

Disclaimer

This Hennepin County Comprehensive Annual Financial Report is historical information as of December 31, 2020. The information 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 Comprehensive Annual Financial Report dated December 31, 2020.

This online document has been formatted for two-sided printing

HENNEPIN COUNTY
MINNESOTA

2020 Comprehensive
Annual Financial Report

Year Ended December 31, 2020



Hennepin County, Minnesota
Financial Highlights

		2020	2019	Percent Change
Government-wide:	Assets	\$ 4,573,737,516	\$ 4,439,720,869	3.0%
	Deferred Outflows of Resources	112,709,807	133,660,717	-15.7%
	Liabilities	(3,494,379,106)	(3,129,774,263)	11.6%
	Deferred Inflows of Resources	(112,266,303)	(256,266,149)	-56.2%
	Net Position	<u>\$ 1,079,801,914</u>	<u>\$ 1,187,341,174</u>	-9.1%
Government-wide:	Program Expenses	\$ 3,473,923,249	\$ 3,139,982,395	10.6%
	Program Revenues	2,216,735,971	1,983,663,173	11.7%
	Net Program Expense	(1,257,187,278)	(1,156,319,222)	8.7%
	General Revenues	1,149,648,018	1,147,212,085	0.2%
	Change in Net Position	<u>\$ (107,539,260)</u>	<u>\$ (9,107,137)</u>	-1080.8%
	Expense Per Capita	\$ 2,744.36	\$ 2,480.55	10.6%

See Management's Discussion and Analysis, which begins on page 15 for explanations of the changes reflected above, such as those relating to the Southwest Light Rail Transit (SWLRT) project.

Funds Available for Investment at December 31:

General Investible Funds	\$ 1,391,745,520	\$ 976,330,781	42.5%
Bond Proceeds/Non-General Investible Funds	185,734,741	300,043,962	-38.1%
Total Investible Funds	<u>\$ 1,577,480,261</u>	<u>\$ 1,276,374,743</u>	23.6%
Annual Daily Average of General Investible Funds	\$ 1,534,611,627	\$ 1,208,479,907	27.0%
Average Investment Return for All Funds *	0.94%	3.09%	-69.6%
Average Investment Yield for All Funds	0.86%	1.91%	-55.0%

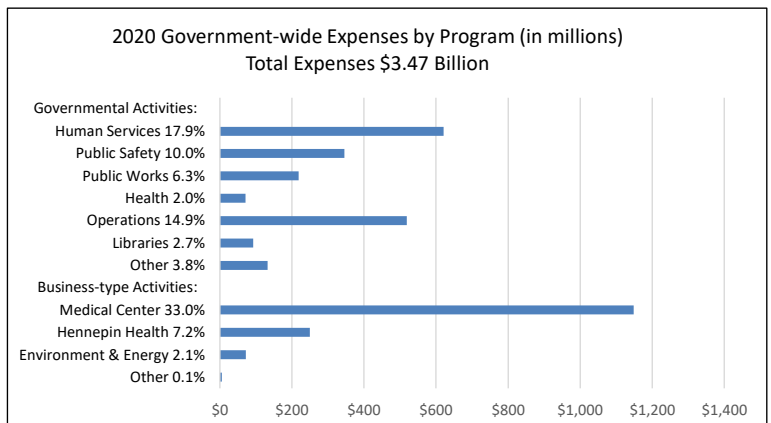
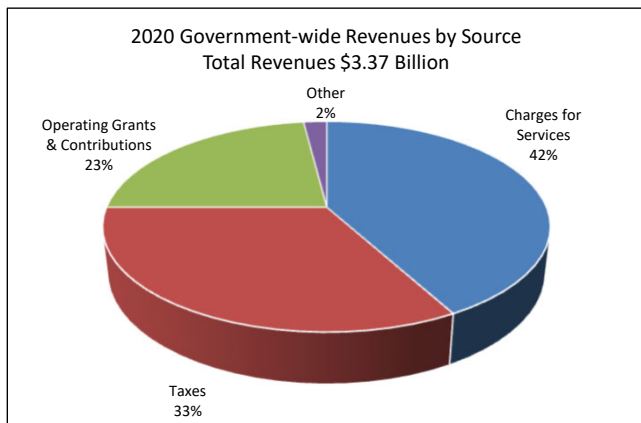
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2020 before recording the net change in fair value of investments was \$13,121,781 as compared to \$26,993,479 in 2019.

Total County Issued Bonds and Notes*	\$ 1,456,085,000	\$ 1,289,040,000	13.0%
Average Interest Rate on General Obligation Debt	4.38%	4.31%	1.5%
Net General Obligation Debt Per Capita	\$ 1,066.19	\$ 994.95	7.2%
Ratio of Net General Obligation Debt to Property Market Value	0.679%	0.667%	1.8%
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*	\$ 2,112,707,400	\$ 1,979,015,644	6.8%
Tax Capacity Rates:			
City of Minneapolis	40.967%	41.578%	-1.5%
Suburban	41.017%	41.632%	-1.5%
Estimated Market Value*	\$ 188,921,092,000	\$ 177,166,730,000	6.6%

* 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, 2020

Hennepin County Board of Commissioners

Mike Opat, 1st District
Irene Fernando, 2nd District
Marion Greene, Chair 3rd District
Angela Conley, 4th District
Debbie Goettel, 5th District
Jan Callison, 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
2020 Comprehensive Annual Financial Report
Table of Contents

