,336)	(16,963,698)
Net Change in Fund Balance	(6,000,000)	(14,300,000)	(8,557,929)	\$ 5,742,071	(19,421,504)
Fund Balance - Beginning	133,841,510	133,841,510	133,841,510		153,263,014
Fund Balance - Ending	\$ 127,841,510	\$ 119,541,510	\$ 125,283,581		\$ 133,841,510

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Fund
For the Year Ended December, 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 67,322,167	\$ 64,064,801	\$ 64,976,685	\$ 911,884	\$ 62,335,145
Other taxes	-	-	51,096	51,096	46,316
Intergovernmental	2,870,000	6,127,366	6,395,551	268,185	6,378,441
Investment earnings (losses)	80,000	80,000	27,641	(52,359)	47,029
Charges for services	1,204,000	1,204,000	1,056,068	(147,932)	1,200,023
Fines and forfeits	1,360,700	1,360,700	1,250,892	(109,808)	1,356,516
Other	1,256,700	1,256,700	1,425,543	168,843	1,377,913
Total Revenues	<u>74,093,567</u>	<u>74,093,567</u>	<u>75,183,476</u>	<u>1,089,909</u>	<u>72,741,383</u>
EXPENDITURES					
Libraries:					
Personal services	46,214,088	46,214,088	43,896,625	2,317,463	42,294,367
Commodities	1,638,125	1,590,899	1,422,254	168,645	1,313,857
Contractual services	26,099,050	26,046,252	25,689,850	356,402	24,012,756
Capital outlay	6,773,265	6,645,163	6,457,300	187,863	6,747,210
Other	904,039	904,222	567,069	337,153	508,803
Total Expenditures	<u>81,628,567</u>	<u>81,400,624</u>	<u>78,033,098</u>	<u>3,367,526</u>	<u>74,876,993</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,535,000)	(7,307,057)	(2,849,622)	4,457,435	(2,135,610)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,335,000	2,335,000	2,300,000	(35,000)	2,300,000
Net Change in Fund Balance	(5,200,000)	(4,972,057)	(549,622)	\$ <u>4,422,435</u>	164,390
Fund Balance - Beginning	42,415,072	42,415,072	42,415,072		42,250,682
Fund Balance - Ending	<u>\$ 37,215,072</u>	<u>\$ 37,443,015</u>	<u>\$ 41,865,450</u>		<u>\$ 42,415,072</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ballpark Sales Tax
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
REVENUES					
Sales tax	\$ 35,880,000	\$ 35,880,000	\$ 36,468,191	\$ 588,191	\$ 35,769,164
Investment Earnings	-	-	23,443	23,443	776
Total Revenues	<u>35,880,000</u>	<u>35,880,000</u>	<u>36,491,634</u>	<u>611,634</u>	<u>35,769,940</u>
EXPENDITURES					
Operations					
Contractual services	500,000	500,000	454,218	45,782	474,619
Grants	2,000,000	2,000,000	1,851,433	148,567	1,809,936
Total Expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,305,651</u>	<u>194,349</u>	<u>2,284,555</u>
Excess of Revenues Over Expenditures	<u>33,380,000</u>	<u>33,380,000</u>	<u>34,185,983</u>	<u>805,983</u>	<u>33,485,385</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(36,000,000)	(36,000,000)	(27,393,854)	8,606,146	(33,406,886)
Net Change in Fund Balance	(2,620,000)	(2,620,000)	6,792,129	<u>\$ 9,412,129</u>	78,499
Fund Balance - Beginning	<u>9,737,873</u>	<u>9,737,873</u>	<u>9,737,873</u>		<u>9,659,374</u>
Fund Balance - Ending	<u>\$ 7,117,873</u>	<u>\$ 7,117,873</u>	<u>\$ 16,530,002</u>		<u>\$ 9,737,873</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Redevelopment Authority Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016					2015 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 7,066,307	\$ 7,066,307	\$ 7,109,791	\$ 43,484		\$ 7,102,953
Other taxes	-	-	5,419	5,419		5,053
Intergovernmental	3,076,176	3,076,176	1,158,706	(1,917,470)		1,399,347
Investment earnings (losses)	125,000	125,000	40,329	(84,671)		64,845
Charges for services	2,188,000	2,188,000	2,056,900	(131,100)		1,851,347
Other	2,075,017	3,175,017	229,807	(2,945,210)		418,215
	<u>14,530,500</u>	<u>15,630,500</u>	<u>10,600,952</u>	<u>(5,029,548)</u>		<u>10,841,760</u>
EXPENDITURES						
Housing and Redevelopment Authority:						
Commodities	61,250	61,250	109,528	(48,278)		120
Contractual services	3,909,344	3,786,393	4,272,746	(486,353)		4,547,187
Capital outlay	-	-	32,888,157	(32,888,157)		3,499,473
Other	2,975,009	3,173,105	526,776	2,646,329		242,536
Grants and contributions	7,596,176	9,371,206	5,426,991	3,944,215		4,714,135
	<u>14,541,779</u>	<u>16,391,954</u>	<u>43,224,198</u>	<u>(26,832,244)</u>		<u>13,003,451</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,279)	(761,454)	(32,623,246)	(31,861,792)		(2,161,691)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	18,200,000	27,347,520	9,147,520		10,522,033
Transfers out	-	-	(863,664)	(863,664)		(861,302)
	<u>-</u>	<u>18,200,000</u>	<u>26,483,856</u>	<u>8,283,856</u>		<u>9,660,731</u>
Net Change in Fund Balance	(11,279)	17,438,546	(6,139,390)	\$ <u>(23,577,936)</u>		7,499,040
Fund Balance - Beginning	18,445,582	18,445,582	18,445,582			10,946,542
Fund Balance - Ending	<u>\$ 18,434,303</u>	<u>\$ 35,884,128</u>	<u>\$ 12,306,192</u>			<u>\$ 18,445,582</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Regional Railroad Authority Fund
For the Year Ended December 31, 2016
With Comparative Actual Amounts for Year Ended December 31, 2015

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 26,510,500	\$ 26,510,500	\$ 27,023,703	\$ 513,203	\$ 24,240,598
Other taxes	-	-	11,261	11,261	18,642
Intergovernmental	-	-	13,801	13,801	3,831,818
Investment earnings (losses)	340,000	340,000	169,464	(170,536)	281,045
Charges for services	650,000	650,000	755,575	105,575	662,779
Other	4,000	4,000	13,375	9,375	22,715
Total Revenues	27,504,500	27,504,500	27,987,179	482,679	29,057,597
EXPENDITURES					
Regional Railroad Authority:					
Commodities	15,750	15,750	57,243	(41,493)	170,276
Contractual services	58,311,714	58,176,539	24,375,341	33,801,198	23,530,845
Capital outlay	1,590,000	1,590,000	-	1,590,000	-
Other	141,100	141,100	105,527	35,573	67,232
Total Expenditures	60,058,564	59,923,389	24,538,111	35,385,278	23,768,353
Excess (Deficiency) of Revenues Over Expenditures	(32,554,064)	(32,418,889)	3,449,068	35,867,957	5,289,244
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	507,905	507,905	2,436,320
Transfers out	-	-	-	-	(153,982)
Total Other Financing Sources	-	-	507,905	507,905	2,282,338
Net Change in Fund Balance	(32,554,064)	(32,418,889)	3,956,973	\$ 36,375,862	7,571,582
Fund Balance - Beginning	35,090,471	35,090,471	35,090,471		27,518,889
Fund Balance - Ending	\$ 2,536,407	\$ 2,671,582	\$ 39,047,444		\$ 35,090,471

See notes to required supplementary information.

Hennepin County, Minnesota
Notes to Required Supplementary Information
 December 31, 2016

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are presented on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. These annual appropriations lapse at year-end to the extent that they have not been expended or encumbered.

For the following HRA & RRA non-lapsing project budgets, total actual project expenditures may not exceed total appropriated budgets:

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
<u>HRA:</u>			
2014	\$ 4,900,000	\$ 4,187,128	\$ 712,872
2015	71,679,846	8,722,578	62,957,268
2016	<u>25,900,000</u>	<u>39,138,054</u>	<u>(13,238,054)</u>
	<u>102,479,846</u>	<u>52,047,760</u>	<u>50,432,086</u>
 <u>RRA:</u>			
2015	\$ 31,800,000	\$ 18,405,391	\$ 13,394,609
2016	<u>50,100,000</u>	<u>14,009,691</u>	<u>36,090,309</u>
	<u>\$ 81,900,000</u>	<u>\$ 32,415,082</u>	<u>\$ 49,484,918</u>

Project-length financial plans are adopted for all capital projects in the five-year Capital Improvement Plan. An annual capital budget is adopted that reflects the annual appropriation for the project-length plans, which does not lapse until the project is completed.

In approximately July of each year, County departments submit budget requests for the following year to the County Administrator. The budget is prepared by fund and department and includes information on the past year, current year estimates, and requested appropriations. The County Administrator reviews the budget requests, makes modifications to the requests, and submits the total budget to the County Board.

The County Board must adopt a proposed maximum property tax levy by September 30. The Board holds public hearings, makes modifications to the budget, and legally enacts the budget by passage of a resolution. The final levy must be certified to the County Auditor by December 20. Expenditures may not legally exceed budgeted appropriations at the departmental level.

The County Administrator may adjust budgets between accounts within a department. The Assistant County Administrators for Public Works and Human Services have been delegated authority by the Board to transfer budgeted amounts between departments within those respective program areas. The County Board may authorize all other changes in the budget, including the transfer of budgeted amounts between all departments.

INTERNAL SERVICE FUND LONG-TERM OBLIGATIONS

In December 2016, \$5,095,024 of G.O. bond liabilities, along with the related capital assets, were transferred to the Energy Center Internal Service Fund, as the Energy Center Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.



Supplementary Information Governmental Funds

Hennepin County, Minnesota
Balance Sheets
General Fund
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and Investments	\$ 329,236,812	\$ 255,315,941
Due from component unit	449,988	1,247,451
Delinquent taxes receivable	4,804,005	5,395,363
Due from other governmental agencies	10,392,912	10,832,262
Accrued investment interest	3,157,717	3,537,388
Interfund receivable	489,379	356,962
Other receivable	13,473,457	5,885,809
Prepaid items	327,874	399,088
Inventories	3,306,720	3,387,492
Note receivable	111,137	111,136
Total Assets	\$ 365,750,001	\$ 286,468,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 31,036,713	\$ 27,264,927
Accrued interest payable	31,600	-
Accrued liabilities	13,884,416	10,318,365
Interfund payable	49,621,095	45,423,159
Due to component unit	68,270	1,321,540
Commercial paper payable	75,000,000	-
Unearned revenue	160,198	252,885
Total Liabilities	169,802,292	84,580,876
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	4,121,105	4,382,663
Unavailable revenue - intergovernmental	2,057,207	1,274,825
Total Deferred Inflows of Resources	6,178,312	5,657,488
Fund Balances:		
Nonspendable	3,634,594	3,786,580
Restricted	15,085,450	14,538,052
Assigned	42,751,107	39,060,573
Unassigned	128,298,246	138,845,323
Total Fund Balances	189,769,397	196,230,528
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 365,750,001	\$ 286,468,892

Hennepin County, Minnesota
Balance Sheets
Special Revenue Funds
December 31, 2016 and 2015

	Human Services		Library	
	2016	2015	2016	2015
ASSETS				
Cash and investments	\$ 142,662,402	\$ 158,825,969	\$ 41,072,220	\$ 41,421,600
Due from component unit	44,317	51,409	-	-
Delinquent taxes receivable	1,894,000	2,068,528	502,225	531,278
Due from other governmental agencies	41,642,675	38,582,754	9,035	11,298
Interfund receivable	757,365	285,123	-	-
Other receivables	359,678	475,658	77,955	82,808
Prepaid items	190,650	185,955	1,335,560	787,691
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	6,000,089	5,972,823
	<u>\$ 187,551,087</u>	<u>\$ 200,475,396</u>	<u>\$ 48,997,084</u>	<u>\$ 48,807,498</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 26,742,070	\$ 27,119,559	\$ 1,406,804	\$ 1,262,641
Accrued liabilities	4,816,925	3,460,924	696,735	529,592
Interfund payable	27,877,803	26,840,176	4,552,305	4,156,015
Due to component unit	-	-	-	-
Unearned revenue	166,278	5,493,434	29,465	-
	<u>59,603,076</u>	<u>62,914,093</u>	<u>6,685,309</u>	<u>5,948,248</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,691,600	1,751,728	446,325	444,178
Unavailable revenue - intergovernmental	972,830	1,968,065	-	-
	<u>2,664,430</u>	<u>3,719,793</u>	<u>446,325</u>	<u>444,178</u>
Fund Balances:				
Nonspendable	190,650	185,955	3,310,280	2,768,404
Restricted	-	-	6,009,061	6,068,978
Committed	125,092,931	133,655,555	32,546,109	33,577,690
	<u>125,283,581</u>	<u>133,841,510</u>	<u>41,865,450</u>	<u>42,415,072</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 187,551,087</u>	<u>\$ 200,475,396</u>	<u>\$ 48,997,084</u>	<u>\$ 48,807,498</u>

Ballpark Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2016	2015	2016	2015	2016	2015
\$ -	\$ -	\$ 10,728,214	\$ 8,564,272	\$ 39,306,842	\$ 40,030,043
-	-	-	-	-	-
-	-	54,737	-	209,144	217,799
5,892,544	5,791,473	62,365	23,663	-	-
-	-	-	-	-	-
-	-	52,496	17,726	127,630	159,631
-	-	977,873	269,343	-	-
-	-	6,583,789	6,583,789	-	-
-	-	15,707,903	16,212,245	-	-
10,711,992	4,023,953	767,806	743,085	434,435	423,245
<u>\$ 16,604,536</u>	<u>\$ 9,815,426</u>	<u>\$ 34,935,183</u>	<u>\$ 32,414,123</u>	<u>\$ 40,078,051</u>	<u>\$ 40,830,718</u>
\$ 74,534	\$ 77,553	\$ 9,430,940	\$ 770,490	\$ 1,030,607	\$ 5,740,247
-	-	-	-	-	-
-	-	13,198,051	13,198,051	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>74,534</u>	<u>77,553</u>	<u>22,628,991</u>	<u>13,968,541</u>	<u>1,030,607</u>	<u>5,740,247</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,561,662	6,853,132	-	-
16,530,002	9,737,873	4,744,530	11,592,450	39,047,444	35,090,471
-	-	-	-	-	-
<u>16,530,002</u>	<u>9,737,873</u>	<u>12,306,192</u>	<u>18,445,582</u>	<u>39,047,444</u>	<u>35,090,471</u>
<u>\$ 16,604,536</u>	<u>\$ 9,815,426</u>	<u>\$ 34,935,183</u>	<u>\$ 32,414,123</u>	<u>\$ 40,078,051</u>	<u>\$ 40,830,718</u>

Hennepin County, Minnesota
Balance Sheets
RRA Debt Service Fund
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and Investments	\$ <u>297,074</u>	\$ <u>305,488</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Fund Balances:		
Restricted	<u>297,074</u>	\$ <u>305,488</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>297,074</u>	\$ <u>305,488</u>

Hennepin County, Minnesota
Balance Sheets
General Debt Service Fund
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and Investments	\$ 25,399,154	\$ 14,867,554
Delinquent taxes receivable	672,001	705,245
Note receivable	95,880,000	100,655,000
Restricted cash and investments	1,720,749	3,127,298
Total Assets	\$ 123,671,904	\$ 119,355,097
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 794,132	\$ 714,303
Total Liabilities	794,132	714,303
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	597,801	588,845
Unavailable revenue - intergovernmental	95,880,000	100,655,000
Total Deferred Inflows of Resources	96,477,801	101,243,845
Fund Balances:		
Restricted	26,399,971	17,396,949
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 123,671,904	\$ 119,355,097

Hennepin County, Minnesota
Balance Sheets
General Capital Projects Fund
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash and investments	\$ 164,063,725	\$ 111,765,703
Delinquent taxes receivable	41,497	30,737
Due from other governmental agencies	7,030,833	10,340,855
Accrued investment interest	45,258	12,334
Interfund receivable	13,198,051	13,198,051
Other receivable	743,108	104,000
Total Assets	\$ 185,122,472	\$ 135,451,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 33,935,140	\$ 31,211,543
Due to component unit	-	2,413,063
Unearned revenue	8,227,539	15,186,995
Total Liabilities	42,162,679	48,811,601
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	36,598	27,337
Unavailable revenue - intergovernmental	1,589,300	2,316,305
Total Deferred Inflows of Resources	1,625,898	2,343,642
Fund Balances:		
Nonspendable	13,492,051	13,672,058
Restricted	127,841,844	70,624,379
Total Fund Balances	141,333,895	84,296,437
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 185,122,472	\$ 135,451,680

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Years Ended December 31, 2016 and 2015

	2016					2015 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 332,578,612	\$ 331,943,612	\$ 340,499,862	\$ 8,556,250	\$ 336,741,628	
Wheelage tax	10,000,000	10,000,000	9,918,363	(81,637)	9,965,015	
Other taxes	2,197,017	2,197,017	3,187,109	990,092	3,167,184	
Intergovernmental	99,000,348	99,177,412	100,237,916	1,060,504	106,454,390	
Investment earnings (losses)	10,250,000	10,250,000	5,570,663	(4,679,337)	8,031,331	
Charges for services	95,687,294	95,687,294	89,825,078	(5,862,216)	92,501,332	
Fines and forfeits	225,000	288,535	376,412	87,877	410,499	
Licenses and permits	6,295,765	6,295,765	6,334,978	39,213	6,210,338	
Other	18,357,576	18,216,833	18,863,885	647,052	16,249,898	
Total Revenues	<u>574,591,612</u>	<u>574,056,468</u>	<u>574,814,266</u>	<u>757,798</u>	<u>579,731,615</u>	
EXPENDITURES						
Operations	177,008,833	175,024,502	161,005,276	14,019,226	158,841,478	
Health	62,630,057	62,681,558	62,204,105	477,453	70,720,068	
Public safety	287,233,864	288,308,079	285,755,221	2,552,858	266,219,052	
Public works	72,849,200	72,163,155	71,479,236	683,919	67,495,212	
Total Expenditures	<u>599,721,954</u>	<u>598,177,294</u>	<u>580,443,838</u>	<u>17,733,456</u>	<u>563,275,810</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,130,342)</u>	<u>(24,120,826)</u>	<u>(5,629,572)</u>	<u>18,491,254</u>	<u>16,455,805</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	3,031,097	3,031,097	3,208,396	
Transfers out	(1,312,657)	(1,312,657)	(3,862,656)	(2,549,999)	(21,923,774)	
Total Other Financing Sources (Uses)	<u>(1,312,657)</u>	<u>(1,312,657)</u>	<u>(831,559)</u>	<u>481,098</u>	<u>(18,715,378)</u>	
Net Change in Fund Balance	(26,442,999)	(25,433,483)	(6,461,131)	<u>\$ 18,972,352</u>	(2,259,573)	
Fund Balance - Beginning	<u>196,230,528</u>	<u>196,230,528</u>	<u>196,230,528</u>		<u>198,490,101</u>	
Fund Balance - Ending	<u>\$ 169,787,529</u>	<u>\$ 170,797,045</u>	<u>\$ 189,769,397</u>		<u>\$ 196,230,528</u>	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RRA Debt Service Fund
For the Years Ended December 31, 2016 and 2015

	2016					2015 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 2,889,500	\$ 2,889,500	\$ 2,879,011	\$ (10,489)	\$ 2,864,686	
Other taxes	-	-	2,075	2,075	1,810	
Total Revenues	<u>2,889,500</u>	<u>2,889,500</u>	<u>2,881,086</u>	<u>(8,414)</u>	<u>2,866,496</u>	
EXPENDITURES						
Debt Service:						
Principal retirement	1,550,000	1,550,000	1,550,000	-	1,510,000	
Interest and fiscal charges	<u>1,339,500</u>	<u>1,339,500</u>	<u>1,339,500</u>	<u>-</u>	<u>1,369,700</u>	
Total Expenditures	<u>2,889,500</u>	<u>2,889,500</u>	<u>2,889,500</u>	<u>-</u>	<u>2,879,700</u>	
Net Change in Fund Balance	-	-	(8,414)	\$ <u>(8,414)</u>	(13,204)	
Fund Balance - Beginning	<u>305,488</u>	<u>305,488</u>	<u>305,488</u>		<u>318,692</u>	
Fund Balance - Ending	\$ <u>305,488</u>	\$ <u>305,488</u>	\$ <u>297,074</u>		\$ <u>305,488</u>	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Debt Service Fund
For the Years Ended December 31, 2016 and 2015

	2016					2015 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 86,900,000	\$ 86,900,000	\$ 87,079,647	\$ 179,647	\$ 84,475,901	
Other taxes	-	-	67,701	67,701	61,354	
Intergovernmental	12,083,319	12,083,319	12,338,316	254,997	14,497,404	
Investment earnings	-	-	19,650	19,650	441	
Total Revenues	98,983,319	98,983,319	99,505,314	521,995	99,035,100	
EXPENDITURES						
Debt Service:						
Principal retirement	73,721,698	103,721,698	110,139,556	(6,417,858)	82,057,824	
Interest and fiscal charges	60,947,799	60,947,799	44,525,468	16,422,331	45,703,571	
Total Expenditures	134,669,497	164,669,497	154,665,024	10,004,473	127,761,395	
Excess (Deficiency) of Revenues	(35,686,178)	(65,686,178)	(55,159,710)	10,526,468	(28,726,295)	
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	30,000,000	59,865,000	29,865,000	-	
Payment to refunded bond escrow agent	-	-	(35,304,504)	(35,304,504)	-	
Transfers in	35,686,178	35,686,178	25,722,970	(9,963,208)	31,844,087	
Debt premiums	-	-	13,879,266	13,879,266	-	
Total Other Financing Sources (Uses)	35,686,178	65,686,178	64,162,732	(1,523,446)	31,844,087	
Net Change in Fund Balance	-	-	9,003,022	\$ 9,003,022	3,117,792	
Fund Balance - Beginning	17,396,949	17,396,949	17,396,949		14,279,157	
Fund Balance - Ending	\$ 17,396,949	\$ 17,396,949	\$ 26,399,971		\$ 17,396,949	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Capital Projects Fund
For the Years Ended December 31, 2016 and 2015

	2016				
	Budgeted Amounts		Actual	Variance with Final Budget	2015 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 5,730,218	\$ 5,730,218	\$ 5,825,543	\$ 95,325	\$ 2,514,194
Other taxes	-	-	4,564	4,564	1,838
Intergovernmental	91,541,750	95,837,498	88,900,910	(6,936,588)	73,188,288
Investment earnings	-	-	486,070	486,070	205,947
Other	4,175,398	7,256,640	886,695	(6,369,945)	1,312,843
Total Revenues	101,447,366	108,824,356	96,103,782	(12,720,574)	77,223,110
EXPENDITURES					
Operations	69,500,000	69,500,000	80,967,290	(11,467,290)	19,682,833
Capital projects	218,584,218	225,945,208	183,261,307	42,683,901	150,822,026
Total Expenditures	288,084,218	295,445,208	264,228,597	31,216,611	170,504,859
Excess (Deficiency) of Revenues	(186,636,852)	(186,620,852)	(168,124,815)	18,496,037	(93,281,749)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	182,936,852	182,936,852	199,285,000	16,348,148	-
Transfers in	3,700,000	3,430,000	2,830,000	(600,000)	38,265,100
Transfers out	-	-	(28,782,982)	(28,782,982)	(11,704,078)
Sale of capital assets and other	-	125,000	483,806	358,806	1,483,608
Debt premiums	-	-	51,346,449	51,346,449	-
Total Other Financing Sources (Uses)	186,636,852	186,491,852	225,162,273	38,670,421	28,044,630
Net Change in Fund Balance	-	(129,000)	57,037,458	\$ 57,166,458	(65,237,119)
Fund Balance - Beginning	84,296,437	84,296,437	84,296,437		149,533,556
Fund Balance - Ending	\$ 84,296,437	\$ 84,167,437	\$ 141,333,895		\$ 84,296,437



Hennepin County, Minnesota
Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2016

	Repayment Terms	Interest Rates	Amount of Original Issue
General Obligation -			
Levy Supported Bonds and Notes			
November 10, 2008 Series D	Refunded in 2016 by Series 2016C	4.125 to 5.0%	\$ 63,335,000
October 22, 2008 Series E, Capital Notes	\$2,160,000 in 2017	4.5%	15,000,000
April 14, 2009 Series A	Refunded in 2016 by Series 2016C	3.0 to 4.375%	60,000,000
December 1, 2009 Series B	\$9,215,000 in 2017, \$9,425,000 in 2018 and \$9,535,000 in 2019 and \$25,365,000 in various increments from 2020 through 2023	4.0 to 5.0%	108,530,000
December 1, 2009 Series C	\$3,590,000 in 2017 and \$3,770,000 in 2018	4.0 to 5.0%	27,980,000
December 1, 2009 Series D, ¹ Taxable	\$3,960,000 in 2019, \$4,135,000 in 2020, \$4,270,000 in 2021 and \$39,655,000 in various increments from 2022 through 2029	4.35 to 5.4%	52,020,000
May 4, 2010 Series A	\$470,000 in 2017, \$515,000 in 2018, \$555,000 in 2019 and \$6,165,000 in various increments from 2020 through 2028	3.125 to 4.0%	10,215,000
September 15, 2010 Series B	\$3,670,000 in 2017, \$3,780,000 in 2018, \$3,890,000 in 2019 and \$3,970,000 in 2020	2.0 to 4.0%	34,250,000
September 15, 2010 Series B, Capital Notes	\$1,045,000 in 2017, \$1,080,000 in 2018, \$1,110,000 in 2019 and \$1,130,000 in 2020	2.0 to 4.0%	10,000,000
September 15, 2010 Series C, ¹ Taxable	\$4,130,000 in 2021, \$4,220,000 in 2022, \$4,320,000 in 2023 and \$28,390,000 in various increments from 2024 through 2029	3.50 to 4.5%	41,060,000
September 15, 2010 Series D, ² Recovery Zone Econ Development	\$5,665,000 in 2030, \$5,950,000 in 2031, \$6,145,000 in 2032 and \$19,615,000 in various increments from 2033 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,370,000 in 2017, \$2,465,000 in 2018, \$2,560,000 in 2019 and \$39,065,000 in various increments from 2020 through 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	\$2,075,000 in 2017, \$2,035,000 in 2018, \$2,000,000 in 2019 and \$7,525,000 in various increments from 2020 through 2023	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	\$3,320,000 in 2017, \$3,275,000 in 2018, \$3,225,000 in 2019 and \$18,015,000 in various increments from 2020 through 2025	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$2,130,000 in 2017, \$4,000,000 in 2018, 2019, 2020 and 2021	3.0 to 5.0%	40,000,000
December 03, 2013 Series C	\$2,195,000 in 2017, \$515,000 in 2018, \$735,000 in 2019 and \$67,585,000 in various increments from 2020 through 2032	Variable - Est. 3.6%	85,000,000
November 04, 2014, Series A	\$1,180,000 in 2017, \$2,500,000 in 2018, \$2,815,000 in 2019 and \$92,325,000 in various increments from 2020 through 2039	5.0%	100,000,000
November 04, 2014, Series B	\$5,700,000 in 2017, \$6,470,000 in 2018, \$6,540,000 in 2019 and \$51,170,000 in various increments from 2020 through 2027	4.0 to 5.0%	80,615,000
July 31, 2016 Series A, HCMC Bonds	\$1,270,000 in 2018, \$1,525,000 in 2019, \$1,800,000 in 2020 and \$99,690,000 in various increments from 2021 through 2041	5.0%	104,285,000
October 19, 2016, Series B	\$3,000,000 in 2017, 2018, 2019, 2020, 2021 and \$80,000,000 in various increments from 2022 through 2036	5.0%	95,000,000
October 19, 2016 Series C	\$4,400,000 in 2017, \$4,905,000 in 2018, \$5,100,000 in 2019 and \$45,460,000 in various increments from 2020 through 2028	5.0%	59,865,000
G.O. Non-Levy Supported Bonds			
December 1, 1998 Augsburg Financing	\$180,000 in 2017 and \$190,000 in 2018	4.9%	2,550,000
September 15, 2010 Series B, Watershed District	\$145,000 for 2017 and 2018, \$150,000 in 2019, \$155,000 in 2020 and \$1,840,000 in various increments from 2021 through 2030	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$195,000 in 2017, \$205,000 in 2018, \$215,000 in 2019 and \$3,245,000 in various increments from 2020 through 2031	3.0 to 4.0%	4,715,000
January 01, 2013 Series B, Watershed District	\$305,000 in 2017, \$315,000 in 2018, \$325,000 in 2019 and \$5,035,000 in various increments from 2020 through 2032	2.0 to 3.0%	7,075,000
December 22, 2010 CTIB Bonds	\$4,355,000 in 2017, \$4,570,000 in 2018, \$4,800,000 in 2019 and \$69,880,000 in various increments from 2020 through 2030	4.0 to 5.0%	102,810,000
Sales Tax Revenue Bonds			
Ballpark: May 15, 2007 Series A	\$1,700,000 in 2017, \$1,900,000 in 2018, \$2,050,000 in 2019 and \$135,400,000 in various increments from 2020 through 2037	4.75 to 5.0%	150,000,000
Ballpark: April 10, 2008 Series B	\$4,655,000 in 2017, \$5,045,000 in 2018, \$5,490,000 in 2019 and \$73,460,000 in various increments from 2020 through 2029	4.0 to 5.0%	116,775,000
Ballpark: June 26, 2008 Series C	Retired in 2016	Variable - Est 3.57%	75,000,000
Limited Tax Bonds			
Regional Railroad Authority (RRA): March 17, 2010 Series A	\$1,610,000 in 2017, \$1,670,000 in 2018, \$1,730,000 in 2019 and \$28,135,000 in various increments from 2020 through 2031	3.0 to 4.0%	42,595,000

¹ Bonds were issued as Build America Bonds - Direct Payment to Issuer, whereby the County receives a 35 percent annual interest rate subsidy from the U.S. Treasury for the life of the bonds.

² Bonds were issued as Recovery Zone Economic Development Bonds - Direct Payment to Issuer, whereby the County receives a 45 percent annual interest rate subsidy from the U.S. Treasury for the life of the bonds.

	Principal Payable				Interest Payable		
	Balance Dec. 31, 2015	Additions	Payments	Balance Dec. 31, 2016	Due Within One Year	Total	Due Within One Year
General Obligation - Levy Supported Bonds and Notes							
November 10, 2008 Series D	\$ 41,525,000	\$ -	\$ 41,525,000	\$ -	\$ -	\$ -	\$ -
October 22, 2008 Series E, Capital Notes	4,250,000	-	2,090,000	2,160,000	2,160,000	97,200	97,200
April 14, 2009 Series A	48,000,000	-	48,000,000	-	-	-	-
December 1, 2009 Series B	62,640,000	-	9,100,000	53,540,000	9,215,000	7,828,900	2,423,350
December 1, 2009 Series C	10,780,000	-	3,420,000	7,360,000	3,590,000	520,600	332,100
December 1, 2009 Series D, ¹ Taxable	52,020,000	-	-	52,020,000	-	21,954,275	2,564,857
May 4, 2010 Series A	8,135,000	-	430,000	7,705,000	470,000	2,061,419	289,219
September 15, 2010 Series B	18,870,000	-	3,560,000	15,310,000	3,670,000	1,205,500	460,100
September 15, 2010 Series B, Capital Notes	5,380,000	-	1,015,000	4,365,000	1,045,000	343,550	131,150
September 15, 2010 Series C, ¹	41,060,000	-	-	41,060,000	-	15,547,375	1,656,155
September 15, 2010 Series D, ² Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	29,550,198	1,780,009
November 15, 2011 Series A	48,740,000	-	2,280,000	46,460,000	2,370,000	14,677,655	1,706,419
January 25, 2012 Series A	15,745,000	-	2,110,000	13,635,000	2,075,000	1,296,362	357,887
March 08, 2012 Series B	31,680,000	-	3,845,000	27,835,000	3,320,000	3,212,700	707,950
January 29, 2013 Series A	22,580,000	-	4,450,000	18,130,000	2,130,000	2,186,500	746,500
December 03, 2013 Series C	71,030,000	-	-	71,030,000	2,195,000	2,588,405	250,450
November 04, 2014, Series A	100,000,000	-	1,180,000	98,820,000	1,180,000	70,270,000	4,941,000
November 04, 2014, Series B	73,915,000	-	4,035,000	69,880,000	5,700,000	18,579,849	3,236,250
July 31, 2016 Series A, HCMC	-	104,285,000	-	104,285,000	-	85,342,750	5,214,250
October 19, 2016, Series B	-	95,000,000	-	95,000,000	3,000,000	65,195,667	5,304,166
October 19, 2016 Series C	-	59,865,000	-	59,865,000	4,400,000	20,748,963	3,342,463
Total G.O. Levy Supported	693,725,000	259,150,000	127,040,000	825,835,000	46,520,000	363,207,868	35,541,475
G.O. Non-Levy Supported Bonds							
December 1, 1998 Augsburg Financing	540,000	-	170,000	370,000	180,000	27,440	18,130
September 15, 2010 Series B, Watershed District	2,575,000	-	140,000	2,435,000	145,000	612,563	75,162
November 15, 2011 Series A, Watershed District	4,050,000	-	190,000	3,860,000	195,000	1,219,556	141,769
January 01, 2013 Series B, Watershed District	6,275,000	-	295,000	5,980,000	305,000	1,410,250	155,988
December 22, 2010 CTIB Bonds	87,755,000	-	4,150,000	83,605,000	4,355,000	32,439,625	3,933,944
Total G.O. Non-Levy Supported	101,195,000	-	4,945,000	96,250,000	5,180,000	35,709,434	4,324,993
Sales Tax Revenue Bonds							
Ballpark: May 15, 2007 Series A	142,600,000	-	1,550,000	141,050,000	1,700,000	95,900,500	6,787,375
Ballpark: April 10, 2008 Series B	92,930,000	-	4,280,000	88,650,000	4,655,000	33,288,725	4,267,725
Ballpark: June 26, 2008 Series C	7,000,000	-	7,000,000	-	-	-	-
Total Sales Tax Revenue	242,530,000	-	12,830,000	229,700,000	6,355,000	129,189,225	11,055,100
Limited Tax Bonds							
Regional Railroad Authority (RRA):							
March 17, 2010 Series A	34,695,000	-	1,550,000	33,145,000	1,610,000	11,643,700	1,293,000
Total of Long-Term Debt Payable	\$ 1,072,145,000	\$ 259,150,000	\$ 146,365,000	\$ 1,184,930,000	\$ 59,665,000	\$ 539,750,227	\$ 52,214,568



Supplementary Information Enterprise Funds

Hennepin County, Minnesota
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016
With Comparative Totals for December 31, 2015

	Glen Lake Golf Course	Radio Communications	Totals	
	2016	2015	2016	2015
ASSETS				
Current Assets:				
Cash.	\$ 101,423	\$ 4,036,911	\$ 4,138,334	\$ 4,920,036
Due from component unit.	-	37,059	37,059	11,583
Other receivables.	-	225,577	225,577	37,500
Inventories.	4,307	-	4,307	5,610
Prepaid items.	2,028	-	2,028	1,470
Total Current Assets	107,758	4,299,547	4,407,305	4,976,199
Noncurrent Capital Assets:				
Land.	985,092	-	985,092	985,092
Land improvements.	1,893,908	-	1,893,908	1,893,908
Buildings.	843,167	-	843,167	843,167
Equipment.	-	10,204,323	10,204,323	8,797,975
Total capital assets	3,722,167	10,204,323	13,926,490	12,520,142
Less accumulated depreciation.	2,237,939	5,518,553	7,756,492	7,219,586
Net Capital Assets	1,484,228	4,685,770	6,169,998	5,300,556
Total Assets	\$ 1,591,986	\$ 8,985,317	\$ 10,577,303	\$ 10,276,755
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable.	\$ 14,083	\$ 102,269	\$ 116,352	\$ 48,293
General obligation bonds.	160,000	-	160,000	155,000
Total Current Liabilities	174,083	102,269	276,352	203,293
Noncurrent Liabilities, Net of Current Portion:				
General obligation bonds.	510,000	-	510,000	670,000
Total Liabilities	684,083	102,269	786,352	873,293
NET POSITION				
Net investment in capital assets.	814,228	4,685,770	5,499,998	4,475,556
Unrestricted.	93,675	4,197,278	4,290,953	4,927,906
Total Net Position	907,903	8,883,048	9,790,951	9,403,462
Total Liabilities and Net Position	\$ 1,591,986	\$ 8,985,317	\$ 10,577,303	\$ 10,276,755

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016
With Comparative Totals for December 31, 2015