Introductory Section

- 1 Transmittal Letter
- 8 Organizational Chart
- 9 Principal Officials

Financial Section

- 11 Independent Auditor's Report
- 15 Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

- 30 Statement of Net Position
- 32 Statement of Activities

Fund Financial Statements:

- 34 Balance Sheets – Governmental Funds
- 36 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- 38 Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- 40 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- 41 Statements of Net Position - Proprietary Funds
- 42 Statements of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
- 43 Statement of Cash Flows - Proprietary Funds
- 44 Statement of Fiduciary Net Position - Fiduciary Funds
- 45 Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Notes to the Basic Financial Statements:

- 47 Notes to the Basic Financial Statements

Required Supplementary Information:

- 95 Schedule of Changes in Total OPEB Liability and Related Ratios
- 96 Schedule of Defined Benefit Pension Plan Contributions
- 97 Schedule of County Proportionate Share of Defined Benefit Pension Plans

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

- 98 Budgetary Comparisons by Department - General Fund
- 102 Human Services Fund
- 103 Library Fund
- 104 Ballpark Sales Tax Fund
- 105 Transportation Sales Tax Fund
- 106 Housing and Redevelopment Authority Fund
- 107 Regional Railroad Authority Fund

Notes to Required Supplementary Information:

- 108 Notes to Required Supplementary Information

Hennepin County, Minnesota
2020 Comprehensive Annual Financial Report
Table of Contents

Supplementary Information – Governmental Funds:

Balance Sheets:

- 115 General Fund
- 116 Special Revenue Funds
- 118 RRA Debt Service Fund
- 119 General Debt Service Fund
- 120 Capital Projects Fund

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

- 121 General Fund
- 122 RRA Debt Service Fund
- 123 General Debt Service Fund
- 124 Capital Projects Fund

Schedule of Changes in Long-term Debt:

- 126 Schedule of Changes in Long-term Debt

Supplementary Information – Enterprise Funds:

- 129 Combining Statement of Net Position – Nonmajor Enterprise Funds
- 130 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds
- 131 Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- 132 Schedules of Net Position

Schedules of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual:

- 134 Hennepin Health Fund
- 135 Solid Waste Fund
- 136 Medical Center Fund

Schedules of Cash Flows

- 138 Enterprise Funds

Supplementary Information – Other:

Internal Service Funds:

- 142 Combining Statement of Net Position
- 144 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
- 146 Combining Statement of Cash Flows
- 148 Schedules of Net Position
- 150 Schedules of Revenues, Expenses, and Changes in Fund Net Position

Hennepin County, Minnesota
2020 Comprehensive Annual Financial Report
Table of Contents

Statistical Section

Page Table

Financial Trends – *This section provides information that shows how the County’s financial position has changed over time.*

154	1. Government-wide Net Position
156	2. Government-wide Change in Net Position
158	3. Government-wide Expenses by Function
160	4. Government-wide Revenues
162	5. Fund Balances - Governmental Funds
164	6. Change in Fund Balances - Governmental Funds
166	7. Governmental Fund Expenditures by Function
168	8. Governmental Fund Revenues by Source

Revenue Capacity – *This section provides information that shows factors affecting the County’s ability to generate its own-source revenues.*

170	9. Property Estimated Market Value
172	10. Property Tax Rates and Levies - Direct and Overlapping Governments
174	11. Principal Taxpayers
176	12. Tax Levies and Collections on Property Located Within the County
178	13. Net Tax Capacity and Taxable Market Value of Property
180	14. Tax Capacity of Taxable Property by Municipality

Debt Capacity – *This section provides information regarding the County’s current level of outstanding debt and its ability to issue additional debt.*

182	15. Ratios of Outstanding Debt by Type
184	16. Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
185	17. Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
186	18. Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
187	19. Direct, Overlapping, and Underlying Governmental Activities Debt
188	20. Legal Debt Margin Information
190	21. Sales Tax Revenue Bond Coverage
192	22. Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures

Demographic and Economic Information – *This section provides information regarding the County’s socioeconomic environment and facilitates comparisons over time and among governments.*

193	23. Demographic and Economic Statistics
194	24. Labor Force Size and Unemployment Rate
195	25. Employment Information by Industry
196	26. Principal Employers

Operating Information – *This section provides information about the County’s operations and resources.*

198	27. Employees by Function/Program
200	28. Operating Indicators
202	29. Capital Asset Statistics by Function/Program
204	30. Selected Per Capita Measures of Financial Condition
206	31. Selected Ratio Measures of Financial Condition



Introductory Section

HENNEPIN COUNTY

MINNESOTA

June 28, 2021

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, 2020.

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.

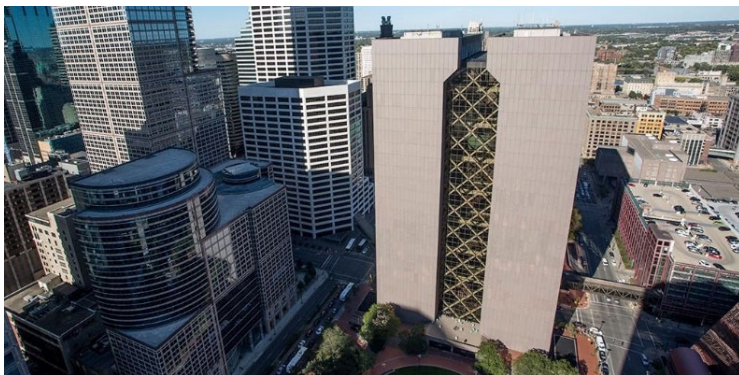
RSM US LLP, has issued an unmodified (“clean”) opinion on the County’s financial statements for the year ended December 31, 2020. The independent auditor’s report is located at the front of the financial section of this report.