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES				
Charges for services.	\$ 985,509	\$ 3,032,930	\$ 4,018,439	\$ 3,842,304
OPERATING EXPENSES				
Personal services.	533,436	1,365,860	1,899,296	1,567,820
Commodities.	102,842	144,747	247,589	223,923
Contractual services.	127,893	237,416	365,309	446,494
Depreciation.	87,851	841,493	929,344	1,015,271
Other.	<u>22,276</u>	<u>140,973</u>	<u>163,249</u>	<u>59,987</u>
Total Operating Expenses	<u>874,298</u>	<u>2,730,489</u>	<u>3,604,787</u>	<u>3,313,495</u>
Operating Income (Loss)	<u>111,211</u>	<u>302,441</u>	<u>413,652</u>	<u>528,809</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	(16,500)	-	(16,500)	(19,500)
Gain (Loss) on capital asset disposal.	<u>-</u>	<u>(9,663)</u>	<u>(9,663)</u>	<u>(6,219)</u>
Total Nonoperating Revenues (Expenses)	<u>(16,500)</u>	<u>(9,663)</u>	<u>(26,163)</u>	<u>(25,719)</u>
Change in Net Position	94,711	292,778	387,489	503,090
Total Net Position - Beginning	<u>813,192</u>	<u>8,590,270</u>	<u>9,403,462</u>	<u>8,900,372</u>
Total Net Position-Ending	<u>\$ 907,903</u>	<u>\$ 8,883,048</u>	<u>\$ 9,790,951</u>	<u>\$ 9,403,462</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.....	\$ 985,509	\$ 2,819,377	\$ 3,804,886
Payments to suppliers for goods and services.....	(227,611)	(316,483)	(544,094)
Payments to employees for services.....	(533,436)	(1,365,860)	(1,899,296)
Other operating disbursements.....	(22,276)	(140,973)	(163,249)
	<u>202,186</u>	<u>996,061</u>	<u>1,198,247</u>
Net Cash Provided by Operating Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.....	-	(1,808,449)	(1,808,449)
Interest paid.....	(16,500)	-	(16,500)
Debt issuance cost and principal payments.....	(155,000)	-	(155,000)
	<u>(171,500)</u>	<u>(1,808,449)</u>	<u>(1,979,949)</u>
Net Cash Used by Capital and Related Financing Activities			
Net Increase (Decrease) In Cash	30,686	(812,388)	(781,702)
Cash at Beginning of Year	<u>70,737</u>	<u>4,849,299</u>	<u>4,920,036</u>
Cash at End of Year	<u>\$ 101,423</u>	<u>\$ 4,036,911</u>	<u>\$ 4,138,334</u>
CASH COMPONENTS:			
Cash.....	\$ 101,423	\$ 4,036,911	\$ 4,138,334
Restricted cash.....	-	-	-
Cash at End of Year	<u>\$ 101,423</u>	<u>\$ 4,036,911</u>	<u>\$ 4,138,334</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).....	\$ 111,211	\$ 302,441	\$ 413,652
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.....	87,851	841,493	929,344
(Increase) decrease in:			
Receivables and prepaid items.....	(558)	(188,077)	(188,635)
Due from component unit.....	-	(25,476)	(25,476)
Inventories.....	1,303	-	1,303
Increase (decrease) in:			
Accounts payable and accrued expenses.....	2,379	65,680	68,059
	<u>202,186</u>	<u>996,061</u>	<u>1,198,247</u>
Net Cash Provided by Operating Activities			
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Loss on disposal of capital assets.....	\$ -	\$ (9,663)	\$ (9,663)

Hennepin County, Minnesota
Schedules of Net Position
Enterprise Funds
December 31, 2016 and 2015

	Hennepin Health		Solid Waste		Total Nonmajor	
	2016	2015	2016	2015	2016	2015
ASSETS AND DEFERRED OUTFLOWS						
Current Assets:						
Cash.....	\$ 59,984,105	\$ 81,093,393	\$ 21,638,365	\$ 13,673,529	\$ 4,138,334	\$ 4,920,036
Due from component unit.....	-	-	-	-	37,059	11,583
Other receivables.....	11,156,333	12,290,642	5,291,309	5,566,965	225,577	37,500
Inventories.....	-	-	-	-	4,307	5,610
Prepaid items.....	291,766	73,578	-	-	2,028	1,470
Total Current Assets	71,432,204	93,457,613	26,929,674	19,240,494	4,407,305	4,976,199
Noncurrent Assets:						
Notes receivable.....	-	-	1,084,272	1,172,032	-	-
Restricted cash and investments.....	500,000	500,000	8,518,105	7,247,761	-	-
Capital Assets:						
Land.....	-	-	8,179,432	8,179,432	985,092	985,092
Land improvements.....	-	-	-	-	1,893,908	1,893,908
Buildings.....	-	-	163,548,972	163,548,972	843,167	843,167
Equipment.....	744,839	364,940	28,297,702	19,944,843	10,204,323	8,797,975
Leasehold improvements.....	1,262,103	1,673,332	-	-	-	-
Construction in progress.....	-	41,070	1,442,971	686,025	-	-
Total capital assets	2,006,942	2,079,342	201,469,077	192,359,272	13,926,490	12,520,142
Less accumulated depreciation and amortization.....	22,126	2,038,272	78,645,317	71,751,399	7,756,492	7,219,586
Net Capital Assets	1,984,816	41,070	122,823,760	120,607,873	6,169,998	5,300,556
Total Noncurrent Assets	2,484,816	541,070	132,426,137	129,027,666	6,169,998	5,300,556
Total Assets	\$ 73,917,020	\$ 93,998,683	\$ 159,355,811	\$ 148,268,160	\$ 10,577,303	\$ 10,276,755
Deferred Outflows of Resources:						
Pension-related.....	2,200,314	632,175	2,026,931	517,406	-	-
Total Assets and Deferred Outflows	76,117,334	94,630,858	161,382,742	148,785,566	10,577,303	10,276,755
LIABILITIES, DEFERRED INFLOWS AND NET POSITION						
Current liabilities:						
Interfund payable.....	\$ 1,246,744	\$ 642,085	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable.....	2,605,606	26,380,810	2,712,227	4,454,127	116,352	48,293
Accrued expenses.....	17,627,142	17,326,467	121,055	88,838	-	-
Due to component unit.....	4,136,935	2,478,128	-	-	-	-
Unearned revenue.....	10,382,356	10,537,806	-	-	-	-
Current portion of:						
General obligation bonds and notes.....	-	-	361,299	-	160,000	155,000
Compensated absences.....	150,000	200,000	50,000	50,000	-	-
Total Current Liabilities	36,148,783	57,565,296	3,244,581	4,592,965	276,352	203,293
Noncurrent liabilities, net of current portion:						
General obligation bonds and notes.....	-	-	9,388,122	-	510,000	670,000
Net pension.....	7,698,209	5,156,800	6,667,014	4,220,598	-	-
Postemployment healthcare benefits.....	1,106,970	1,135,938	944,727	905,523	-	-
Compensated absences.....	469,586	450,566	1,005,207	1,010,534	-	-
Total Noncurrent Liabilities	9,274,765	6,743,304	18,005,070	6,136,655	510,000	670,000
Total Liabilities	45,423,548	64,308,600	21,249,651	10,729,620	786,352	873,293
Deferred Inflows of Resources:						
Pension-related.....	323,239	843,367	189,570	690,256	-	-
Net Position:						
Net investment in capital assets.....	1,984,816	41,070	113,074,339	120,607,873	5,499,998	4,475,556
Restricted for:						
Statutory requirements relating to:						
Metropolitan health plan.....	28,385,731	29,437,821	-	-	-	-
Solid waste management.....	-	-	26,856,536	16,750,255	-	-
Brownfield assessment and cleanup.....	-	-	12,646	7,562	-	-
Unrestricted.....	-	-	-	-	4,290,953	4,927,906
Total Net Position	30,370,547	29,478,891	139,943,521	137,365,690	9,790,951	9,403,462
Total Liabilities, Deferred Inflows and Net Position	\$ 76,117,334	\$ 94,630,858	\$ 161,382,742	\$ 148,785,566	\$ 10,577,303	\$ 10,276,755

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Hennepin Health Fund
For the Years Ended December 31, 2016 and 2015

	2016		Variance with Final Budget	2015 Actual
	Final Budget	Actual		
OPERATING REVENUES				
Net charges for services.	\$ 232,017,270	\$ 127,883,397	\$ (104,133,873)	\$ 144,120,318
OPERATING EXPENSES				
Personal services.	10,410,102	9,026,766	1,383,336	8,236,646
Commodities.	39,385	21,708	17,677	25,863
Contractual services.	214,093,433	118,950,097	95,143,336	129,496,969
Depreciation and amortization.	-	16,269	(16,269)	-
Other.	8,122,598	-	8,122,598	10,258,172
Total Operating Expenses	<u>232,665,518</u>	<u>128,014,840</u>	<u>104,650,678</u>	<u>148,017,650</u>
Operating Income (Loss)	<u>(648,248)</u>	<u>(131,443)</u>	<u>516,805</u>	<u>(3,897,332)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	1,078,249	338,331	(739,918)	562,550
Interest expense.	(104,936)	(83,662)	21,274	(107,219)
Total Nonoperating Revenues (Expenses)	<u>973,313</u>	<u>254,669</u>	<u>(718,644)</u>	<u>455,331</u>
Income (Loss) Before Contributions	325,065	123,226	(201,839)	(3,442,001)
Capital contributions.	-	768,430	768,430	31,570
Change in Net Position	325,065	891,656	\$ 566,591	(3,410,431)
Total Net Position - Beginning	<u>29,478,891</u>	<u>29,478,891</u>		<u>32,889,322</u>
Total Net Position - Ending	<u>\$ 29,803,956</u>	<u>\$ 30,370,547</u>		<u>\$ 29,478,891</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Solid Waste Fund
For the Years Ended December 31, 2016 and 2015

	2016			2015 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Charges for services.	\$ 50,773,451	\$ 52,352,065	\$ 1,578,614	\$ 50,713,519
OPERATING EXPENSES				
Personal services.	6,887,191	8,017,938	(1,130,747)	6,803,290
Commodities.	364,726	362,263	2,463	618,303
Contractual services.	39,821,269	36,889,511	2,931,758	39,128,163
Depreciation and amortization.	6,838,928	6,893,918	(54,990)	7,250,287
Other.	1,400,261	975,543	424,718	966,724
Total Operating Expenses	<u>55,312,375</u>	<u>53,139,173</u>	<u>2,173,202</u>	<u>54,766,767</u>
Operating Income (Loss)	<u>(4,538,924)</u>	<u>(787,108)</u>	<u>3,751,816</u>	<u>(4,053,248)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.	6,391,230	5,485,153	(906,077)	4,767,541
Investment earnings (losses).	460,000	147,834	(312,166)	262,691
Other revenue.	2,609,816	3,647,892	1,038,076	3,677,095
Environmental grants awarded.	<u>(8,985,800)</u>	<u>(5,915,940)</u>	<u>3,069,860</u>	<u>(8,518,791)</u>
Total Nonoperating Revenues (Expenses)	<u>475,246</u>	<u>3,364,939</u>	<u>2,889,693</u>	<u>188,536</u>
Income (Loss) Before Transfers	<u>(4,063,678)</u>	<u>2,577,831</u>	<u>6,641,509</u>	<u>(3,864,712)</u>
Transfers out.	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,075,000)</u>
Change in Net Position	<u>(4,063,678)</u>	<u>2,577,831</u>	<u>\$ 6,641,509</u>	<u>(4,939,712)</u>
Total Net Position - Beginning	<u>137,365,690</u>	<u>137,365,690</u>		<u>142,305,402</u>
Total Net Position - Ending	<u>\$ 133,302,012</u>	<u>\$ 139,943,521</u>		<u>\$ 137,365,690</u>



Hennepin County, Minnesota
Schedules of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2016 and 2015

	Hennepin Health	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.	\$ 129,162,931	\$ 144,332,323
Payments to suppliers for goods and services.	(141,306,390)	(119,728,016)
Payments to employees for services.	(8,633,572)	(8,187,610)
Other operating disbursements.	-	(10,258,172)
	(20,777,031)	6,158,525
Net Cash Provided by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other taxes.	-	-
Net grants and contributions.	-	-
Transfers out.	-	-
Interfund loan.	604,659	328,353
	604,659	328,353
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.	(1,191,585)	(9,500)
Interest paid.	(83,662)	(107,219)
Debt issuance cost and principal payments.	-	-
Other.	-	-
	(1,275,247)	(116,719)
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.	338,331	562,550
	338,331	562,550
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash	(21,109,288)	6,932,709
Cash at Beginning of Year	81,593,393	74,660,684
Cash at End of Year	\$ 60,484,105	\$ 81,593,393
CASH COMPONENTS:		
Cash.	\$ 59,984,105	\$ 81,093,393
Restricted cash.	500,000	500,000
Cash at End of Year	\$ 60,484,105	\$ 81,593,393
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).	\$ (131,443)	\$ (3,897,332)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.	16,269	-
(Increase) decrease in:		
Receivables and prepaid items.	916,121	1,007,534
Due from component unit.	-	-
Inventories.	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.	(23,534,477)	8,120,814
Due to component unit.	1,658,807	2,018,356
Unearned revenue.	(155,450)	(1,096,590)
Net pension liability.	2,541,409	(205,449)
Deferred outflows-pension.	(1,568,139)	(632,175)
Deferred inflows-pension.	(520,128)	843,367
	(20,777,031)	6,158,525
Net Cash Provided (Used) by Operating Activities		
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets.	\$ 768,430	\$ 31,570
Loss on disposal of capital assets.	-	-
Decrease in fair value of investments.	(396,072)	(227,656)

Solid Waste		Nonmajor			
		Glen Lake Golf Course		Radio Communications	
2016	2015	2016	2015	2016	2015
\$ 52,659,938	\$ 52,134,433	\$ 985,509	\$ 988,968	\$ 2,819,377	\$ 2,850,187
(38,993,674)	(39,096,737)	(227,611)	(236,382)	(316,483)	(457,952)
(7,547,856)	(6,662,838)	(533,436)	(492,321)	(1,365,860)	(1,075,499)
(975,543)	(966,724)	(22,276)	(24,646)	(140,973)	(35,341)
<u>5,142,865</u>	<u>5,408,134</u>	<u>202,186</u>	<u>235,619</u>	<u>996,061</u>	<u>1,281,395</u>
-	148	-	-	-	-
3,304,865	41,702	-	-	-	-
-	(1,075,000)	-	-	-	-
-	-	-	-	-	-
<u>3,304,865</u>	<u>(1,033,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(14,408,409)	-	-	(1,808,449)	(806,824)
-	-	(16,500)	(19,500)	-	-
-	-	(155,000)	(150,000)	-	-
<u>639,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>639,616</u>	<u>(14,408,409)</u>	<u>(171,500)</u>	<u>(169,500)</u>	<u>(1,808,449)</u>	<u>(806,824)</u>
<u>147,834</u>	<u>262,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>147,834</u>	<u>262,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
9,235,180	(9,770,734)	30,686	66,119	(812,388)	474,571
<u>20,921,290</u>	<u>30,692,024</u>	<u>70,737</u>	<u>4,618</u>	<u>4,849,299</u>	<u>4,374,728</u>
\$ <u>30,156,470</u>	\$ <u>20,921,290</u>	\$ <u>101,423</u>	\$ <u>70,737</u>	\$ <u>4,036,911</u>	\$ <u>4,849,299</u>
\$ 21,638,365	\$ 13,673,529	\$ 101,423	\$ 70,737	\$ 4,036,911	\$ 4,849,299
<u>8,518,105</u>	<u>7,247,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>30,156,470</u>	\$ <u>20,921,290</u>	\$ <u>101,423</u>	\$ <u>70,737</u>	\$ <u>4,036,911</u>	\$ <u>4,849,299</u>
\$ (787,108)	\$ (4,053,248)	\$ 111,211	\$ 147,536	\$ 302,441	\$ 381,273
6,893,918	7,250,287	87,851	87,851	841,493	927,420
275,656	1,632,554	(558)	(700)	(188,077)	(2,439)
-	-	-	-	(25,476)	(710)
-	-	1,303	(1,480)	-	-
(1,675,806)	573,841	2,379	2,412	65,680	(24,149)
-	-	-	-	-	-
-	-	-	-	-	-
2,446,416	(168,150)	-	-	-	-
(1,509,525)	(916,950)	-	-	-	-
<u>(500,686)</u>	<u>1,089,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>5,142,865</u>	\$ <u>5,408,134</u>	\$ <u>202,186</u>	\$ <u>235,619</u>	\$ <u>996,061</u>	\$ <u>1,281,395</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(9,663)	(6,219)
<u>(157,241)</u>	<u>(86,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



Supplementary Information Other



Hennepin County, Minnesota
Combining Statement of Net Position
Internal Service Funds
December 31, 2016
With Comparative Totals for December 31, 2015

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
ASSETS				
Current Assets:				
Cash.	\$ 3,312,473	\$ 19,327,713	\$ 31,727,898	\$ 2,389,440
Interfund receivable.	-	-	-	-
Due from component unit.	9,154	1,198,475	-	1,149,948
Receivables from users.	30,933	55,747	123,085	359,166
Inventories.	197,886	170,207	-	252,079
Prepaid items.	174,854	-	6,007,913	-
Total Current Assets	3,725,300	20,752,142	37,858,896	4,150,633
Capital Assets:				
Land.	-	-	-	1,040,600
Buildings.	-	-	-	37,411,614
Equipment.	4,380,913	55,353,590	48,468,009	270,996
Software.	-	-	17,333,172	-
Construction in progress.	-	228,020	-	5,252,081
Total capital assets	4,380,913	55,581,610	65,801,181	43,975,291
Less accumulated depreciation.	3,180,240	27,901,442	51,280,164	22,530,787
Net Capital Assets	1,200,673	27,680,168	14,521,017	21,444,504
Total Assets	\$ 4,925,973	\$ 48,432,310	\$ 52,379,913	\$ 25,595,137
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts and contracts payable.	\$ 175,091	\$ 676,747	\$ 3,430,451	\$ 740,798
Accrued expenses.	23,353	34,487	617,330	3,159
Current portion of:				
Workers' compensation claims.	-	-	-	-
General obligation bonds.	-	-	-	1,755,504
Compensated absences.	10,000	40,000	400,000	-
Total Current Liabilities	208,444	751,234	4,447,781	2,499,461
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims.	-	-	-	-
General obligation bonds.	-	-	-	15,843,966
Postemployment healthcare benefits.	(101,462)	359,685	1,133,187	4,133
Compensated absences.	131,338	199,252	3,597,697	41,681
Total Noncurrent Liabilities	29,876	558,937	4,730,884	15,889,780
Total Liabilities	238,320	1,310,171	9,178,665	18,389,241
Net Position:				
Net investment in capital assets.	1,200,673	27,680,168	14,521,017	3,845,034
Unrestricted.	3,486,980	19,441,971	28,680,231	3,360,862
Total Net Position	4,687,653	47,122,139	43,201,248	7,205,896
Total Liabilities and Net Position	\$ 4,925,973	\$ 48,432,310	\$ 52,379,913	\$ 25,595,137

	Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
				2016	2015
\$	18,565,085	\$ 31,777,994	\$ 67,274,602	\$ 174,375,205	\$ 176,361,363
	-	-	82,051,203	82,051,203	76,419,350
	-	-	-	2,357,577	1,678,645
	388,467	145,803	-	1,103,201	1,148,308
	-	-	-	620,172	872,624
	-	1,459	-	6,184,226	4,901,782
	<u>18,953,552</u>	<u>31,925,256</u>	<u>149,325,805</u>	<u>266,691,584</u>	<u>261,382,072</u>
	-	-	-	1,040,600	1,040,600
	-	-	-	37,411,614	37,296,844
	65,850	-	-	108,539,358	109,413,411
	-	-	-	17,333,172	16,867,618
	-	-	-	5,480,101	296,849
	65,850	-	-	169,804,845	164,915,322
	65,850	-	-	104,958,483	97,226,806
	-	-	-	64,846,362	67,688,516
\$	<u>18,953,552</u>	<u>31,925,256</u>	<u>149,325,805</u>	<u>331,537,946</u>	<u>329,070,588</u>
\$	830,941	\$ 133,129	\$ -	\$ 5,987,157	\$ 9,013,884
	8,443	9,419,340	-	10,106,112	6,714,426
	1,500,000	-	-	1,500,000	1,500,000
	-	-	-	1,755,504	1,520,444
	15,000	-	6,400,001	6,865,001	5,870,000
	<u>2,354,384</u>	<u>9,552,469</u>	<u>6,400,001</u>	<u>26,213,774</u>	<u>24,618,754</u>
	14,609,236	-	-	14,609,236	12,209,236
	-	-	-	15,843,966	12,504,446
	72,207	14,141	59,852,851	61,334,742	59,960,700
	70,335	31,068	83,072,953	87,144,324	85,342,657
	<u>14,751,778</u>	<u>45,209</u>	<u>142,925,804</u>	<u>178,932,268</u>	<u>170,017,039</u>
	<u>17,106,162</u>	<u>9,597,678</u>	<u>149,325,805</u>	<u>205,146,042</u>	<u>194,635,793</u>
	-	-	-	47,246,892	53,663,626
	1,847,390	22,327,578	-	79,145,012	80,771,169
	<u>1,847,390</u>	<u>22,327,578</u>	<u>-</u>	<u>126,391,904</u>	<u>134,434,795</u>
\$	<u>18,953,552</u>	<u>31,925,256</u>	<u>149,325,805</u>	<u>331,537,946</u>	<u>329,070,588</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2016
With Comparative Totals for December 31, 2015