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 financial statements, but also on the County’s internal controls and compliance with legal 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 recommending department directors to the Board of Commissioners for appointment. 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 part of the Twin Cities Metropolitan Area, with the Mississippi River defining its northeastern border.

Profile of the Government – continued

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

Hennepin County Facts	
<i>Population (2019)</i>	1,265,843
<i>Estimated Per Capita Income (2019)</i>	76,552
<i>Number of Cities</i>	45
<i>2020 Approved Budget (Excluding the Medical Center)</i>	\$2.4 billion
<i>Taxable Property Estimated Market Value</i>	198,784,505

County Services

At the end of 2020, 8,688 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2020 department operating indicators.

Libraries

Number of Employees – 627

- Circulation – 9.0 million (books, CDs and DVDs) and 250,000 items by contactless curbside pickup
- Visits to library website – 8.6 million
- Launched online library cards to provide users access to County’s electronic collection materials and databases without needing a physical card. Almost 21,500 new users were registered.



The 41 Hennepin County Library (HCL) locations serve patrons by providing access to library buildings and resources including materials, technology and staff. About 63% of County residents are active library card holders. HCL offers events and resources for all ages related to performing arts, visual arts and culture. The public art located in library buildings is also viewable at www.hclib.org/art.

Public Safety

Number of Employees – 2,410

- Adult Representation Services – Provides high-quality representation to clients experiencing indigency in certain civil matters which currently include Child Protection Parent representation and Family Court contempt matters
- County Attorney – Evaluated 15,199 adult and juvenile criminal cases and processed 2,457 civil actions
- Public Defender – Handled approximately 23,600 adult criminal, juvenile delinquency and child protection cases
- Sheriff’s Office – Answered 612,23 police/fire/medical calls for service
- Community Corrections and Rehabilitation – Historically, 156,000 hours of Sentencing-to-Service (a sentencing alternative for low-risk adult and juvenile offenders) completed on an annual basis. As a result of COVID-19 pandemic mitigation efforts, the Sentencing to Service completed hours were reduced to 62,078 for 2020.



The Public Safety program includes the County’s activities in: emergency response, court security and law enforcement; criminal prosecution, legal consulting and representation for County departments; representation for those experiencing indigency involved in criminal or child protection proceedings; and innovative and client centered rehabilitation programs. The County departments in this program are Public Safety and Justice, Adult Representation Services, County Attorney’s Office, Court Functions, Public Defender’s Office, Sheriff’s Office, Department of Community Corrections and Rehabilitation, and Radio Communications.

County Services – continued

Human Services

Number of Employees – 3,260

Human Services provides a wide variety of required and discretionary financial assistance, human services, and public health clinics and health programs.

- Serves approximately one in four Hennepin County residents, approximately 350,000 people
- Average number of visitors per month to the Human Services Centers – 31,000
- Children in out-of-home placement at the end of December – 1,652
- Emergency shelters for adults and children – 6,643
- Public Health Mental Health Center – 22,014 visits
- Public Health Clinic – 20,032 visits
- Health Care for the Homeless – 11,993
- Community Outreach for Psychiatric Emergencies (COPE) – 38,780 phone/telehealth visits and countywide population-based prevention efforts

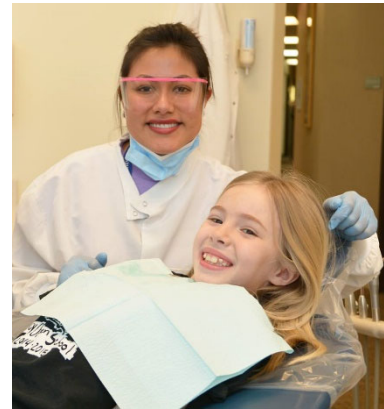


Health

Number of Employees – 381 (excluding the Medical Center)

- Hennepin Health – 29,004 enrolled in Prepaid Medical Assistance/Minnesota Care programs and 3,149 enrolled in the Special Needs Basic Care program
- NorthPoint Health & Wellness Center – 79,121 visits
- Medical Examiner's Office – 9,513 cases referred

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 the Hennepin Healthcare System, Inc., dba Hennepin County Medical Center (the Medical Center), a blended component unit of the County.



Public Works

Number of Employees – 453

The County transportation system includes:

- 2,214 lane miles of road maintained
- 811 miles of bikeway
- 792 traffic signal systems
- 402 miles of sidewalk
- 148 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 economic development programs. In 2020, these services were provided by five areas: Environment and Energy, Community Works, Transportation Operations, Transportation Project Delivery, and Public Works Administration. Public Works also manages two County internal service funds; Fleet Services 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) blended component units.



County Services – continued

Operations

Number of Employees – 1,557

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 just under 7 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, and 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; Communications, Purchasing and Contract Services, Retiree Health Care, Employee Tuition Assistance, the Business Information Office, support of youth activities, the County Fair, the Hennepin History Museum, Municipal Building Commission, Community Disparity Reduction and Hennepin County Extension Services, and provides dues/contributions to organizations benefiting County residents.

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 108.

2020 Original Budget Focus

The 2020 original budget was committed to set policy for both the near term and for years to come. The 2020 Budget totals \$2.4 billion dollars, with a net property tax increase of 4.8% when compared to last year. The operating portion of this budget increased by \$66 million dollars compared to the 2019 adjusted budget. Personnel expenditures remain to be a significant driver of budget expenses. Departments were asked to consider redeployment of current staff, program or process of restructuring/right sizing and collaboration with other departments or partners. Other issues that departments considered included the uncertainty of federal and state government funding levels; limited ability to raise property taxes and other revenues; collaborative and innovative partnerships; reassessment of contracted services; and focused strategies to achieve the County's goal of reducing disparities in education, employment, health, housing, income, justice and transportation.

Budget Reporting

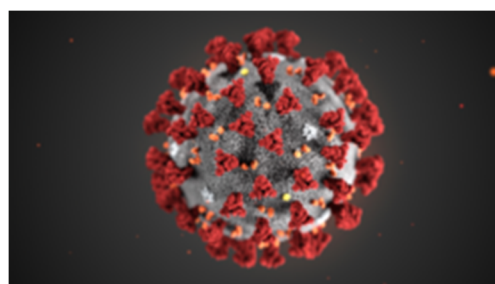
Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 95. The comparison for enterprise funds is presented in the Supplementary Information – Enterprise Funds subsection of this report, which starts on page 129.

Major Initiatives and Achievements

Responding to the COVID-19 Pandemic

As a result of the worldwide outbreak of a novel coronavirus (COVID-19), in March 2020 the Hennepin County Board declared a state of emergency, announcing the closure of public facing library, human service centers, and licensing service centers. To address many of the economic disruptions caused by the COVID-19 pandemic, Hennepin County used a culturally-inclusive approach and invested in the community utilizing funding provided by the federal Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and other revenue sources. Examples of support included:

- \$40 million for small business investments.
- \$15 million in housing support for emergency rental assistance for those making at least 50% below the median income for the area.
- \$4 million to provide relief to organizations that provide human services and support community-based organizations.
- \$1 million to distribute low cost laptops to youth and seniors and \$1.6 million to support contract tracing and testing in the communities.
- \$1.7 million to support contract tracing for communities without resources.
- \$1.6 million to provide more than 1 million face coverings to the community.
- Hotels were used for isolation and quarantines to help reduce the spread of COVID-19 in homeless shelters. It is estimated that only 377 people who were experiencing homelessness tested positive in Hennepin County out of more than 100,000 total cases in the County.



The Novel Coronavirus (2019-nCoV) is a respiratory illness. The World Health Organization declared the coronavirus outbreak a pandemic and named the disease caused by the virus COVID-19.

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

Encompassing the city of Minneapolis (the county seat) and several of its northern and western inner-ring suburbs, Hennepin County is at the core of one of the largest economic centers in the upper Midwest. The County is home to over 20% of the state's population, approximately one-third of the state's employment base, and 12 of the 19 Fortune 500 headquarters located in the state. Trade, transportation and utilities, education and health related entities, professional and business services, government, manufacturing, leisure and hospitality and financial services represent significant economic sectors providing a diverse and strong employment and wage base in the County. Since the last recession, the County's property tax base has grown by nearly half, which reflects a strong housing market and significant new construction of residential and commercial buildings, much of which was centered in and around downtown Minneapolis.

Due to the COVID-19 pandemic, the County's 12-month average unemployment rate for 2020 increased significantly to 6.2% compared to the 2019 average unemployment rate of 2.8%. The County's 2020 unemployment rate was higher than the 5.8% State of Minnesota rate but lower than the 8.1% national 12-month average.

Long-term Financial Planning

The pandemic-induced economic downturn that began in February of 2020 brought severe disruptions to Minnesota's economy. During 2020, the State experienced job and wage income losses, a reduced labor force, changes in consumer spending patterns, and business closures. In the Minnesota Management and Budget's February 2021 Budget and Economic Forecast, an improved outlook for U.S. economic growth in 2021 and 2022. The improved outlook is supported by federal pandemic relief spending drives an expectation that Minnesota's job and wage losses of 2020 will be followed by positive employment and wage growth through the state's forecast period ending on June 30, 2023.

Excluding the Medical Center component unit, for 2021 the County budgeted \$2.2 billion to provide essential services and to make strategic investments for the future. 2021 budget highlights included:

- The zero property tax levy increase from 2020;
- The \$2 billion operating portion of the budget was \$45 million lower than the 2020 adjusted budget;
- Strategies to reduce personnel positions, canceling leases where possible, focusing the capital budget on immediate investments while still planning for long-term needs and utilizing fund balance where current revenues may not meet the critical service needs of residents;
- The 2021 budget did not include projected COVID-19 response costs that were anticipated to be supported by Federal grants and awards.

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 and AAA from Fitch Ratings.