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services.	\$ 7,054,674	\$ 16,359,902	\$ 68,571,976	\$ 8,337,834
OPERATING EXPENSES				
Personal services.	1,503,192	2,124,199	35,485,076	182,548
Commodities.	470,198	2,411,606	11,324,569	3,803,199
Contractual services.	3,687,553	1,494,998	14,092,403	2,490,666
Depreciation.	592,420	7,345,564	10,079,123	1,196,637
Other charges.	190,527	407,732	2,015,284	85,754
Total Operating Expenses	<u>6,443,890</u>	<u>13,784,099</u>	<u>72,996,455</u>	<u>7,758,804</u>
Operating Income (Loss)	610,784	2,575,803	(4,424,479)	579,030
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	-	-	-	(399,953)
Gain (Loss) on capital asset disposal.	(25,864)	1,080,821	(9,425)	-
Total Nonoperating Revenues (Expenses)	<u>(25,864)</u>	<u>1,080,821</u>	<u>(9,425)</u>	<u>(399,953)</u>
Income (Loss) Before Contributions and Transfers	<u>584,920</u>	<u>3,656,624</u>	<u>(4,433,904)</u>	<u>179,077</u>
Capital contributions.	-	837,407	451,905	-
Transfers out.	-	-	-	-
Net Contributions and Transfers	<u>-</u>	<u>837,407</u>	<u>451,905</u>	<u>-</u>
Change in Net Position	584,920	4,494,031	(3,981,999)	179,077
Total Net Position - Beginning	<u>4,102,733</u>	<u>42,628,108</u>	<u>47,183,247</u>	<u>7,026,819</u>
Total Net Position - Ending	<u>\$ 4,687,653</u>	<u>\$ 47,122,139</u>	<u>\$ 43,201,248</u>	<u>\$ 7,205,896</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2016	2015
\$ 7,075,797	\$ 107,941,626	\$ 21,408,349	\$ 236,750,158	\$ 226,754,838
7,573,800	107,878,643	21,408,349	176,155,807	161,119,858
3,812	5,535	-	18,018,919	18,449,462
656,148	7,779,050	-	30,200,818	26,225,452
-	-	-	19,213,744	16,116,672
394,252	45,103	-	3,138,652	2,520,898
<u>8,628,012</u>	<u>115,708,331</u>	<u>21,408,349</u>	<u>246,727,940</u>	<u>224,432,342</u>
(1,552,215)	(7,766,705)	-	(9,977,782)	2,322,496
-	-	-	(399,953)	(439,335)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,045,532</u>	<u>1,474,930</u>
-	-	-	645,579	1,035,595
<u>(1,552,215)</u>	<u>(7,766,705)</u>	<u>-</u>	<u>(9,332,203)</u>	<u>3,358,091</u>
-	-	-	1,289,312	2,104,047
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,896)</u>
-	-	-	1,289,312	2,053,151
<u>(1,552,215)</u>	<u>(7,766,705)</u>	<u>-</u>	<u>(8,042,891)</u>	<u>5,411,242</u>
<u>3,399,605</u>	<u>30,094,283</u>	<u>-</u>	<u>134,434,795</u>	<u>129,023,553</u>
\$ <u>1,847,390</u>	\$ <u>22,327,578</u>	\$ <u>-</u>	\$ <u>126,391,904</u>	\$ <u>134,434,795</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

	Central Services	Central Mobile Equipment	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 7,063,655	\$ 16,381,002	\$ 68,842,291
Payments to suppliers for goods and services.	(4,111,139)	(3,703,261)	(30,234,505)
Payments to employees for services.	(1,555,883)	(2,074,974)	(35,163,727)
Other operating disbursements.	(190,527)	(407,732)	(2,015,284)
Net Cash Provided (Used) by Operating Activities	1,206,106	10,195,035	1,428,775
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	(413,552)	(5,571,284)	(2,876,444)
Interest paid.	-	-	-
Debt issuance cost and principal payments.	-	-	-
Net Cash Used by Capital and Related Financing Activities	(413,552)	(5,571,284)	(2,876,444)
Net Increase (Decrease) in Cash	792,554	4,623,751	(1,447,669)
Cash at Beginning of Year	2,519,919	14,703,962	33,175,567
Cash at End of Year	\$ 3,312,473	\$ 19,327,713	\$ 31,727,898
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 610,784	\$ 2,575,803	\$ (4,424,479)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	592,420	7,345,564	10,079,123
(Increase) decrease in:			
Receivables and prepaid items.	(14,110)	238,994	(1,181,429)
Due from component unit.	1,655	(226,184)	-
Inventories.	129,364	67,732	-
Increase (decrease) in:			
Accounts payable and accrued expenses.	(114,007)	193,126	(3,044,440)
Net Cash Provided (Used) by Operating Activities	\$ 1,206,106	\$ 10,195,035	\$ 1,428,775
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ -	\$ 837,407	\$ 451,905
Loss on disposal of capital assets.	(25,864)	-	(9,425)

Energy Center	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$ 7,834,009	\$ 6,688,422	\$ 111,290,791	\$ 15,775,996	\$ 233,876,166
(5,986,612)	(482,395)	(7,758,544)	-	(52,276,456)
(180,794)	(5,175,198)	(107,868,400)	(17,566,121)	(169,585,097)
(85,754)	(394,252)	(45,103)	-	(3,138,652)
<u>1,580,849</u>	<u>636,577</u>	<u>(4,381,256)</u>	<u>(1,790,125)</u>	<u>8,875,961</u>
(80,442)	-	-	-	(8,941,722)
(399,953)	-	-	-	(399,953)
(1,520,444)	-	-	-	(1,520,444)
<u>(2,000,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,862,119)</u>
(419,990)	636,577	(4,381,256)	(1,790,125)	(1,986,158)
2,809,430	17,928,508	36,159,250	69,064,727	176,361,363
<u>\$ 2,389,440</u>	<u>\$ 18,565,085</u>	<u>\$ 31,777,994</u>	<u>\$ 67,274,602</u>	<u>\$ 174,375,205</u>
\$ 579,030	\$ (1,552,215)	\$ (7,766,705)	\$ -	\$ (9,977,782)
1,196,637	-	-	-	19,213,744
(50,116)	(388,467)	157,791	(5,631,853)	(6,869,190)
(454,403)	-	-	-	(678,932)
55,356	-	-	-	252,452
<u>254,345</u>	<u>2,577,259</u>	<u>3,227,658</u>	<u>3,841,728</u>	<u>6,935,669</u>
<u>\$ 1,580,849</u>	<u>\$ 636,577</u>	<u>\$ (4,381,256)</u>	<u>\$ (1,790,125)</u>	<u>\$ 8,875,961</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,289,312
-	-	-	-	(35,289)

Hennepin County, Minnesota
Schedules of Net Position
Internal Service Funds
For the Years Ended December 31, 2016 and 2015

	Central Services		Central Mobile Equipment		Information Technology	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current Assets:						
Cash	\$ 3,312,473	\$ 2,519,919	\$ 19,327,713	\$ 14,703,962	\$ 31,727,898	\$ 33,175,567
Interfund receivable	-	-	-	-	-	-
Due from component unit	9,154	10,809	1,198,475	972,291	-	-
Receivables from users	30,933	32,356	55,747	294,741	123,085	207,108
Inventories	197,886	327,250	170,207	237,939	-	-
Prepaid items	174,854	159,321	-	-	6,007,913	4,742,461
Total Current Assets	3,725,300	3,049,655	20,752,142	16,208,933	37,858,896	38,125,136
Capital Assets:						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	4,380,913	4,932,555	55,353,590	53,333,512	48,468,009	50,810,498
Software	-	-	-	-	17,333,172	16,867,618
Construction in progress	-	-	228,020	105,464	-	-
Total capital assets	4,380,913	4,932,555	55,581,610	53,438,976	65,801,181	67,678,116
Less accumulated depreciation	3,180,240	3,527,150	27,901,442	25,902,756	51,280,164	46,396,900
Net Capital Assets	1,200,673	1,405,405	27,680,168	27,536,220	14,521,017	21,281,216
Total Assets	\$ 4,925,973	\$ 4,455,060	\$ 48,432,310	\$ 43,745,153	\$ 52,379,913	\$ 59,406,352
LIABILITIES AND NET POSITION						
Current Liabilities:						
Accounts and contracts payable	\$ 175,091	\$ 242,310	\$ 676,747	\$ 541,136	\$ 3,430,451	\$ 6,982,532
Accrued expenses	23,353	17,450	34,487	26,197	617,330	431,038
Current portion of:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Compensated absences	10,000	10,000	40,000	40,000	400,000	400,000
Total Current Liabilities	208,444	269,760	751,234	607,333	4,447,781	7,813,570
Noncurrent Liabilities, Net of Current Portion:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	(101,462)	(70,210)	359,685	351,389	1,133,187	1,189,907
Compensated absences	131,338	152,777	199,252	158,323	3,597,697	3,219,628
Total Noncurrent Liabilities	29,876	82,567	558,937	509,712	4,730,884	4,409,535
Total Liabilities	238,320	352,327	1,310,171	1,117,045	9,178,665	12,223,105
Net Position:						
Net investment in capital assets	1,200,673	1,405,405	27,680,168	27,536,220	14,521,017	21,281,216
Unrestricted	3,486,980	2,697,328	19,441,971	15,091,888	28,680,231	25,902,031
Total Net Position	4,687,653	4,102,733	47,122,139	42,628,108	43,201,248	47,183,247
Total Liabilities and Net Position	\$ 4,925,973	\$ 4,455,060	\$ 48,432,310	\$ 43,745,153	\$ 52,379,913	\$ 59,406,352

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2016	2015	2016	2015	2016	2015	2016	2015
\$	2,389,440	\$ 2,809,430	\$ 18,565,085	\$ 17,928,508	\$ 31,777,994	\$ 36,159,250	\$ 67,274,602	\$ 69,064,727
	-	-	-	-	-	-	82,051,203	76,419,350
	1,149,948	695,545	-	-	-	-	-	-
	359,166	309,050	388,467	-	145,803	305,053	-	-
	252,079	307,435	-	-	-	-	-	-
	-	-	-	-	1,459	-	-	-
	<u>4,150,633</u>	<u>4,121,460</u>	<u>18,953,552</u>	<u>17,928,508</u>	<u>31,925,256</u>	<u>36,464,303</u>	<u>149,325,805</u>	<u>145,484,077</u>
	1,040,600	1,040,600	-	-	-	-	-	-
	37,411,614	37,296,844	-	-	-	-	-	-
	270,996	270,996	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	5,252,081	191,385	-	-	-	-	-	-
	43,975,291	38,799,825	65,850	65,850	-	-	-	-
	<u>22,530,787</u>	<u>21,334,150</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>21,444,504</u>	<u>17,465,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>25,595,137</u>	<u>21,587,135</u>	<u>18,953,552</u>	<u>17,928,508</u>	<u>31,925,256</u>	<u>36,464,303</u>	<u>149,325,805</u>	<u>145,484,077</u>
\$	740,798	\$ 488,901	\$ 830,941	\$ 653,376	\$ 133,129	\$ 105,629	\$ -	\$ -
	3,159	2,465	8,443	7,351	9,419,340	6,229,425	-	500
	-	-	1,500,000	1,500,000	-	-	-	-
	1,755,504	1,520,444	-	-	-	-	-	-
	-	-	15,000	20,000	-	-	6,400,001	5,400,000
	<u>2,499,461</u>	<u>2,011,810</u>	<u>2,354,384</u>	<u>2,180,727</u>	<u>9,552,469</u>	<u>6,335,054</u>	<u>6,400,001</u>	<u>5,400,500</u>
	-	-	14,609,236	12,209,236	-	-	-	-
	15,843,966	12,504,446	-	-	-	-	-	-
	4,133	3,497	72,207	70,638	14,141	13,821	59,852,851	58,401,658
	41,681	40,563	70,335	68,302	31,068	21,145	83,072,953	81,681,919
	<u>15,889,780</u>	<u>12,548,506</u>	<u>14,751,778</u>	<u>12,348,176</u>	<u>45,209</u>	<u>34,966</u>	<u>142,925,804</u>	<u>140,083,577</u>
	18,389,241	14,560,316	17,106,162	14,528,903	9,597,678	6,370,020	149,325,805	145,484,077
	3,845,034	3,440,785	-	-	-	-	-	-
	3,360,862	3,586,034	1,847,390	3,399,605	22,327,578	30,094,283	-	-
	<u>7,205,896</u>	<u>7,026,819</u>	<u>1,847,390</u>	<u>3,399,605</u>	<u>22,327,578</u>	<u>30,094,283</u>	<u>-</u>	<u>-</u>
\$	<u>25,595,137</u>	<u>21,587,135</u>	<u>18,953,552</u>	<u>17,928,508</u>	<u>31,925,256</u>	<u>36,464,303</u>	<u>149,325,805</u>	<u>145,484,077</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Years Ended December 31, 2016 and 2015

	Central Services		Central Mobile Equipment		Information Technology	
	2016	2015	2016	2015	2016	2015
OPERATING REVENUES						
Charges for services.....	\$ 7,054,674	\$ 6,944,437	\$ 16,359,902	\$ 15,489,792	\$ 68,571,976	\$ 64,181,327
OPERATING EXPENSES						
Personal services.....	1,503,192	1,373,456	2,124,199	2,032,769	35,485,076	29,571,113
Commodities.....	470,198	510,685	2,411,606	3,216,211	11,324,569	11,022,123
Contractual services.....	3,687,553	3,741,503	1,494,998	965,508	14,092,403	11,906,262
Depreciation.....	592,420	591,644	7,345,564	6,376,582	10,079,123	7,897,752
Other charges.....	190,527	147,952	407,732	243,251	2,015,284	1,523,718
Total Operating Expenses	<u>6,443,890</u>	<u>6,365,240</u>	<u>13,784,099</u>	<u>12,834,321</u>	<u>72,996,455</u>	<u>61,920,968</u>
Operating Income (Loss)	<u>610,784</u>	<u>579,197</u>	<u>2,575,803</u>	<u>2,655,471</u>	<u>(4,424,479)</u>	<u>2,260,359</u>
NONOPERATING REVENUES (EXPENSES)						
Interest expense.....	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.....	(25,864)	(25,817)	1,080,821	1,508,554	(9,425)	(7,807)
Total Nonoperating Revenues (Expenses)	<u>(25,864)</u>	<u>(25,817)</u>	<u>1,080,821</u>	<u>1,508,554</u>	<u>(9,425)</u>	<u>(7,807)</u>
Income (Loss) Before Contributions and Transfers	<u>584,920</u>	<u>553,380</u>	<u>3,656,624</u>	<u>4,164,025</u>	<u>(4,433,904)</u>	<u>2,252,552</u>
Capital contributions.....	-	-	837,407	1,245,155	451,905	858,892
Transfers in.....	-	-	-	-	-	-
Transfers out.....	-	(50,896)	-	-	-	-
Net Contributions and Transfers	<u>-</u>	<u>(50,896)</u>	<u>837,407</u>	<u>1,245,155</u>	<u>451,905</u>	<u>858,892</u>
Change in Net Position	584,920	502,484	4,494,031	5,409,180	(3,981,999)	3,111,444
Total Net Position - Beginning	<u>4,102,733</u>	<u>3,600,249</u>	<u>42,628,108</u>	<u>37,218,928</u>	<u>47,183,247</u>	<u>44,071,803</u>
Total Net Position - Ending	<u>\$ 4,687,653</u>	<u>\$ 4,102,733</u>	<u>\$ 47,122,139</u>	<u>\$ 42,628,108</u>	<u>\$ 43,201,248</u>	<u>\$ 47,183,247</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2016	2015	2016	2015	2016	2015	2016	2015
\$ 8,337,834	\$ 8,294,145	\$ 7,075,797	\$ 5,896,024	\$ 107,941,626	\$ 100,194,899	\$ 21,408,349	\$ 25,754,214
182,548	178,188	7,573,800	7,281,338	107,878,643	94,928,780	21,408,349	25,754,214
3,803,199	3,684,218	3,812	2,665	5,535	13,560	-	-
2,490,666	2,193,709	656,148	430,473	7,779,050	6,987,997	-	-
1,196,637	1,250,694	-	-	-	-	-	-
85,754	67,999	394,252	504,253	45,103	33,725	-	-
<u>7,758,804</u>	<u>7,374,808</u>	<u>8,628,012</u>	<u>8,218,729</u>	<u>115,708,331</u>	<u>101,964,062</u>	<u>21,408,349</u>	<u>25,754,214</u>
<u>579,030</u>	<u>919,337</u>	<u>(1,552,215)</u>	<u>(2,322,705)</u>	<u>(7,766,705)</u>	<u>(1,769,163)</u>	<u>-</u>	<u>-</u>
(399,953)	(439,335)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(399,953)</u>	<u>(439,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>179,077</u>	<u>480,002</u>	<u>(1,552,215)</u>	<u>(2,322,705)</u>	<u>(7,766,705)</u>	<u>(1,769,163)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>179,077</u>	<u>480,002</u>	<u>(1,552,215)</u>	<u>(2,322,705)</u>	<u>(7,766,705)</u>	<u>(1,769,163)</u>	<u>-</u>	<u>-</u>
<u>7,026,819</u>	<u>6,546,817</u>	<u>3,399,605</u>	<u>5,722,310</u>	<u>30,094,283</u>	<u>31,863,446</u>	<u>-</u>	<u>-</u>
<u>\$ 7,205,896</u>	<u>\$ 7,026,819</u>	<u>\$ 1,847,390</u>	<u>\$ 3,399,605</u>	<u>\$ 22,327,578</u>	<u>\$ 30,094,283</u>	<u>\$ -</u>	<u>\$ -</u>

Statistical Section

STATISTICAL SECTION

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Hennepin County, Minnesota
Government-wide Net Position
 Last Ten Years

	Governmental Activities Net Position ²				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2007 ¹	\$ 942,960,829 90.5 %	72,540,669 7.0	25,649,617 2.5	\$ 1,041,151,115 100.0 %	\$ 67,287,699 52.6 %	55,254,227 43.2
2008 ¹	\$ 927,912,158 77.5 %	65,004,528 5.4	204,190,486 17.1	\$ 1,197,107,172 100.0 %	\$ 75,260,560 54.1 %	57,623,581 41.5
2009	\$ 900,266,414 100.0 %	46,719,328 5.2	(46,472,797) (5.2)	\$ 900,512,945 100.0 %	\$ 85,306,608 55.3 %	62,218,479 40.3
2010	\$ 898,211,927 94.7 %	50,119,533 5.3	50,423 -	\$ 948,381,883 100.0 %	\$ 95,462,682 59.1 %	58,685,118 36.4
2011	\$ 916,329,293 66.2 %	39,712,366 2.9	426,570,581 30.9	\$ 1,382,612,240 100.0 %	\$ 96,131,096 55.9 %	69,434,575 40.3
2012	\$ 964,510,097 64.9 %	39,587,431 2.7	480,512,309 32.4	\$ 1,484,609,837 100.0 %	\$ 101,486,495 55.7 %	74,927,264 41.2
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2
2016	\$ 1,219,864,333 124.1 %	55,598,868 5.7	(292,755,686) (29.8)	\$ 982,707,515 100.0 %	\$ 120,559,153 66.9 %	55,254,913 30.7

¹ In 2007 and 2008, sales tax revenue bonds totalling \$150 million and \$191.8 million, respectively, were issued and proceeds were granted to the Minnesota Ballpark Authority for ballpark construction.