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 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that uses 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hennepin County
Minnesota**

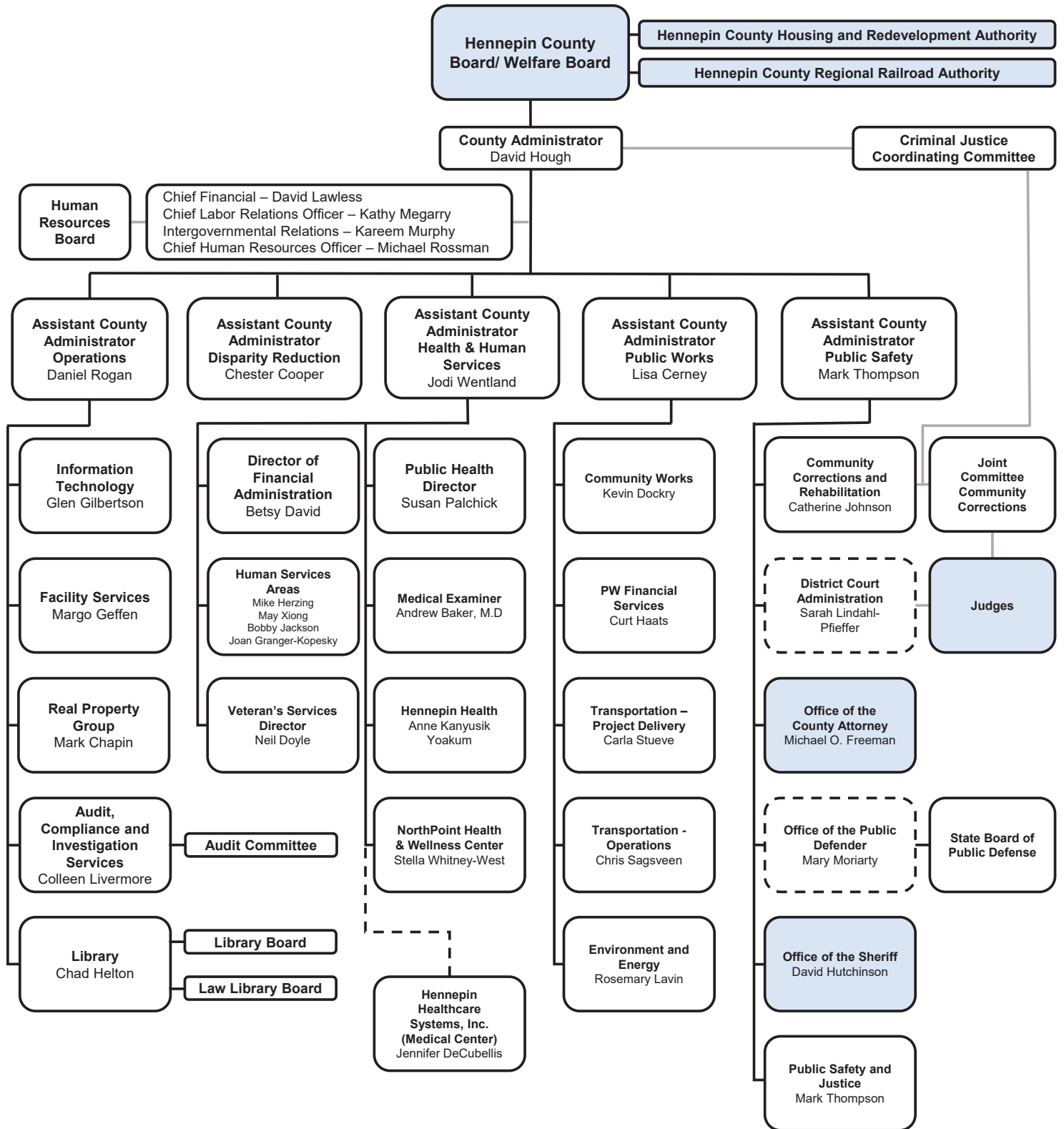
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

Organizational Chart on December 31, 2020



Principal Officials on December 31, 2020



Hennepin County Commissioners:

District 1	Mike Opat, Vice Chair
District 2	Irene Fernando
District 3	Marion Greene, Chair
District 4	Angela Conley
District 5	Debbie Goettel
District 6	Jan Callison
District 7	Jeff Johnson

County Administrator

David Hough

Assistant County Administrator – Health & Human Services

Jodi Wentland

Assistant County Administrator – Public Works

Lisa Cerney

Assistant County Administrator – Public Safety

Mark Thompson

Assistant County Administrator – Operations

Daniel Rogan

Assistant County Administrator – Disparity Reduction

Chester Cooper

Governmental Activities Departments and Directors

Public Works:

Community Works
Public Works Financial Services
Transportation – Project Delivery
Transportation – Operations

Kevin Dockry
Curt Haats
Carla Stueve
Chris Sagsveen

Public Safety:

County Attorney
Public Defender
Sheriff's Office
Community Corrections and Rehabilitation
Public Safety and Justice

Michael Freeman
Mary Moriarty
David Hutchinson
Catherine Johnson
Mark Thompson

Health:

NorthPoint Health & Wellness Center
Medical Examiner

Stella Whitney-West
Andrew Baker, M.D.

Libraries

Chad Helton

Human Services and Public Health

Public Health Director
Director of Financial Administration
Veteran's Services Director
Children and Family Services Director
Director
Director
Director
Business Information Officer

Susan Palchick
Betsy David
Neil Doyle
Joan Granger-Kopesky
Mike Herzing
May Xiong
Bobby Jackson
Chris Lancrete

Operations:

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

Colleen Livermore
David Lawless
Margo Geffen
Glen Gilbertson
Mark Chapin
Michael Rossman

Business-type Activities Departments and Directors

Hennepin Health
Environment and Energy
Medical Center

Anne Kanyusik Yoakum
Rosemary Lavin
Jennifer DeCubellis



Financial Section

Independent Auditor's Report

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, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2020, 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, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2020, 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

Emphasis of Matter

As discussed in Note 19 to the accompanying financial statements, in 2020, the County adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which resulted in the County restating net position as of January 1, 2020, for reporting beginning fiduciary net position for certain amounts that were previously required to be reported as liabilities. Our opinion is not modified with respect to this item.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total other postemployment benefit liability and related ratios, 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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 2020 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 2020 supplementary information is fairly stated, in all material respects, in relation to the 2020 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 2019 basic financial statements (not presented herein) and have issued our report dated June 19, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, 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, 2019, is presented for purposes of additional analysis and is not a required part of the 2020 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 2019 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 supplementary information is fairly stated, in all material respects, in relation to the 2019 basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 28, 2021, 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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
June 28, 2021



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, 2020. The information provided here should be read in conjunction with the transmittal letter that begins on page 1 and the notes to the basic financial statements, which are presented on pages 47 to 93.

FINANCIAL HIGHLIGHTS

Government-Wide

At December 31, 2020, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1.08 billion. Of this amount, \$413.6 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.48 billion.

The County's net position decreased \$107.5 million during the year. The \$170.7 million net position decrease in governmental activities was offset by a \$63.2 million increase in business-type activities. The decrease in governmental activities was largely due to the increased expenses related to the County's contributions to Metropolitan Council for the Southwest Light Rail Transit (SWLRT) project, partially offset by the \$72.6 million in increased unspent sales tax revenues that are restricted for transportation projects. The increase in business-type activities was largely due to the \$43.6 million increase in net position for the Medical Center blended component unit and \$19.0 million increase in net position for Hennepin Health.

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 reporting requirement. The County's net position is reported approximately \$847.3 million lower under the reporting requirements than net position would be without those requirements, resulting in the reporting of the \$809.1 million deficit unrestricted net position. Only the State of 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 of Minnesota (the State). 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 GASB 68 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 to pay pension benefits.

On April 22, 2020, the County received a \$220.9 million advance from the federal Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), which was signed into law on March 27, 2020 to mitigate some of the economic disruption caused by the COVID-19 pandemic. The CARES Act included a broad array of provisions intended to support and provide direct relief to businesses, individuals, and state and local governments. For the 2020 fiscal year, the County incurred COVID-19 pandemic-related costs and reported \$186.2 million as earned CARES Act revenue. The remaining \$34.7 million of the advance is reported as unearned CARES Act revenue, which is restricted for COVID-19 pandemic related activities during the 2021 fiscal year. Of the \$186.2 million that the County has expended on eligible costs and reported as earned CARES Act revenue, \$44.0 million was attributable to the Medical Center for personnel costs related to responding to the COVID-19 pandemic.

Governmental Funds

As reported in the governmental fund Balance Sheets on pages 34 and 35, at the end of 2020 the County's governmental funds reported total ending fund balances of \$806.0 million. The \$4.6 million overall decrease in fund balance during 2020 was related to the \$296.6 contributions to the Metropolitan Council for the SWLRT in the Capital Projects Fund, which was partially funded by \$195.0 million of 2020 G.O. sales tax revenue bond proceeds. That decrease was offset by the \$72.9 million in unspent sales tax revenues that are restricted

FINANCIAL HIGHLIGHTS- CONTINUED

Governmental Funds - continued

for transportation projects, and a \$25.6 million increase in the Human Services fund due to the Federal Coronavirus Relief Fund revenues that supported repurposed personnel and other activities associated with a response to the COVID-19 pandemic.

The unassigned fund balance for the **General Fund** was \$137.6 million, or approximately 17.9% of total General Fund expenditures for the year ended December 31, 2020, compared to \$158.9 million and 24.4% for 2019.

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, the Hennepin County Regional Railroad Authority (RRA) and Hennepin County Housing and Redevelopment Authority (HRA) blended component units, and Interest on Long-term Debt. The business-type activities of the County include Hennepin Health Plan, Environment and Energy, the Medical Center blended component unit, and Other Enterprises. The government-wide financial statements can be found on pages 30 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.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements - continued

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 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 48 to 52 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 six special revenue funds: Human Services Fund, Library Fund, Ballpark Sales Tax Fund, Transportation Sales Tax Fund, and the funds for 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, Solid Waste, and Medical Center *enterprise funds*, which are considered to be major funds of the County. The Medical Center is a blended component unit. 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 assets that the County holds for others, including clients' trust funds, inmates' funds, revenues collected on behalf of other governmental units related to taxes, and other governmental agency's funds that are held in the custody of the County. The County reports two separate Fiduciary Funds. One is for Private Purpose Trust Funds and one is for Custodial Funds. 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 statements can be found on pages 44 to 45 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

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 47 to 93 of this report.

Required and Supplementary Information beginning on page 95 includes additional information relating to the retiree health and pension plans, certain budget-to-actual comparisons, the Notes to Required Supplementary Information, and various other combining statements and comparative schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As shown in the table below, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.08 billion on December 31, 2020.