² Beginning in 2012 implementation of GASB 61 required the inclusion of an asset for the County's investment in component unit (the Medical Center) in governmental activities, which is also reflected above for 2011 for comparative purposes. On January 1, 2012, Hennepin Faculty Associates became fully integrated with the Medical Center. The County's investment in component unit is not reflected prior to 2011 because information for the integrated entity is not available for those years. As described in Note 18, the implementation of GASB 68 in 2015 required the County to report a net pension liability. As a result, 2014 was restated to report initial balances, reducing business-type activities net position by \$10 million. The County's investment in component unit that is described above was restated to reflect the Medical Center's implementation of GASB 68, which reduced the County's net position by an additional \$281.1 million. Years prior to 2014 were not restated above because that information is not available.

Unaudited

Table 1

<u>Activities Net Position</u>		<u>Total Primary Government Net Position</u>			
<u>Unrestricted</u>	<u>Total</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
5,356,962 4.2	\$ 127,898,888 100.0 %	\$ 1,010,248,528 86.4 %	127,794,896 10.9	31,006,579 2.7	\$ 1,169,050,003 100.0 %
6,123,790 4.4	\$ 139,007,931 100.0 %	\$ 1,003,172,718 75.1 %	122,628,109 9.2	210,314,276 15.7	\$ 1,336,115,103 100.0 %
6,828,085 4.4	\$ 154,353,172 100.0 %	\$ 985,573,022 93.4 %	108,937,807 10.3	(39,644,712) (3.7)	\$ 1,054,866,117 100.0 %
7,224,268 4.5	\$ 161,372,068 100.0 %	\$ 993,674,609 89.5 %	108,804,651 9.8	7,274,691 0.7	\$ 1,109,753,951 100.0 %
6,620,055 3.8	\$ 172,185,726 100.0 %	\$ 1,012,460,389 65.1 %	109,146,941 7.0	433,190,636 27.9	\$ 1,554,797,966 100.0 %
5,589,987 3.1	\$ 182,003,746 100.0 %	\$ 1,065,996,592 63.9 %	114,514,695 6.9	486,102,296 29.2	\$ 1,666,613,583 100.0 %
1,217,306 0.7	\$ 180,667,088 100.1 %	\$ 1,122,827,940 65.0 %	106,567,213 6.2	501,043,232 29.0	\$ 1,730,438,385 100.2 %
1,499,952 0.8	\$ 184,095,096 100.0 %	\$ 1,152,205,914 62.8 %	122,288,891 6.7	560,625,624 30.5	\$ 1,835,120,429 100.0 %
4,927,906 2.8	\$ 176,248,043 100.0 %	\$ 1,240,213,006 102.4 %	106,269,489 8.8	(135,624,961) (11.2)	\$ 1,210,857,534 100.0 %
4,290,953 2.4	\$ 180,105,019 100.0 %	\$ 1,340,423,486 115.3 %	110,853,781 9.5	(288,464,733) (24.8)	\$ 1,162,812,534 100.0 %

Hennepin County, Minnesota
Government-wide Change in Net Position
 Last Ten Years

Governmental Activities Change in Net Position ³					
	Net Program Expense	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total
2007	\$ (836,085,919) ¹	687,412,376	(8,681,291)	3,593,016 ²	(153,761,818)
2008	\$ (917,787,928) ¹	701,193,882	(692,082)	-	(217,286,128)
2009	\$ (653,158,848)	729,866,662	(59,855)	-	76,647,959
2010	\$ (689,695,831)	737,659,888	(95,120)	-	47,868,937
2011	\$ (658,870,142)	769,264,740	1,637,007	-	112,031,605
2012	\$ (653,557,888)	755,555,485	-	-	101,997,597
2013	\$ (673,663,528)	746,149,988	(1,823,612)	-	70,662,848
2014	\$ (676,641,873)	777,420,470	475,439	-	101,254,036
2015	\$ (743,751,041)	859,497,012	1,043,430	-	116,789,401
2016	\$ (877,706,993)	825,805,017	-	-	(51,901,976)

¹ In 2007 and 2008, net program expense included \$150 million and \$191.8 million, respectively, for amounts granted to the Minnesota Ballpark Authority for ballpark construction.

² The inclusion of a discretely presented component unit in the County's financial statements was new in 2007. On January 1, 2007, the governance structure of Hennepin County Medical Center was changed through the formation of Hennepin Healthcare System, Inc. (H.H.S.), a legally separate public corporation, to manage the operations of the Medical Center. Prior to 2007, the Medical Center was a County enterprise fund (business-type activity).

³ GASB 61 was implemented in 2012, resulting in increased general revenue relating to the change in the investment in component unit. 2011 was restated for comparison purposes, but data was not available for prior years. As described in Note 18, the implementation of GASB 68 in 2015 required the County and its discretely presented component unit to report a net pension liability, as well as related revenues and expenses. The years prior to implementation were not restated above because that information is not available.

Unaudited

Table 2

Business-type Activities Change in Net Position					
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total	Total Change in Net Position
3,988,312 ²	4,634,579	8,681,291	(177,121,984)	(159,817,802)	\$ (313,579,620)
6,729,151	3,687,810	692,082	-	11,109,043	\$ (206,177,085)
10,173,193	5,112,193	59,855	-	15,345,241	\$ 91,993,200
4,288,848	2,634,928	95,120	-	7,018,896	\$ 54,887,833
10,376,736	2,073,929	(1,637,007)	-	10,813,658	\$ 122,845,263
6,829,225	2,988,795	-	-	9,818,020	\$ 111,815,617
(705,949)	1,373,368	1,823,612	-	2,491,031	\$ 73,153,879
1,367,401	2,536,046	(475,439)	-	3,428,008	\$ 104,682,044
(10,480,718)	3,677,095	(1,043,430)	-	(7,847,053)	\$ 108,942,348
209,084	3,647,892	-	-	3,856,976	\$ (48,045,000)

Hennepin County, Minnesota
Government-wide Expenses by Function
 Last Ten Years

Governmental Activities

Year	Operations ¹	Human Services	Health	Public Safety	Public Works	Libraries
2007 ²	\$ 280,992,186 18.3 %	524,976,731 34.4	71,846,714 4.7	262,031,271 17.1	71,525,626 4.7	76,518,477 5.0
2008 ²	\$ 328,277,518 19.7 %	534,345,333 32.2	86,420,439 5.2	277,362,008 16.6	75,248,428 4.5	77,414,346 4.6
2009	\$ 121,836,010 9.1 %	461,256,233 34.6	80,622,430 6.0	276,375,503 20.6	71,020,290 5.3	76,241,294 5.7
2010	\$ 128,309,692 9.2 %	435,888,867 31.7	131,696,244 9.5	273,935,001 19.7	91,300,335 6.6	74,157,373 5.3
2011	\$ 120,791,386 8.7 %	437,165,051 32.0	102,721,560 7.4	264,592,410 19.2	104,124,189 7.5	73,245,163 5.3
2012	\$ 124,907,148 9.4 %	435,730,208 32.8	95,492,517 7.2	265,149,071 19.9	84,420,313 6.3	74,410,790 5.6
2013 ³	\$ 123,946,247 8.6 %	449,290,676 31.5	103,977,207 7.2	271,313,487 18.9	127,796,822 8.9	75,579,889 5.3
2014	\$ 139,216,988 9.2 %	486,567,994 32.5	100,984,162 6.7	283,974,464 18.8	113,177,930 7.5	80,800,565 5.4
2015	\$ 172,795,992 11.4 %	518,754,330 34.3	72,266,334 4.8	290,419,591 19.2	90,238,102 6.0	77,458,171 5.1
2016	\$ 198,063,699 12.0 %	578,786,579 35.1	66,712,310 4.0	348,219,386 21.1	95,340,184 5.8	89,976,637 5.5

¹ Note that the Government-wide presentation of Operations expenses is very different from the Table 7 governmental fund presentation. For example, Table 3 differs from Table 7 in that Table 3 does not include certain expenses such as those for capital assets and debt principal payments due to the different measurement focus.

² See footnotes 1 and 2 on Table 2 for information regarding 2007 and 2008.

Unaudited

Table 3

Housing and Redevelopment Authority	Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities			Total
			Hennepin Health	Environmental Services	Other Enterprises	
6,613,528 0.4	11,339,667 0.7	26,680,591 1.7	132,625,392 8.6	67,159,290 4.4	3,088,196 0.2	\$ 1,535,397,669 100.0 %
5,605,255 0.3	12,571,949 0.8	36,829,329 2.2	163,236,590 9.8	67,747,708 4.1	3,142,142 0.2	\$ 1,668,201,045 100.0 %
6,889,284 0.5	8,508,837 0.6	37,594,607 2.8	137,801,872 10.3	61,017,157 4.5	3,349,923 0.2	\$ 1,342,513,440 100.0 %
9,756,809 0.7	12,742,915 0.9	38,486,038 2.8	139,534,807 10.0	49,869,035 3.6	2,986,527 0.2	\$ 1,388,663,643 100.0 %
7,551,223 0.5	12,332,871 0.9	46,766,669 3.4	155,794,678 11.3	51,987,897 3.8	3,800,130 0.3	\$ 1,380,873,226 100.0 %
9,604,847 0.7	16,485,333 1.2	43,094,396 3.2	127,748,836 9.6	54,417,425 4.1	2,996,077 0.2	\$ 1,334,456,961 100.0 %
7,695,959 0.5	23,971,130 1.7	45,159,276 3.1	150,299,117 10.4	56,132,775 3.9	3,325,288 0.2	\$ 1,438,487,873 100.0 %
9,930,939 0.7	29,180,649 1.9	42,719,174 2.8	159,611,117 10.6	58,056,471 3.9	2,959,443 0.2	\$ 1,507,179,896 100.0 %
10,170,173 0.7	23,908,644 1.6	43,205,097 2.9	148,124,869 9.8	63,285,558 4.2	3,339,214 0.2	\$ 1,513,966,075 100.0 %
11,037,512 0.7	24,713,823 1.5	44,024,761 2.7	128,098,502 7.8	59,055,113 3.6	3,630,950 0.2	\$ 1,647,659,456 100.0 %

Hennepin County, Minnesota
Government-wide Revenues
 Last Ten Years

Year	Program Revenues					Operating Grants and Contributions	Capital Grants and Contributions
	Charges for Services						
	Operations	Human Services	Hennepin Health	Environmental Services	Other		
2007 ¹	\$ 34,199,765 2.4 %	52,556,422 3.7	125,215,654 8.9	71,744,444 5.1	42,128,650 3.0	330,308,471 23.6	47,146,656 3.4
2008	\$ 34,987,173 2.4 %	48,198,564 3.3	153,838,000 10.5	73,703,294 5.0	50,042,966 3.4	373,702,824 25.6	22,669,447 1.6
2009	\$ 35,657,783 2.5 %	58,659,362 4.1	139,916,491 9.8	63,960,606 4.5	56,113,126 3.9	295,452,704 20.4	49,767,713 3.5
2010	\$ 31,722,088 2.2 %	49,709,455 3.4	141,575,359 9.8	47,130,731 3.3	48,759,933 3.4	332,050,286 23.0	52,308,808 3.6
2011	\$ 36,423,133 2.4 %	50,827,501 3.4	163,786,371 10.9	49,331,672 3.3	51,603,037 3.4	328,469,773 21.8	51,938,333 3.5
2012	\$ 35,965,791 2.5 %	48,239,660 3.3	132,486,554 9.2	49,858,405 3.4	55,595,280 3.8	319,419,317 22.1	46,163,291 3.2
2013 ³	\$ 21,370,765 1.4 %	52,099,614 3.4	154,552,561 10.2	48,136,426 3.2	68,832,677 4.6	334,913,319 22.2	84,213,034 5.6
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	161,168,368 10.0	51,262,909 3.2	69,363,314 4.3	356,302,561 22.2	126,468,869 7.8
2015	\$ 34,555,322 2.1 %	47,429,213 2.9	144,120,318 8.9	50,713,519 3.1	62,755,921 3.9	344,250,910 21.2	75,909,113 4.7
2016	\$ 31,996,677 2.0 %	47,896,357 3.0	127,883,397 8.0	52,352,065 3.3	65,745,283 4.1	354,448,964 22.2	89,838,804 5.6

¹ The inclusion of a discretely presented component unit in the County's financial statements was new in 2007. On January 1, 2007, the governance structure of Hennepin County Medical Center was changed through the formation of Hennepin Healthcare System, Inc. (HHS), a legally separate public corporation, to manage the operations of the Medical Center. Prior to 2007, the Medical Center was a County enterprise fund (business-type activity).

² Total investment earning includes the net change in the fair value of investments. See Note 3 for actual investment income and realized gains/losses without the impact of changes in fair value.

Unaudited

Table 4

General Revenues						
Property Taxes	Sales Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses) ²	Change in Equity Interest in Component Unit	Total Revenues
565,151,178 40.4	33,863,824 2.4	6,788,849 0.5	54,697,960 3.9	38,345,144 2.7	- -	\$ 1,402,147,017 100.0 %
607,342,173 41.5	28,053,049 1.9	5,356,509 0.4	34,838,403 2.4	29,291,558 2.0	- -	\$ 1,462,023,960 100.0 %
647,845,390 45.1	27,129,142 1.9	6,608,526 0.5	41,160,085 2.9	12,235,712 0.9	- -	\$ 1,434,506,640 100.0 %
677,621,762 46.9	28,244,445 2.0	4,710,284 0.3	22,438,585 1.6	7,279,740 0.5	- -	\$ 1,443,551,476 100.0 %
670,718,384 44.6	30,094,848 2.0	4,047,276 0.3	22,463,157 1.5	13,811,054 0.9	30,203,950 2.0	\$ 1,503,718,489 100.0 %
690,356,320 47.7	31,601,050 2.2	5,923,149 0.4	18,868,727 1.3	9,493,981 0.7	2,301,053 0.2	\$ 1,446,272,578 100.0 %
704,236,338 46.5	33,446,430 2.2	4,470,781 0.3	26,023,981 1.7	(1,807,848) (0.1)	(18,846,326) (1.2)	\$ 1,511,641,752 100.0 %
673,098,851 41.8	34,254,757 2.1	14,806,538 0.9	32,185,948 2.0	10,847,530 0.7	14,762,892 0.9	\$ 1,611,861,940 100.1 %
736,107,711 45.3	35,769,164 2.2	17,112,605 1.1	32,451,058 2.0	8,350,369 0.5	33,383,200 2.1	\$ 1,622,908,423 100.0 %
765,198,455 47.7	36,468,191 2.3	17,080,300 1.1	32,451,058 2.0	6,167,796 0.4	(27,912,891) (1.7)	\$ 1,599,614,456 100.0 %

Hennepin County, Minnesota
Fund Balances - Governmental Funds ¹
 Last Ten Years

General Fund

Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2007	\$ 29,347,142 18.6%	128,617,879 81.4%	-	-	-	-	-	157,965,021 100.0%
2008	\$ 28,408,587 19.3%	118,901,366 80.7%	-	-	-	-	-	147,309,953 100.0%
2009	\$ 24,897,832 15.8%	132,674,829 84.2%	-	-	-	-	-	157,572,661 100.0%
2010	\$ -	-	9,569,544 6.9%	18,762,937 13.5%	-	28,685,391 20.7%	81,507,843 58.8%	138,525,715 100.0%
2011	\$ -	-	10,389,781 6.7%	16,031,074 10.4%	-	21,257,943 13.7%	106,965,647 69.2%	154,644,445 100.0%
2012	\$ -	-	12,483,267 7.1%	16,251,456 9.3%	-	24,461,198 14.0%	121,504,946 69.6%	174,700,867 100.0%
2013	\$ -	-	3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ -	-	3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%
2015	\$ -	-	3,786,580 1.9%	14,538,052 7.4%	- 0.0%	39,060,573 19.9%	138,845,323 70.8%	196,230,528 100.0%
2016	\$ -	-	3,634,594 1.9%	15,085,450 7.9%	- 0.0%	42,751,107 22.6%	128,298,246 67.6%	189,769,397 100.0%

¹ Governmental Accounting Standards Board Statement 54 was effective for 2011, resulting in new fund balance categories. The new categories are shown for 2010 for comparison purposes, but data was not available for prior years.

Unaudited

All Other Governmental Funds

Reserved	Unreserved, Reported in Fund Type			Nonspendable	Restricted	Committed	Unassigned	Total
	Special Revenue	Debt Service	Capital Projects					
136,943,926	152,620,765	1,711,746	(102,265,885)	-	-	-	-	\$ 189,010,552
127,356,067	158,640,843	3,730,427	(94,324,776)	-	-	-	-	\$ 195,402,561
131,373,498	229,830,077	5,958,620	(79,684,999)	-	-	-	-	\$ 287,477,196
-	-	-	-	4,630,576 1.4%	142,576,354 44.4%	173,928,767 54.2%	-	\$ 321,135,697 100.0%
-	-	-	-	20,224,677 6.3%	129,320,678 40.5%	169,814,896 53.2%	-	\$ 319,360,251 100.0%
-	-	-	-	18,863,616 6.8%	87,621,459 31.8%	169,132,402 61.4%	-	\$ 275,617,477 100.0%
-	-	-	-	18,782,384 6.4%	129,622,059 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
-	-	-	-	18,134,611 4.4%	206,100,577 50.3%	185,971,038 45.3%	-	\$ 410,206,226 100.0%
-	-	-	-	23,479,549 6.9%	150,816,588 44.2%	167,233,245 49.0%	-	\$ 341,529,382 100.0%
-	-	-	-	24,554,643 6.1%	220,869,926 54.8%	157,639,040 39.1%	-	\$ 403,063,609 100.0%

Hennepin County, Minnesota
Change in Fund Balances - Governmental Funds
 Last Ten Years

	Excess (Deficiency) of Revenues Over Expenditures ¹	Other Financing Sources (Uses)			
		Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	Sale of Capital Assets
2007 ³	\$ (221,142,196)	207,410,000	27,619,655	(38,854,470)	222,899
2008 ³	\$ (322,733,729)	316,910,623	32,464,610	(34,298,499)	-
2009	\$ (41,986,530)	129,403,455	37,666,116	(37,221,555)	-
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	1,483,608
2016	\$ (234,481,921)	223,845,496	62,603,156	(62,603,156)	483,806

¹ Note that the deficiency is the result of the exclusion of other financing sources and uses from this column. Therefore, capital projects expenditures are included while the bond proceeds funding the projects are not included.