Summary of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current Assets	\$ 947.5	\$ 961.4	\$ 530.3	\$ 372.5	\$ 1,477.8	\$ 1,333.9
Noncurrent Assets						
Other assets	344.9	369.0	100.7	94.7	445.6	463.7
Net capital assets	2,100.3	2,084.1	549.9	557.9	2,650.2	2,642.0
Total Assets	3,392.7	3,414.5	1,180.9	1,025.1	4,573.6	4,439.6
Deferred Outflows of Resources	76.4	89.0	36.3	44.7	112.7	133.7
Current Liabilities	310.0	353.6	259.1	154.0	569.1	507.6
Noncurrent Liabilities	2,314.5	2,045.4	610.7	576.8	2,925.2	2,622.2
Total Liabilities	2,624.5	2,399.0	869.8	730.8	3,494.3	3,129.8
Deferred Inflows of Resources	74.0	163.2	38.2	93.0	112.2	256.2
Net Position						
Net investment in capital assets	1,140.7	1,182.5	334.6	340.5	1,475.3	1,523.0
Restricted	272.8	364.1	140.8	113.8	413.6	477.9
Unrestricted (deficit)	(642.9)	(605.3)	(166.2)	(208.3)	(809.1)	(813.6)
Total Net Position	\$ 770.6	\$ 941.3	\$ 309.2	\$ 246.0	\$ 1,079.8	\$ 1,187.3

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.

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 \$107.5 million from the 2019 net position, a change from 2019 of 9.1%.

	Changes in Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for services	\$ 138.0	\$ 154.9	\$ 1,277.1	\$ 1,298.5	\$ 1,415.1	\$ 1,453.4
Operating grants and contributions	508.2	372.7	237.1	90.8	745.3	463.5
Capital grants and contributions	56.3	66.8	-	-	56.3	66.8
General Revenues:						
Property taxes	915.9	885.2	-	-	915.9	885.2
Sales tax	158.9	177.9	-	-	158.9	177.9
Wheelage tax	19.3	10.7	-	-	19.3	10.7
Other taxes	3.7	3.5	4.7	4.4	8.4	7.9
Grants and contributions	35.9	31.7	-	-	35.9	31.7
Investment earnings	11.2	33.8	-	-	11.2	33.8
Total Revenues	1,847.4	1,737.2	1,518.9	1,393.7	3,366.3	3,130.9
Expenses:						
Operations	518.4	331.3	-	-	518.4	331.3
Human Services	621.0	606.5	-	-	621.0	606.5
Health	71.3	79.4	-	-	71.3	79.4
Public Safety	345.7	353.3	-	-	345.7	353.3
Public Works	218.5	149.1	-	-	218.5	149.1
Libraries	92.2	100.5	-	-	92.2	100.5
Housing and Redevelopment Authority	18.7	9.4	-	-	18.7	9.4
Regional Railroad Authority	78.3	43.9	-	-	78.3	43.9
Interest on long-term debt	35.1	40.6	-	-	35.1	40.6
Hennepin Health Plan	-	-	249.2	229.9	249.2	229.9
Environment and Energy	-	-	71.9	70.8	71.9	70.8
Medical Center	-	-	1,148.5	1,120.7	1,148.5	1,120.7
Other enterprises	-	-	5.0	4.6	5.0	4.6
Total Expenses	1,999.2	1,714.0	1,474.6	1,426.0	3,473.8	3,140.0
Increase (Decrease) in Net Position Before Transfers	(151.8)	23.2	44.3	(32.3)	(107.5)	(9.1)
Transfers	(18.9)	(14.4)	18.9	14.4	-	-
Increase (Decrease) in Net Position	(170.7)	8.8	63.2	(17.9)	(107.5)	(9.1)
Net Position – Beginning	941.3	932.5	246.0	263.9	1,187.3	1,196.4
Net Position – Ending	\$ 770.6	\$ 941.3	\$ 309.2	\$ 246.0	\$ 1,079.8	\$ 1,187.3

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position - continued

The 2020 decrease in government-wide net position included:

- An \$170.7 million decrease in **governmental activities**, primarily due to the \$296.6 million in contributions to the Metropolitan Council for the SWLRT project in the Capital Project Fund, offset by the \$72.6 million increase in unspent Transportation Sales Tax proceeds that are restricted for future transportation projects, and a required inclusion of GASB 68 pension expense reduction totaling \$30.9 million.
- A \$63.2 million increase in **business-type activities**, primarily due to two funds. The Hennepin Health Fund increased \$19.0 million because of lower medical utilization due to the COVID-19 pandemic and elimination of the \$4.5 million Premium Deficiency Reserve. The Medical Center Fund increased \$43.6 million, primarily due to the required inclusion of GASB 68 pension expense reduction totaling \$19.6 million and the \$17.4 million in contributions from related parties.

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 \$806.0 million, which is a decrease of \$4.6 million from the prior year's ending balances. The 17.1% of total governmental fund balance, or \$137.6 million, that is included in the unassigned (residual) classification for the General Fund, has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in non-spendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

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)					
	2020		2019		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Property taxes	\$ 933.7	49.3%	\$ 888.5	50.5%	\$ 45.2	5.1%
Sales tax	158.9	8.4%	177.9	10.1%	(19.0)	-10.7%
Wheelage tax	19.3	1.0%	10.7	0.6%	8.6	80.4%
Other taxes	3.7	0.2%	3.5	0.2%	0.2	5.7%
Intergovernmental	593.8	31.3%	451.7	25.7%	142.1	31.5%
Investment earnings (losses)	12.0	0.6%	35.9	2.0%	(23.9)	-66.6%
Charges for services	143.7	7.6%	150.1	8.5%	(6.4)	-4.3%
Fines and forfeits	0.4	0.0%	1.2	0.1%	(0.8)	-66.7%
Licenses and permits	6.6	0.3%	8.6	0.5%	(2.0)	-23.3%
Other	25.5	1.3%	31.0	1.8%	(5.5)	-17.7%
Total Revenues	\$ 1,897.6	100%	\$ 1,759.1	100%	\$ 138.5	7.9%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Governmental Funds – continued