² Bond Proceeds in 2006 included a \$47.8 million crossover refunding, and the payments to refund the old debt occurred in 2007 and 2008.

³ In 2007 and 2008, sales tax revenue bonds totalling \$150 million and \$191.8 million, respectively, were issued and proceeds were granted to the Minnesota Ballpark Authority for ballpark construction.

⁴ The County's optional payments for early redemption of outstanding bond issues and current refundings, including \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$21,400,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, and \$60,125,000 in 2016 are included in the debt service amount used to calculate the percentage in the last column above. The ratio in the last column above would be lower if it was based only on required debt service expenditures. For example, 2012 would be 5.14, 2013 would be 3.53, 2014 would be 5.68, 2015 would be 4.60, and 2016 would be 3.83%.

Unaudited

Table 6

<u>Bond and Note Premiums</u>	<u>Total</u>	<u>Net Change in Fund Balances</u>	<u>Debt Service as a Percentage of Noncapital Expenditures ⁴</u>
7,449,943	\$ 203,848,027	\$ (17,294,169)	5.4 %
3,393,935	\$ 318,470,669	\$ (4,263,060)	7.9 %
14,475,857	\$ 144,323,873	\$ 102,337,343	7.2 %
12,965,515	\$ 240,519,926	\$ 14,611,555	6.4 %
3,197,996	\$ 63,576,839	\$ 14,343,284	9.5 %
3,870,697	\$ 2,083,779	\$ (23,686,352)	10.3 %
5,767,852	\$ 140,414,202	\$ 34,992,442	10.9 %
31,239,950	\$ 132,424,197	\$ 123,385,541	10.3 %
-	\$ 2,609,504	\$ (70,936,417)	9.5 %
65,225,715	\$ 289,555,017	\$ 55,073,096	10.1 %

Hennepin County, Minnesota
Governmental Fund Expenditures by Function
 Last Ten Years

<u>Year</u>	<u>Operations</u> ¹	<u>Human Services</u>	<u>Health</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Libraries</u>
2007 ²	\$ 312,387,545 22.0 %	511,193,622 36.2	27,363,437 1.9	237,181,654 16.7	49,143,153 3.5	65,195,167 4.6
2008 ²	\$ 330,009,832 21.2 %	524,224,244 33.8	60,972,106 3.9	250,802,864 16.1	51,662,027 3.3	66,452,281 4.3
2009	\$ 142,088,557 11.2 %	455,791,662 35.7	61,808,219 4.9	248,058,746 19.5	51,286,705 4.0	61,785,210 4.9
2010	\$ 189,555,125 12.7 %	454,975,440 30.2	107,577,723 7.2	249,504,292 16.7	70,171,537 4.7	70,618,795 4.7
2011	\$ 131,590,360 9.9 %	443,134,270 33.5	87,401,937 6.6	247,456,814 18.7	63,471,437 4.8	65,935,700 5.0
2012	\$ 137,679,061 10.6 %	441,096,724 34.0	89,233,679 6.9	247,225,055 19.0	61,652,098 4.7	66,648,516 5.1
2013 ³	\$ 171,423,612 12.0 %	452,758,532 31.8	100,968,808 7.1	252,514,555 17.7	63,396,228 4.5	67,585,439 4.7
2014 ³	\$ 159,957,491 11.0 %	480,331,430 33.1	95,889,084 6.6	259,029,720 17.9	70,920,557 4.9	70,435,923 4.9
2015 ³	\$ 180,808,866 12.1 %	515,973,604 34.5	70,720,068 4.7	266,219,052 17.8	67,495,212 4.5	74,876,993 5.0
2016 ³	\$ 244,278,217 14.3 %	553,443,954 32.4	62,204,105 3.7	285,755,221 16.8	71,479,236 4.2	78,033,098 4.6

¹ Note that the General Fund presentation of General Government expenses is very different from the Table 3 government-wide presentation. For example, Table 7 differs from Table 3 in that Table 7 includes certain expenses, such as those for capital assets and debt principal payments, due to the different measurement focus.

² In 2007 and 2008, \$150 million and \$336.9 million of sales tax revenue bonds were issued respectively for which proceeds were granted to the Minnesota Ballpark Authority for the ballpark capital project, which is reported in the General Government function.

³ Significant Operations expenditure fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project. In 2015 and 2016 \$20 million and \$62.9 million, respectively, was expended for the Medical Center component unit's construction of the Ambulatory Outpatient Specialty Center.

Unaudited

Table 7

<u>Housing and Redevelopment Authority</u>	<u>Regional Railroad Authority</u>	<u>Capital Projects</u>	<u>Debt Service, Principal</u>	<u>Debt Service, Interest</u>	<u>Intergovernmental</u>	<u>Total</u>
8,443,442 0.6	11,566,823 0.8	123,526,899 8.7	44,543,430 3.1	27,150,227 1.9	- -	\$ 1,417,695,399 100 %
4,940,368 0.3	12,323,007 0.8	136,750,072 8.8	78,591,294 5.1	37,106,626 2.4	- -	\$ 1,553,834,721 100 %
6,206,858 0.5	8,254,918 0.6	155,790,148 12.2	44,200,987 3.5	38,074,982 3.0	- -	\$ 1,273,346,992 100 %
9,072,189 0.6	12,468,700 0.8	131,177,963 8.8	49,000,152 3.3	39,890,104 2.7	113,277,589 7.6	\$ 1,497,289,609 100 %
6,864,613 0.5	12,056,194 0.9	144,434,094 10.9	68,463,497 5.2	48,118,335 3.6	4,715,000 0.4	\$ 1,323,642,251 100 %
8,914,176 0.7	18,829,460 1.4	104,290,650 8.0	78,545,914 6.0	47,146,561 3.6	- -	\$ 1,301,261,894 100 %
7,024,936 0.5	22,605,137 1.6	135,084,237 9.5	96,959,103 6.8	46,559,602 3.3	7,285,547 0.5	\$ 1,424,165,736 100 %
9,264,852 0.6	24,025,579 1.7	137,325,079 9.5	93,594,868 6.5	47,070,712 3.3	- -	\$ 1,447,845,295 100 %
13,003,451 0.9	23,768,353 1.6	150,822,026 10.1	83,567,824 5.6	47,073,271 3.2	- -	\$ 1,494,328,720 100 %
43,224,198 2.5	24,538,111 1.4	183,261,307 10.8	111,689,556 6.6	45,864,968 2.7	- -	\$ 1,703,771,971 100 %

Hennepin County, Minnesota
Governmental Fund Revenues by Source
 Last Ten Years

Year	Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Inter- governmental	Charges for Services
2007	\$ 576,154,864 48.2 %	27,063,825 2.3	- ¹ -	2,645,147 0.2	404,225,279 33.8	106,476,920 8.8
2008	\$ 603,496,614 49.0 %	28,053,049 2.3	- -	2,199,892 0.2	419,067,595 34.0	106,012,238 8.6
2009	\$ 644,310,101 52.3 %	27,129,142 2.2	- -	2,172,588 0.2	378,370,681 30.7	117,222,921 9.6
2010	\$ 681,934,811 53.6 %	28,244,445 2.2	- -	2,079,744 0.2	397,419,467 31.3	129,977,637 10.1
2011	\$ 675,091,343 53.0 %	30,094,848 2.4	- -	1,973,347 0.2	392,952,707 30.8	131,474,018 10.2
2012	\$ 696,125,253 54.6 %	31,601,050 2.5	- -	2,934,354 0.2	376,050,675 29.5	132,028,560 10.3
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	- -	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9
2016	\$ 771,058,972 52.5 %	36,468,191 2.5	9,918,363 0.7	3,514,045 0.2	472,035,912 32.1	137,518,611 9.4

¹In 2007, the State began collecting a 0.15% Hennepin County sales tax that will flow through the County for the repayment of bonds relating to the construction of a ballpark in Minneapolis, for Minnesota Ballpark Authority operating costs, and for other expenditures allowed under legislation.

² See footnote 2 on Table 4 for information regarding the inclusion of unrealized gains and losses in investment earnings.

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Investment Earnings ²	Other	Total
1,821,355 0.2	4,565,987 0.4	39,679,080 3.3	33,920,746 2.8	\$ 1,196,553,203 100 %
1,859,326 0.2	4,874,046 0.4	30,919,669 2.5	34,618,563 2.8	\$ 1,231,100,992 100 %
2,295,170 0.2	5,781,279 0.5	12,854,534 1.0	41,224,046 3.3	\$ 1,231,360,462 100 %
1,967,673 0.2	5,900,134 0.5	7,470,397 0.6	16,386,930 1.3	\$ 1,271,381,238 100 %
1,932,048 0.2	6,407,791 0.5	14,370,838 1.1	20,111,756 1.6	\$ 1,274,408,696 100 %
1,742,784 0.1	6,499,196 0.5	9,911,877 0.8	18,598,014 1.5	\$ 1,275,491,763 100 %
1,873,560 0.1	7,041,106 0.5	(1,991,204) (0.2)	17,887,085 1.4	\$ 1,318,743,976 100 %
1,662,357 0.1	7,549,567 0.5	11,188,951 0.8	20,333,357 1.4	\$ 1,438,806,639 100 %
1,767,015 0.1	7,816,949 0.6	8,631,414 0.6	21,812,197 1.5	\$ 1,420,782,799 100 %
1,627,304 0.1	7,978,466 0.5	6,337,260 0.4	22,832,926 1.6	\$ 1,469,290,050 100 %

Hennepin County, Minnesota
Property Estimated Market Value (000s omitted)¹
 Last Ten Years

Real Estate						
	Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous	Exempt
2007	\$ 109,251,869 65.4 %	8,562,454 5.1	28,186,928 16.9	888,835 0.5	84,688 0.1	18,965,624 11.3
2008	\$ 107,145,474 64.3 %	8,628,267 5.2	29,764,516 17.9	864,041 0.5	68,962 0.0	18,965,624 11.4
2009	\$ 102,430,703 63.7 %	8,628,975 5.4	28,723,247 17.9	773,764 0.5	58,310 0.0	18,965,624 11.8
2010	\$ 95,810,842 62.3 %	8,126,550 5.3	26,455,131 17.2	686,687 0.4	50,655 0.0	21,249,594 13.8
2011	\$ 92,367,575 61.8 %	8,141,313 5.5	25,566,334 17.1	667,293 0.4	32,528 0.0	21,249,594 14.2
2012	\$ 87,386,034 60.4 %	8,465,660 5.8	25,628,865 17.7	645,946 0.4	31,188 0.0	21,249,594 14.7
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8
2016	\$ 105,538,203 60.2 %	15,110,310 8.6	31,057,471 17.7	626,311 0.4	37,624 0.0	21,249,594 12.1

¹ Property estimated market value is for the assessment year indicated. Applicable taxes are collectible in the subsequent year.

² The tax rate is applied to tax capacity, which is determined by multiplying the taxable market value of each property by the statutory class rates for the specific use(s) on the property.

Source: Hennepin County Property Information System.

Unaudited

Table 9

<u>Total Real Estate</u>	<u>Personal Property</u>	<u>Total Estimated Market Value Including Exempt Property</u>	<u>Total Estimated Market Value</u>	<u>Total Direct Tax Rate²</u>
165,940,398 99.3	1,217,773 0.7	\$ 167,158,171 100 %	\$ 148,192,547	39 %
165,436,884 99.3	1,234,923 0.7	\$ 166,671,807 100 %	\$ 147,706,183	39 %
159,580,623 99.2	1,238,596 0.8	\$ 160,819,219 100 %	\$ 141,853,595	40 %
152,379,459 99.2	1,295,495 0.8	\$ 153,674,954 100 %	\$ 132,425,360	43 %
148,024,637 99.1	1,333,422 0.9	\$ 149,358,059 100 %	\$ 128,108,465	46 %
143,407,287 99.0	1,449,118 1.0	\$ 144,856,405 100 %	\$ 123,606,811	48 %
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100 %	\$ 134,691,712	46 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100 %	\$ 144,409,721	45 %
173,619,513 99.0	1,750,967 1.0	\$ 175,370,480 100 %	\$ 154,120,886	46 %

Hennepin County, Minnesota
Property Tax Rates and Levies - Direct and Overlapping Governments¹
 Last Ten Years

Payable Year	Hennepin County Direct Taxes				Tax Levies
	General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates	
2007	17.448 %	3.307 %	18.350 %	39.11 %	\$ 2,231,202,862
2008	17.610	3.131	17.831	38.57	2,368,624,500
2009	18.302	3.522	18.589	40.41	2,542,570,232
2010	21.230	3.500	17.910	42.64	2,559,559,665
2011	22.374	4.377	19.089	45.84	2,586,972,956
2012	23.370	5.169	19.131	47.67	2,578,977,362
2013	23.210	5.560	20.770	49.54	2,620,562,626
2014	21.510	5.400	19.335	46.25	2,692,058,025
2015	20.710	5.400	19.220	45.33	2,743,541,472
2016	20.144	5.016	20.570	45.73	2,869,712,621

¹ The Metropolitan Airport Commission, an overlapping government, receives all of its revenue from sources other than property taxes.

Unaudited

Table 10

<u>Metropolitan Transit Commission Tax</u>		<u>Metropolitan Council Tax</u>		<u>Metropolitan Mosquito Control District Tax</u>	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.295 %	\$ 18,509,833	0.877 %	\$ 12,973,186	0.499 %	\$ 7,395,646
1.264	19,283,519	0.812	13,092,025	0.486	7,801,856
1.273	19,455,492	0.817	13,156,461	0.489	7,874,542
1.366	20,612,822	0.793	12,720,347	0.461	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028

Hennepin County, Minnesota
Principal Taxpayers¹
 Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 16,499,250	1	0.96 %	\$ 11,359,250	1	0.71 %
Xcel Energy (NSP)	7,511,180	2	0.44	2,819,250	8	0.18
IDS MB Minneapolis 8th St LLC	4,754,850	3	0.28	4,379,250	2	0.27
NWC Limited Partnership	4,493,250	4	0.26	3,818,250	3	0.24
Minneapolis 225 Holdings LLC	4,384,650	5	0.26	3,711,250	4	0.23
SRI Ten City Center LLC	3,729,050	6	0.22			
US Bank N.A.	3,221,050	7	0.19			
Best Buy Co Inc	3,203,690	8	0.19	3,064,310	7	0.19
Wells REIT	3,055,450	9	0.18	3,231,250	6	0.20
Hilton Hotels Corporation	2,783,250	10	0.16	2,728,320	9	0.17
Flanagan-AMEX				2,691,250	10	0.17
The Mills Corporation						
First Minneapolis-Hines Co				3,363,250	5	0.21
Total	\$ 53,635,670		3.14 %	\$ 41,165,630		2.57 %

¹ Xcel Energy includes both real and personal property tax capacity. All others are based on the tax capacity of individual parcels.

Source: Hennepin County Property Information System.

Unaudited



Hennepin County, Minnesota
Tax Levies and Collections on Property Located Within the County
 Last Ten Years

Current Tax Levy						
Year	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments ¹	Total	Current Tax Collections Net of Refunds	Percent of Levy Collected
2007	\$ 608,323,524	\$ 1,629,101,934	\$ (6,222,596)	\$ 2,231,202,862	\$ 2,195,690,251	98.41 %
2008	634,304,268	1,743,593,908	(9,273,676)	2,368,624,500	2,326,158,966	98.21
2009	684,646,270	1,868,975,826	(11,051,864)	2,542,570,232	2,487,064,241	97.82
2010	725,906,127	1,847,810,295	(14,156,757)	2,559,559,665	2,503,659,872	97.82
2011	716,809,208	1,885,286,295	(15,122,547)	2,586,972,956	2,543,273,613	98.31
2012	704,763,947	1,885,464,012	(11,250,597)	2,578,977,362	2,551,959,374	98.95
2013	713,992,585	1,912,964,824	(6,394,783)	2,620,562,626	2,603,084,407	99.33
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59
2016	788,618,398	2,091,614,243	(10,520,020)	2,869,712,621	2,863,352,382	99.78

¹ Adjustments include abatements, cancellations, and increases to the current year levy.

Unaudited

Table 12

<u>Prior Year Collections Net of Refunds</u>	<u>Total Tax Collections</u>	<u>Uncollected Current Tax Levy</u>	<u>Percent of Current Tax Levy Uncollected</u>
\$ 17,911,682	\$ 2,213,601,933	\$ 35,512,611	1.59 %
25,923,452	2,352,082,418	42,465,534	1.79
28,971,428	2,516,035,669	55,505,991	2.18
27,483,337	2,531,143,209	55,899,793	2.18
7,102,887	2,550,376,500	43,699,343	1.69
7,145,515	2,559,104,889	27,017,988	1.05
9,086,657	2,612,171,064	17,478,219	0.67
(4,695,777)	2,659,412,970	27,949,278	1.04
2,373,939	2,734,757,834	11,157,577	0.41
(1,470,007)	2,861,882,375	6,360,239	0.22

Hennepin County, Minnesota
Net Tax Capacity and Taxable Market Value of Property
 Last Ten Years

Assessment Year	Property Outside the City of Minneapolis		Minneapolis	
	Net Tax Capacity	Taxable Market Value	Net Tax Capacity	Taxable Market Value
2007	\$ 1,192,261,639	\$ 108,130,892,500	\$ 410,535,647	\$ 37,851,513,805
2008	1,198,620,162	108,958,626,067	413,935,332	37,930,415,840
2009	1,161,337,991	104,631,351,200	439,141,541	36,953,274,630
2010	1,082,056,515	97,304,713,300	394,912,341	34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	104,113,040,700	454,641,259	40,296,679,900
2016	1,225,469,292	110,053,361,401	493,479,516	44,067,523,400

Unaudited

Table 13

Total		Net Tax Capacity to Taxable Market Value	Percentage of Total County Net Tax Capacity	
Net Tax Capacity	Taxable Market Value		Outside Minneapolis	Minneapolis
\$ 1,602,797,286	\$ 145,982,406,305	1.1 %	74.4 %	25.6 %
1,612,555,494	146,889,041,907	1.1	74.3	25.7
1,600,479,532	141,584,625,830	1.1	72.6	27.4
1,476,968,856	132,165,413,580	1.1	73.3	26.7
1,397,609,366	122,800,948,752	1.1	73.4	26.6
1,369,968,893	118,106,438,594	1.2	72.7	27.3
1,367,504,155	119,027,889,660	1.1	72.6	27.4
1,489,879,943	129,650,721,822	1.1	72.4	27.6
1,602,471,674	144,409,720,600	1.1	71.6	28.4
1,718,948,808	154,120,884,801	1.1	71.3	28.7

Hennepin County, Minnesota
Tax Capacity of Taxable Property by Municipality¹
 Current Year Assessments

	Tax Capacity			Adjustment		Net Tax Capacity	Average Tax Rate ²
	Real Estate	Personal Property	Total	Fiscal Disparities	Tax Increment Financing/ Value Capture		
Bloomington	\$ 161,214,289	\$ 1,492,036	\$ 162,706,325	\$ (14,137,440)	\$ (12,708,652)	\$ 135,860,233	120 %
Brooklyn Center	21,298,314	435,044	21,733,358	4,400,162	(3,292,251)	22,841,269	154
Brooklyn Park	70,827,359	1,044,884	71,872,243	5,505,805	(1,475,659)	75,902,389	133
Champlin	20,216,498	252,540	20,469,038	2,065,281	(182,710)	22,351,609	115
Chanhassen (part)	1,400,360	5,184	1,405,544	(540,654)		864,890	101
Corcoran	7,621,155	406,215	8,027,370	55,671		8,083,041	135
Crystal	16,458,694	257,699	16,716,393	3,293,008	(248,944)	19,760,457	136
Dayton (part)	6,340,351	221,176	6,561,527	(49,363)	(215,676)	6,296,488	135
Deephaven	13,496,110	54,685	13,550,795	(9,669)		13,541,126	94
Eden Prairie	119,822,623	1,778,971	121,601,594	(11,077,954)	(3,209,405)	107,314,235	111
Edina	131,623,185	557,254	132,180,439	(8,949,955)	(3,474,097)	119,756,387	110
Excelsior	5,514,685	48,974	5,563,659	(484,090)	(106,294)	4,973,275	107
Fort Snelling		85,748	85,748			85,748	82
Golden Valley	42,748,968	472,938	43,221,906	(4,770,468)	(21,692)	38,429,746	137
Greenfield	4,376,163	171,332	4,547,495	(54,457)		4,493,038	127
Greenwood	3,791,821	12,790	3,804,611	(54,958)		3,749,653	95
Hanover (part)	706,448	9,656	716,104	77,558		793,662	133
Hopkins	23,023,509	247,841	23,271,350	(548,533)	(2,215,236)	20,507,581	146
Independence	6,732,594	184,514	6,917,108	17,651		6,934,759	122
International Airport		9,692,948	9,692,948			9,692,948	54
Long Lake	2,942,758	40,257	2,983,015	(203,964)	(83,391)	2,695,660	118
Loretto	659,278	10,362	669,640	4,473	(14,358)	659,755	151
Maple Grove	94,943,900	1,610,276	96,554,176	(4,375,078)	(397,612)	91,781,486	122
Maple Plain	2,010,831	30,142	2,040,973	(72,522)		1,968,451	153
Medicine Lake	962,675	3,814	966,489	6,434		972,923	116
Medina	17,946,055	364,876	18,310,931	(758,641)	(460,626)	17,091,664	105
Minneapolis	540,846,454	9,074,806	549,921,260	(9,724,946)	(46,716,798)	493,479,516	133
Minnnetonka	106,597,190	901,339	107,498,529	(10,748,890)	(2,407,233)	94,342,406	116
Minnnetonka Beach	3,700,924	9,844	3,710,768	(19,809)		3,690,959	104
Minnetrista	15,550,109	292,723	15,842,832	254,762		16,097,594	112
Mound	11,982,442	101,822	12,084,264	587,502	(569,772)	12,101,994	123
New Hope	19,196,854	242,052	19,438,906	1,292,698	(604,222)	20,127,382	146
Orono	31,164,748	191,356	31,356,104	(226,740)	(76,613)	31,052,751	95
Osseo	2,904,611	56,581	2,961,192	6,866	(506,877)	2,461,181	151
Plymouth	127,423,368	1,633,359	129,056,727	(8,069,904)	(1,505,618)	119,481,205	108
Richfield	35,676,594	363,544	36,040,138	1,577,312	(3,861,538)	33,755,912	140
Robbinsdale	9,457,362	189,544	9,646,906	2,521,375	(402,007)	11,766,274	136
Rockford	275,903	155,194	431,097	(6,687)		424,410	150
Rogers	22,713,225	363,814	23,077,039	(3,377,854)	(316,109)	19,383,076	124
St. Anthony (part)	5,991,006	71,856	6,062,862	438,814		6,501,676	158
St. Bonifacius	2,065,351	31,040	2,096,391	211,748		2,308,139	112
St. Louis Park	77,324,247	650,504	77,974,751	(4,255,021)	(8,211,886)	65,507,844	129
Shorewood	17,449,210	139,686	17,588,896	(6,755)		17,582,141	107
Spring Park	3,089,866	24,362	3,114,228	(83,136)	(80,912)	2,950,180	110
Tonka Bay	6,202,773	26,366	6,229,139	(38,716)		6,190,423	96
Wayzata	23,391,880	147,304	23,539,184	(2,206,274)	(2,505,395)	18,827,515	103
Woodland	3,507,297	6,460	3,513,757			3,513,757	88
Total	\$ 1,843,190,037	\$ 34,165,712	\$ 1,877,355,749	\$ (62,535,358)	\$ (95,871,583)	\$ 1,718,948,808	

¹ Tax capacity is for the 2016 assessment year, for taxes payable in 2017. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at \$75,000 x 1% = \$750 tax capacity). Different property classifications are assigned different class rates.

² Tax rates are expressed as percentages of total tax capacity.

Unaudited



Hennepin County, Minnesota
Ratios of Outstanding Debt by Type
 Last Ten Years ¹

Fiscal Year ¹	Governmental Activities				
	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2007 ^{3,4}	\$ 517,929,133	\$ -	\$ 156,804,517	\$ 19,964,418	\$ 19,628,936
2008	555,687,615	14,669,381	346,423,286	18,290,586	19,007,564
2009	663,901,487	13,966,378	339,451,067	15,852,849	18,729,815
2010 ⁴	850,726,971	25,164,681	335,228,848	13,423,829	8,285,886
2011	869,865,700	19,261,626	316,236,629	10,919,839	7,747,727
2012	819,585,366	18,843,242	299,564,410	8,650,720	7,138,254
2013	879,228,943	15,575,000	282,962,191	5,865,470	6,522,175
2014	933,862,600	13,293,242	266,899,972	2,985,220	5,899,012
2015	868,376,433	9,276,778	249,497,753	-	5,380,920
2016	1,047,110,518	6,525,000	236,295,534	-	4,862,828

¹ Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Deferred charges on refundings are included with the applicable debt prior to 2012 due to limited availability of data.

² See Table 23 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

³ 2007 governmental activities outstanding debt includes a \$41.2 million crossover refunding. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

⁴ In 2010, the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing \$102.8 million of general obligation sales tax revenue bonds and loaning the proceeds to CTIB. CTIB will repay the County from sales tax revenues equal to the bond debt service paid by the County.

Note: Details regarding the County's outstanding debt can be found in the Notes to the Basic Financial Statements.

Unaudited

Table 15

Business-type Activities		Total Primary Government		
General Obligation Bonds	Revenue Bonds	Total Outstanding Debt	Total Debt as a Percentage of Personal Income ²	Total Debt Per Capita ²
\$ 2,205,000	\$ 45,611,350	\$ 762,143,354	1.28%	\$ 671
2,020,000	33,253,625	989,352,057	1.55%	867
1,820,000	20,625,895	1,074,347,491	1.66%	929
1,610,000	8,197,034	1,242,637,249	1.99%	1,078
1,405,000	4,099,772	1,229,536,293	1.94%	1,052
1,265,000	-	1,155,046,992	1.72%	975
1,120,000	-	1,191,273,779	1.71%	994
975,000	-	1,223,915,046	1.68%	1,010
825,000	-	1,133,356,884	1.44%	927
10,419,421	-	1,305,213,301	1.64%	1,059

Hennepin County, Minnesota
Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
 Last Ten Years

Year	Net General Obligation Debt ^{1,5}				Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Debt Not Supported by Tax Levy	Less Amount Available for Debt Service	Net				
2007 ⁴	\$ 520,134,133	\$ 45,370,000	\$ 42,960,914	\$ 431,803,219	\$ 148,192,547,000	1,136,599	0.29 %	\$ 379.91
2008	572,376,996	33,585,000	5,391,807	533,400,189	147,706,183,000	1,140,988	0.36	467.49
2009	679,687,865	21,525,000	7,688,195	650,474,670	141,853,595,000	1,156,212	0.46	562.59
2010	877,501,652	112,295,000	7,256,597	757,950,055	132,425,360,000	1,152,425	0.57	657.70
2011	890,532,326	108,060,000	6,621,844	775,850,482	128,108,465,000	1,168,431	0.61	664.01
2012	839,693,608	100,275,000	5,817,703	733,600,905	123,606,811,000	1,184,576	0.59	619.29
2013	895,923,943	96,440,000	13,088,237	786,395,706	124,508,068,000	1,198,778	0.63	656.00
2014	948,130,842	105,960,000	14,597,849	827,572,993	134,691,712,000	1,212,064	0.61	682.78
2015	878,478,211	101,195,000	17,702,437	759,580,774	144,409,721,000	1,223,149	0.53	621.00
2016	1,064,054,939	96,250,000	26,697,045	941,107,894	154,120,886,000	1,232,483	0.61	763.59

¹ Debt that is secured in whole or part by the authority to levy taxes on real estate. See Table 17 for similar information relating to all G.O. debt, including G.O. debt not supported by tax levies. Per M.S. 475.51, net general obligation debt is determined by deducting from the total general obligation debt the cash available for servicing the debt and debt intended to be financed primarily by means other than a real estate tax levy. This table was restated in 2012 to include unamortized debt premiums and deferred amounts on refundings. The debt of the Regional Railroad Authority is included, which is a limited tax obligation of the Regional Railroad Authority.

² Estimated market value is for the assessment year indicated and is per the Hennepin County Taxpayer Services Department. Applicable taxes are collectible in the subsequent year.

³ Sources: Office of the State Demographer and U.S. Census Bureau.

⁴ The 2007 net general obligation debt amount includes a \$41.2 million crossover refunding. The amount available for debt service included funds held by a trustee for that purpose. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

⁵ Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Due to limited availability of data, deferred charges on refundings remain included with the applicable debt prior to 2012.

Unaudited

Hennepin County, Minnesota
Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
 Last Ten Years

Year	Net General Obligation Debt ^{1, 5}			Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Amount Available for Debt Service	Net				
2007 ⁴	\$ 520,134,133	\$ 42,960,914	\$ 477,173,219	\$ 148,192,547,000	1,136,599	0.32 %	\$ 419.83
2008	572,376,996	5,391,807	566,985,189	147,706,183,000	1,140,988	0.38	496.92
2009	679,687,865	7,688,195	671,999,670	141,853,595,000	1,156,212	0.47	581.21
2010	877,501,652	7,256,597	870,245,055	132,425,360,000	1,152,425	0.66	755.14
2011	890,532,326	6,621,844	883,910,482	128,108,465,000	1,168,431	0.69	756.49
2012	839,693,608	5,817,703	833,875,905	123,606,811,000	1,184,576	0.67	703.94
2013	895,923,943	13,088,237	882,835,706	124,508,068,000	1,198,778	0.71	736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74
2016	1,064,054,939	26,697,045	1,037,357,894	154,120,886,000	1,232,483	0.67	841.68

¹ See Table 16 for similar information that is only for levy-supported G.O. debt. This table was restated in 2012 to include unamortized debt premiums and deferred amounts on refundings. The debt of the Regional Railroad Authority is included, which is a limited tax obligation of the Regional Railroad Authority.

² Estimated market value is for the assessment year indicated and is per the Hennepin County Taxpayer Services Department. Applicable taxes are collectible in the subsequent year.

³ Sources: Office of the State Demographer and U.S. Census Bureau.

⁴ The 2007 net general obligation debt amounts included a \$41.2 million crossover refunding. The amount available for debt service included funds held by a trustee for that purpose. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

⁵ Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Due to limited availability of data, deferred charges on refundings remain included with the applicable debt prior to 2012.

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
 December 31, 2016

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 922,085,000	\$ 908,259,968	100.00 %	\$ 908,259,968
Hennepin County Regional Railroad	33,145,000	32,847,926	100.00	32,847,926
Total Direct Debt	<u>955,230,000</u>	<u>941,107,894</u>		<u>941,107,894</u>
Overlapping:				
Metropolitan Council ³	1,445,126,482	38,874,706	47.20	18,348,861
Metropolitan Airport Commission	1,540,288,500	-	-	-
Total Overlapping Debt	<u>2,985,414,982</u>	<u>38,874,706</u>		<u>18,348,861</u>
Underlying:				
School Districts	1,828,806,643	1,556,273,123	100.00	1,556,273,123
Municipalities	1,672,222,099	516,971,416	100.00	516,971,416
Three Rivers Park District	70,475,000	47,787,952	100.00	47,787,952
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	32,461,300	9,836,036	100.00	9,836,036
Total Underlying Debt	<u>3,603,965,042</u>	<u>2,130,868,527</u>		<u>2,130,868,527</u>
Total	\$ <u>7,544,610,024</u>	\$ <u>3,110,851,127</u>		\$ <u>3,090,325,282</u>

¹ Debt that is secured in whole or part by the authority to levy taxes on real estate. See Table 19 for similar information relating to all G.O. debt, including G.O. debt not supported by levies. Per M.S. 475.51, net general obligation debt is determined by deducting from the total general obligation debt the cash available for servicing the debt, and debt that is intended to be financed primarily by means other than a real estate tax levy. Debt premiums and deferred amounts on refundings are not included in the amounts shown.

² The percentages reflect the portion of the general obligation debt secured by taxable real estate located within the County.

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying Governmental Activities Debt
 December 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding¹</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
Direct:			
Hennepin County	\$ 1,261,648,880	100.00 %	\$ 1,261,648,880
Hennepin County Regional Railroad	<u>33,145,000</u>	100.00	<u>33,145,000</u>
Total Direct Debt	<u>1,294,793,880</u>		<u>1,294,793,880</u>
Overlapping:			
Metropolitan Council	1,445,126,482	47.20	682,099,700
Metropolitan Airport Commission	<u>1,540,288,500</u>	47.20	<u>727,016,172</u>
Total Overlapping Debt	<u>2,985,414,982</u>		<u>1,409,115,872</u>
Underlying:			
School Districts	1,828,806,643	100.00	1,828,806,643
Municipalities	1,672,222,099	100.00	1,672,222,099
Three Rivers Park District	70,475,000	100.00	70,475,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	<u>32,461,300</u>	100.00	<u>32,461,300</u>
Total Underlying Debt	<u>3,603,965,042</u>		<u>3,603,965,042</u>
Total	\$ <u>7,884,173,904</u>		\$ <u>6,307,874,794</u>

¹ Debt premiums and deferred amounts on refundings are included in the amounts shown. See Table 18 for similar information that is only for levy-supported G.O. debt.

Unaudited

Hennepin County, Minnesota
Legal Debt Margin Information
 Last Ten Years

	<u>Debt Limit ¹</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2007	\$ 2,919,648,126	\$ 470,344,086	\$ 2,449,304,040	16.11%
2008	2,937,780,838	560,343,193	2,377,437,645	19.07%
2009	2,831,692,517	657,521,805	2,174,170,712	23.22%
2010	3,964,962,407	751,148,403	3,213,814,004	18.94%
2011	3,684,028,463	763,313,156	2,920,715,307	20.72%
2012	3,543,193,158	710,177,297	2,833,015,861	20.04%
2013	3,570,836,690	786,395,706	2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%
2016	4,623,626,544	941,107,894	3,682,518,650	20.35%

Computation of 2016 Legal Debt Margin

2016 market value of taxable property		<u>\$ 154,120,884,801</u>
Debt limit, 3% of taxable market value		\$ 4,623,626,544
Amount of levy supported debt	\$ 967,804,939	
Less amount available for debt service	<u>26,697,045</u>	<u>941,107,894</u>
Legal Debt Margin		<u>\$ 3,682,518,650</u>

¹ The debt limit was 2% of market value until 2010, when it became 3% of market value. See MN Statute 475.53.

Unaudited



Hennepin County, Minnesota
Sales Tax Revenue Bond Coverage
 Last Ten Years ¹

	2007	2008	2009	2010
Net revenues ²	<u>\$ 26,816,733</u>	<u>\$ 27,541,171</u>	<u>\$ 26,737,760</u>	<u>\$ 27,745,206</u>
First Lien Revenue Bond Coverage:				
First lien principal	\$ -	\$ 350,000	\$ 500,000	\$ 750,000
First lien interest	3,918,891	7,234,875	7,217,375	7,192,375
Total first lien debt service	<u>\$ 3,918,891</u>	<u>\$ 7,584,875</u>	<u>\$ 7,717,375</u>	<u>\$ 7,942,375</u>
First lien coverage	6.84	3.63	3.46	3.49
Second Lien Revenue Bond Coverage:				
Total first lien debt service	\$ 3,918,891	\$ 7,584,875	\$ 7,717,375	\$ 7,942,375
Second lien principal	-	2,575,000	2,000,000	2,300,000
Second lien interest	-	3,737,815	5,402,175	5,327,175
Total second lien debt service	-	6,312,815	7,402,175	7,627,175
Total first and second lien debt service	<u>\$ 3,918,891</u>	<u>\$ 13,897,690</u>	<u>\$ 15,119,550</u>	<u>\$ 15,569,550</u>
Second lien coverage	6.84	1.98	1.77	1.78
Third Lien Revenue Bond Coverage:				
Total first and second lien debt service	\$ 3,918,891	\$ 13,897,690	\$ 15,119,550	\$ 15,569,550
Third lien principal	-	-	400,000	800,000
Third lien interest	-	771,888	322,692	171,325
Third lien remarketing and liquidity provider fees	-	127,409	149,566	227,178
Total third lien debt service	-	899,297	872,258	1,198,503
Total first, second and third lien debt service	<u>\$ 3,918,891</u>	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>
Third lien coverage	0.00	1.86	1.67	1.65
<i>Third lien principal optionally redeemed</i>	\$ -	\$ 2,000,000	\$ 3,700,000	\$ -
Total Sales Tax Revenue Bond Coverage:				
Sales tax revenue bond principal	\$ -	\$ 2,925,000	\$ 2,900,000	\$ 3,850,000
Sales tax revenue bond interest	3,918,891	11,744,578	12,942,242	12,690,875
Remarketing and liquidity provider fees	-	127,409	149,566	227,178
Total sales tax revenue bond debt service	<u>\$ 3,918,891</u>	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>
Total coverage	6.84	1.86	1.67	1.65
<i>Third lien principal optionally redeemed</i>	\$ -	\$ 2,000,000	\$ 3,700,000	\$ -

¹ First lien sales tax revenue bonds were issued in 2007. Second and third lien sales tax revenue bonds were issued in 2008. Third lien sales tax revenue bonds were redeemed in November 2016.

² Net revenues equals revenues received from the State less Admin fees on a modified accrual basis. The State remits sales tax to the County in the second month after the tax is initially collected (e.g., amounts received in January and February are properly reported as revenues for November and December of the prior year).

Unaudited

Table 21

2011	2012	2013	2014	2015	2016
<u>\$ 29,589,411</u>	<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>	<u>\$ 35,294,545</u>	<u>36,013,974</u>
\$ 900,000	\$ 1,050,000	\$ 1,150,000	\$ 1,300,000	\$ 1,400,000	\$ 1,550,000
7,154,875	7,109,875	7,057,375	6,999,875	6,934,875	6,864,875
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>
3.67	3.81	4.01	4.07	4.23	4.28
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>
2,720,000	3,450,000	3,280,000	3,590,000	3,930,000	4,280,000
5,212,175	5,087,025	4,949,025	4,789,925	4,616,925	4,454,725
7,932,175	8,537,025	8,229,025	8,379,925	8,546,925	8,734,725
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>
1.85	1.86	2.00	2.02	2.09	2.10
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>
800,000	400,000	800,000	800,000	800,000	-
123,963	87,976	42,312	16,375	6,676	21,289
264,128	271,463	238,964	132,514	93,937	49,715
1,188,091	759,439	1,081,276	948,889	900,613	71,004
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>
1.72	1.78	1.88	1.92	1.98	2.09
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000
\$ 4,420,000	\$ 4,900,000	\$ 5,230,000	\$ 5,690,000	\$ 6,130,000	\$ 5,830,000
12,491,013	12,284,876	12,048,712	11,806,175	11,558,476	11,340,889
264,128	271,463	238,964	132,514	93,937	49,715
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>
1.72	1.78	1.88	1.92	1.98	2.09
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000

Hennepin County, Minnesota
Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures
 Last Ten Years

Year	Debt Service Expenditures ^{1, 2}			Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
	Principal	Interest and Fiscal Charges	Total		
2007	\$ 63,273,430	\$ 22,773,927	\$ 86,047,357	\$ 1,404,083,394	6.13 %
2008	73,566,294	24,878,737	98,445,031	1,553,834,721	6.34
2009	37,460,987	24,622,112	62,083,099	1,273,346,992	4.88
2010	45,150,152	27,169,336	72,319,488	1,497,289,609	4.83
2011	49,708,497	30,895,111	80,603,608	1,323,642,251	6.09
2012	58,560,914	29,771,868	88,332,782	1,301,261,894	6.79
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26
2016	94,539,556	30,857,794	125,397,350	1,703,771,971	7.36

¹ Includes principal and interest payments for governmental fund bonds and notes. The debt of the Regional Railroad Authority is included, which is a limited tax obligation of the Regional Railroad Authority. The debt service expenditures for sales tax revenue bonds are excluded.

² The County's optional payments for early redemption of outstanding bond issues and current refundings, including \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$21,400,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, and \$60,125,000 in 2016 are included in the debt service expenditures above. The percentage in the last column above would be lower if it was based only on required debt service expenditures. For example, 2012 would be 5.14, 2013 would be 3.53, 2014 would be 5.68, 2015 would be 4.60, and 2016 would be 3.83%.

Unaudited

Hennepin County, Minnesota
Demographic and Economic Statistics
 Last Ten Years

<u>Year</u>	<u>Population</u> ¹	<u>Per Capita Income</u> ²	<u>Total Income</u>	<u>Median Age</u> ³	<u>Persons 25 years and older who are high school graduates</u> ³	<u>PK - 12 School Enrollment</u> ⁴	<u>Unemployment Rate</u> ²
2007	1,136,599	\$ 56,280	\$ 63,967,791,720	37.2	91.8 %	154,624	4.0 %
2008	1,140,988	56,564	64,538,845,232	37.6	92.2	155,754	4.9
2009	1,156,212	54,008	62,444,697,696	35.9	92.1	156,320	7.5
2010	1,152,425	54,949	63,324,601,325	35.9	92.1	157,170	6.6
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	35.9	92.2	162,827	4.7
2014	1,212,064	65,033	78,824,158,112	35.9	92.3	164,151	3.7
2015	1,223,149	65,231	79,787,232,419	35.9	92.7	166,106	3.3
2016	1,232,483	N/A ⁵	N/A ⁵	35.9	92.6	168,629	3.4

Sources:

¹ Office of the State Demographer and U.S. Census Bureau² U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts Annual Average Personal Income³ U.S. Census Bureau, U.S. Community Survey 3-Year Estimates⁴ Fall registration for public schools - Minnesota State Department of Education⁵ Information not available at time of publication.

Unaudited

Hennepin County, Minnesota
Labor Force Size and Unemployment Rate
 Last Ten Years

	Hennepin County		Metropolitan Area ¹		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2007	669,389	4.0%	1,848,796	4.3%	2,930,553	4.6%	153,124,000	4.6%
2008	660,319	4.9	1,837,000	5.2	2,933,000	5.4	154,287,000	5.8
2009	661,816	7.5	1,855,914	7.8	2,967,967	8.0	154,015,250	9.3
2010	663,880	6.6	1,860,461	6.9	2,963,402	7.3	153,889,000	9.7
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9

Source: Minnesota Department Of Employment And Economic Development (12-month average of seasonably unadjusted figures)

¹ Labor statistics for the metropolitan area include Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, St. Croix, Washington and Wright counties.

Unaudited

Hennepin County, Minnesota
Employment Information by Industry
 Last Ten Years

<u>Industry</u>	<u>Hennepin County Industry Ranking</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	3	2	2	2	2	2	2	2	2	2
Government and government enterprises	2	3	3	3	3	3	3	3	3	3
Finance and insurance	6	6	5	4	4	4	4	4	4	4
Retail trade	4	4	4	5	5	5	5	5	5	5
Manufacturing	5	5	6	6	6	6	6	6	6	6
Administrative and waste services	7	7	7	8	7	7	7	7	7	7
Accommodation and food services	8	8	8	7	8	8	8	8	8	8
Wholesale trade	9	10	9	9	9	9	9	9	9	9
Other services, except public administration	10	9	11	10	10	11	10	10	10	10
Management of companies and enterprises	13	13	12	12	12	12	12	11	11	11
Real estate	11	11	10	11	11	10	11	12	12	12
Transportation and warehousing	14	14	14	13	13	13	13	14	13	13
Construction	12	12	13	14	14	14	14	13	14	14
Arts, entertainment, and recreation	15	15	15	15	15	16	15	15	15	15
Educational services	17	17	17	16	16	15	16	16	16	16
Information	16	16	16	17	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	19	19	19	19	19	19	19	19	19	19
Farm	20	20	20	20	20	20	20	20	20	20

Note: 2016 information was not available at the time of publication.

Source: United States Department of Commerce, Bureau of Economic Analysis

Unaudited

Hennepin County, Minnesota
Principal Employers
 Current Year and Nine Years Ago

<u>State of Minnesota Principal Employers</u>	2016 ²			2007 ¹		
	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
Mayo Foundation	42,000	1	1.40%			
State of Minnesota	39,000	2	1.30%			
United States Federal Government	33,000	3	1.10%			
Target Corporation	27,000	4	0.90%			
Allina Health	26,000	5	0.87%			
University of Minnesota	26,000	6	0.87%	25,000	1	3.73%
Health Partners	23,000	7	0.77%			
Fairview Health Services	22,000	8	0.73%	8,000	4	1.20%
Wells Fargo Bank Minnesota	20,000	9	0.67%			
Minnesota State Colleges and Universities	16,000	10	0.53%			
Abbott Northwestern Hospital				10,000	2	1.49%
Hennepin County				8,000	3	1.20%
Methodist Hospital				7,000	5	1.05%
Park Nicollet Health Systems				6,000	6	0.90%
United Parcel Service of America, Inc.				5,000	7	0.75%
Fairview Southdale Hospital				5,000	8	0.75%
North Memorial Medical				5,000	9	0.75%
Regions Hospital				5,000	10	0.75%
	274,000		9.13%	84,000		12.57%

¹ Source for 2007: iSeek Solutions (iseek.org). Hennepin County Only.

² 2016 Statewide information from Minnesota Department of Employment and Economic Development Top Employers Statewide. Data specific to Hennepin County is no longer available.

Unaudited



Hennepin County, Minnesota
Employees by Function/Program
 Last Ten Years

	2007	2008	2009
<u>Employees by Function/Program</u>			
Operations	1,090	1,070	1,036
Human Services	3,029	2,910	2,861
Health ¹	426	368	357
Public Safety	2,502	2,441	2,351
Public Works ¹	435	435	421
Libraries	844	832	773
	8,326	8,056	7,799
 Unionized Employees	 5,713	 5,538	 5,631
 Full-Time Equivalents	 7,667	 7,474	 7,431

¹ The Health function included Hennepin County Medical Center prior to 2007. In 2007, the Medical Center became a discretely presented component unit of the County.

Unaudited

Table 27

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1,045	1,034	1,078	1,122	1,263	1,313	1,364
2,909	2,878	2,896	2,955	3,084	3,264	3,482
330	311	320	335	341	350	372
2,321	2,224	2,224	2,203	2,249	2,245	2,313
432	427	427	441	428	457	467
<u>759</u>	<u>735</u>	<u>727</u>	<u>722</u>	<u>742</u>	<u>760</u>	<u>774</u>
<u><u>7,796</u></u>	<u><u>7,609</u></u>	<u><u>7,672</u></u>	<u><u>7,778</u></u>	<u><u>8,107</u></u>	<u><u>8,389</u></u>	<u><u>8,772</u></u>
5,311	5,242	5,237	5,315	5,315	5,504	6,000
7,314	7,197	7,256	7,379	7,608	7,890	8,269

Hennepin County, Minnesota
Operating Indicators
 Last Ten Years

	2007	2008	2009
<u>Governmental Activities Operating Indicators by Function/Program</u>			
<u>Human Services</u>			
Annualized work participation rate for MFIP clients	N/A	N/A	N/A
Percent of cash applications processed in less than 45 days	N/A	N/A	N/A
Percent of health care applications processed in less than 60 days	N/A	N/A	N/A
Number of cases of children in open IV-D cases, born out of wedlock with paternity established	N/A	N/A	N/A
<u>Health</u>			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits	64,749	64,198	77,873
Medical Examiner			
Number of Autopsies Performed	N/A	N/A	N/A
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	N/A	N/A	5,657
Number of jail bookings	N/A	N/A	36,500
Community Corrections:			
Percent of adult client recidivism	N/A	N/A	20.4%
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	52%	48%	47%
Percent of bridges with sufficiency rating less than 50	8%	9%	8%
Engineering costs as a percent of actual capital project costs	N/A	N/A	N/A
<u>Libraries</u>			
Items circulated (millions)	16.2	16.5	16.7
eLibrary visits (millions)	12.0	16.0	15.0
Number of volunteer hours supplementing service	50,000	53,813	86,766
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Hennepin Health</u>			
Administrative Cost Ratio	23.0%	20.0%	17.8%
Enrollment ^{1,2}	N/A	N/A	18,662
<u>Environmental Services</u>			
Recycling rate	N/A	N/A	N/A

¹ Effective 2012, Hennepin Health no longer offering Medical Assistance or Minnesota Care.

² Effective 2013, Hennepin Health new program enrollments are included.

Sources: Various County departments

Unaudited

Table 28

2010	2011	2012	2013	2014	2015	2016
N/A	38%	38%	37%	38%	38%	50%
N/A	87%	82%	79%	86%	86%	88%
N/A	79%	78%	76%	65%	65%	64%
N/A	N/A	N/A	43,150	43,442	42,574	41,700
77,072	77,026	84,412	82,069	85,358	96,962	103,032
N/A	N/A	N/A	N/A	1,060	1,100	1,120
5,985	4,957	4,132	2,596	1,752	1,545	1,800
35,413	34,503	35,857	35,910	34,116	34,343	35,000
21.0%	23.4%	23.5%	28.8%	22.9%	20.0%	20.0%
54%	53%	61%	62%	59%	60%	60%
7%	7%	8%	8%	10%	7%	7%
N/A	N/A	N/A	22%	18%	18%	18%
17.5	18.4	16.6	15.8	16.0	16.0	16.0
19.9	21.5	21.1	19.5	20.0	20.0	20.0
91,779	99,862	101,924	92,773	100,000	100,000	100,000
14.5%	13.6%	15.4%	14.8%	14.0%	15.5%	12.8%
18,113	19,009	3,981	11,888	13,290	13,734	32,932
N/A	N/A	N/A	41.0%	41.0%	45.0%	48.0%

Hennepin County, Minnesota
Capital Asset Statistics by Function/Program
 Last Ten Years

	2007	2008	2009
<u>Operations</u> ²			
Building square footage occupied by Operations	297,825	295,982	228,114
<u>Human Services</u> ²			
Building square footage occupied by Human Services	687,616	638,781	452,095
<u>Health</u> ²			
Building square footage - NorthPoint Health & Wellness	63,057	59,724	39,964
Building square footage - Medical Examiner	37,178	37,175	29,430
<u>Public Safety</u> ²			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	429,559	429,559	360,510
Building square footage occupied by the Corrections Department	657,170	669,849	606,382
Building square footage occupied by the Sheriff's Office (w/o Jail)	170,412	170,452	152,366
<u>Public Works</u>			
County roads and highways (miles)	561	561	567
Number of bridges	133	133	135
<u>Libraries</u> ¹			
Building square footage occupied by the Libraries ²	546,127	1,329,621	993,939
Size of Library collection (copies)	1,941,712	4,997,402	4,770,977
Size of Library collection (titles)	307,255	1,552,628	1,358,502
<u>Regional Railroad Authority</u> ³			
Rail miles	12	12	52
Light rail stations	17	17	23
<u>Hennepin Health</u>			
Building square footage occupied by Hennepin Health	59,106	59,106	59,106

¹ Reflects combined Hennepin County and former Minneapolis Public Library (MPL) collections starting in 2008.

² For 2008 and before, square footage is represented by rentable space, which includes common building areas. For 2009 and after, usable square footage excludes common areas. The 2016 decrease reflects the movement of employees from County-owned space to leased facilities that are not part of the County's capital assets.

³ Totals for Blue, Green and Northstar rail lines, including stations and track outside the borders of Hennepin County where the RRA was a funding partner. The Green line was added in 2014 and the Northstar line was added in 2009.

Sources: Various County departments

Unaudited

Table 29

2010	2011	2012	2013	2014	2015	2016
233,053	232,709	233,053	187,821	190,343	233,684	246,979
452,108	452,108	452,108	452,108	422,338	421,624	337,666
39,964	39,964	39,964	39,964	39,964	39,964	43,422
29,430	29,430	29,430	29,430	29,430	29,430	29,430
360,510	360,510	359,083	359,083	359,083	383,128	383,128
605,225	605,225	605,225	562,480	571,792	571,792	571,879
152,621	152,621	152,621	153,437	174,229	174,229	174,305
572	570	570	570	570	570	570
136	139	143	143	145	146	147
997,735	997,735	1,006,021	1,005,367	1,017,502	1,017,502	1,041,136
5,030,570	4,910,846	4,910,846	4,670,388	4,815,158	4,995,316	4,995,316
2,143,174	1,451,121	1,451,121	1,545,709	1,596,626	1,426,948	1,426,948
52	52	52	52	62	62	62
23	23	23	23	43	43	43
59,106	59,106	32,957	32,957	32,957	32,957	32,957

Hennepin County, Minnesota
Selected Per Capita Measures of Financial Condition
 Last Ten Years

	2007	2008	2009	2010
PROPERTY TAX LEVY				
County ¹	\$ 535	556	592	630
% Change	4.5	3.9	6.5	6.4
County and other ²	\$ 1,932	2,039	2,151	2,173
% Change	13.2	5.5	5.5	1.0
REVENUES				
Total governmental funds ³	\$ 1,053	1,079	1,065	1,103
% Change	3.9	2.5	(1.3)	3.6
Intergovernmental	\$ 356	367	327	345
% Change	(7.7)	3.2	(10.9)	5.5
EXPENSES³				
Total governmental funds	\$ 1,247	1,362	1,101	1,299
% Change	18.2	9.2	(19.2)	18.0
Capital projects	\$ 109	120	135	114
% Change	(18.2)	10.4	12.5	(15.6)
LEVY-SUPPORTED GENERAL OBLIGATION DEBT				
Net direct ⁴	\$ 380	467	563	658
% Change	8.8	23.1	20.3	16.9
Net direct, overlapping, and underlying G.O.	\$ 2,497	2,469	2,412	2,474
% Change	(3.8)	(1.1)	(2.3)	2.6
PROPERTY ESTIMATED MARKET VALUE	\$ 130,382	129,455	122,688	114,910
% Change	4.3	(0.7)	(5.2)	(6.3)
EMPLOYEES PER 10,000 CAPITA ⁵	73.3	66.9	64.3	63.5
% Change	(34.3)	(8.7)	(3.9)	(1.2)

¹ The levy includes state-paid aids and credits such as Homestead and Agricultural Credit Aid, Agricultural Preserve Credit, Disparity Aid, Equalization Aid, and Market Value Based Homestead Credit Aid. The levy does not include Local Government Aid or Education Aid.

² Includes the County, municipalities, school districts, watershed districts, and other taxing jurisdictions.

³ Includes sales tax revenue and Ballpark construction costs and debt service beginning in 2007.

⁴ Includes only debt secured in whole or part by the authority to levy taxes on real estate. Therefore, revenue bonds are excluded.

⁵ Includes full-time and part-time employees converted to full-time equivalents. Medical Center employees became employees of the County's discretely presented component unit in 2007. In 2007, part-time employees were about 19.6% of the total full-time equivalent workforce.

Unaudited

Table 30

2011	2012	2013	2014	2015	2016
622	595	596	608	617	640
(1.3)	(4.3)	0.1	2.0	1.5	3.7
2,207	2,154	2,171	2,221	2,243	2,328
1.6	(2.4)	0.8	2.3	1.0	3.8
1,106	1,077	1,100	1,187	1,162	1,192
0.3	(2.6)	2.1	7.9	(2.1)	2.6
341	317	339	414	364	383
(1.2)	(7.0)	7.0	22.2	(12.1)	5.2
1,149	1,099	1,188	1,195	1,222	1,382
(11.5)	(4.4)	8.1	0.5	2.2	13.1
125	88	121	113	123	149
9.6	(29.6)	37.0	(6.4)	9.1	20.9
664	619	656	683	621	764
1.0	(6.7)	5.9	4.1	(9.1)	23.0
2,397	2,179	2,157	2,238	2,240	2,507
(3.1)	(9.1)	(1.0)	3.7	0.1	11.9
109,641	104,347	103,862	111,126	118,064	125,049
(4.6)	(4.8)	(0.5)	7.0	6.2	5.9
62.5	61.3	61.6	62.8	64.5	67.1
(1.6)	(1.9)	0.4	1.9	2.7	4.0

Hennepin County, Minnesota
Selected Ratio Measures of Financial Condition
 Last Ten Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt service expenditures for property tax supported bonds to: ¹				
County property tax levy	14.1 %	15.5 %	9.1 %	10.0 %
Governmental fund expenditures	6.1	6.3	4.9	4.8
Net general obligation debt to:				
Property taxable market value	0.30	0.36	0.46	0.57
Legal debt margin	17.6	22.4	29.9	23.6
Direct, overlapping, and underlying net G.O. debt	16.6	19.9	23.6	23.1
Governmental fund revenues	36.1	43.3	52.8	59.6
General obligation debt due within ten years				
To total general obligation debt	68.4	55.4	54.5	63.0
Unassigned General Fund fund balance ²				
To general fund expenditures	16.5	15.6	22.9	13.3

¹ Debt service in 2007 and 2008 included \$10.5 million and \$43.0 million relating to the crossover refunding. A crossover refunding requires both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt is defeased. In years when the County made optional payments for early redemption of outstanding bond issues, the optional amounts were removed for the calculation of the debt service ratios.

² Governmental Accounting Standards Board Statement 54 was effective for 2011, resulting in new fund balance categories where undesignated is most comparable to unassigned. Undesignated fund balance is used for the ratios for 2009 and prior.

Unaudited

Table 31

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
11.2 % 6.1	12.5 % 6.8	11.8 % 5.9	11.2 % 5.7	12.4 % 6.3	15.9 % 7.4
0.63	0.62	0.66	0.64	0.53	0.61
26.6	25.9	28.2	27.0	21.3	25.6
27.6	27.9	30.4	30.5	27.7	30.5
60.9	57.5	59.6	57.5	53.5	64.1
56.5	58.5	59.3	58.5	61.7	55.0
20.3	32.8	25.8	23.4	24.6	22.1





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