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

- **Property taxes** increased \$45.2 million due to the 4.75% increase in the tax levy.
- **Sales tax revenue** decreased \$19.0 million. Global actions taken to help mitigate the spread of COVID-19 during 2020 included restrictions on travel, quarantines, stay-at home orders, restrictions on the size of gatherings, and the temporary closure of certain non-essential businesses and public spaces. These changes all contributed to the decline in County sales tax revenues.
- **Wheelage tax revenue** increased \$8.6 million due to the Wheelage Tax rate increase from \$10 to \$20 per vehicle.
- **Intergovernmental revenue** increased \$142.1 million primarily due to the \$142.2 million of CARES Act revenues reported in governmental funds relating to the COVID-19 activities.

Expenditures. The table below presents expenditures by function as well as increases or decreases from the prior year. In 2020, governmental fund expenditures increased \$335.5 million compared to 2019 expenditures.

Expenditures by Function Governmental Funds (in millions)							
	2020		2019		Increase (Decrease)		
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change	
Expenditures by Function:							
Operations	\$ 537.0	24.1%	\$ 366.4	19.3%	\$ 170.6	9.0%	
Human services	629.6	28.2%	605.0	31.9%	24.6	1.3%	
Health	69.1	3.1%	74.3	3.9%	(5.2)	-0.3%	
Public safety	337.5	15.1%	327.9	17.3%	9.6	0.5%	
Public works	144.3	6.5%	75.5	4.0%	68.8	3.6%	
Libraries	77.6	3.5%	81.9	4.3%	(4.3)	-0.2%	
HRA	41.9	1.9%	8.7	0.5%	33.2	1.8%	
RRA	81.3	3.6%	43.7	2.3%	37.6	2.0%	
Debt service							
Principal retirement	89.0	4.0%	80.1	4.2%	8.9	0.5%	
Interest and fiscal charges	56.6	2.5%	51.5	2.7%	5.1	0.3%	
Intergovernmental	21.7	1.0%	21.1	1.1%	0.5	0.0%	
Capital projects	144.2	6.5%	158.2	8.5%	(14.0)	-0.7%	
Total Expenditures	\$ 2,229.6	100%	\$ 1,894.3	100%	\$ 335.3	17.7%	

- Expenditures for **Operations** increased \$170.6 million in 2020 largely due to the \$136.2 million increase in contributions to the Metropolitan Council for the SWLRT and Bottineau Light Rail Transit projects in the Capital Projects Fund.
- Expenditures for **Human Services** increased \$24.6 million in 2020. This was primarily due to a \$12.0 million increase in Public Assistance spending, which largely related to the cost of non-congregate shelter housing during the COVID-19 pandemic for people experiencing homelessness and others in need. Additional expenditure increases included a \$9.0 million increase in personal service after filling a portion of the positions that were vacant in 2019.
- Expenditures for **Public Works** increased \$68.8 million primarily due to the \$63.0 million increase in rent and housing assistance provided to mitigate some of the economic disruption caused by the COVID-19 pandemic.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Governmental Funds - continued

- Expenditures for the **HRA** increased \$33.2 million largely due to the \$23.9 million in acquisition costs for buildings to be used for non-congregate shelter housing during the COVID-19 pandemic. Additionally, the HRA expended \$2.2 million for small business outreach and emergency funding to assist local businesses during the pandemic.
- Expenditures for the **RRA** increased \$37.6 million. This change primarily related to the \$33.3 million increase in expenditures for the SWLRT project.

Fund Balances

The **General Fund** is the County's primary operating fund. At the end of 2020, total fund balance for the General Fund was \$218.6 million and unassigned fund balance was \$137.6 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 17.1% of the total governmental fund balances and represents 17.9% of the total General Fund expenditures. In 2019, the unassigned fund balance represented 19.6% of total governmental fund balances and 24.4% of General Fund expenditures. The General Fund ended the year with a decrease of \$4.3 million in fund balance, primarily relating to:

- A \$15.0 million interfund transfer from the General Fund to the HRA Fund to support the purchase of buildings to be used for non-congregate shelter housing during the COVID-19 pandemic,
- A \$3.0 million interfund transfer from the Human Services Fund to the General Fund based on a County Board reallocation of resources, and
- The \$8.6 million increase in wheelage tax revenue discussed previously.

The **Human Services Fund** balance increased \$25.6 million, primarily due to a \$12.5 million in savings related to budgeted but unfilled positions, and a \$15.9 million reduction for long-term services and support activities because of lower utilization by residents due to the COVID-19 pandemic.

The **Ballpark Sales Tax Fund** balance increased \$4.2 million, primarily due to the unspent sales tax proceeds that are restricted for various youth sport activities, ballpark debt service, and extending operating hours at County libraries.

The **Transportation Sales Tax Fund** balance increased \$72.6 million. As discussed previously, this was primarily due to the unspent sales tax proceeds that are restricted for transportation projects.

The **HRA Fund** balance increased \$6.2 million, primarily due to the construction/acquisition delays for approved projects.

The **RRA Fund** balance decreased \$60.4 million, primarily due to the \$33.3 million increase in spending for the SWLRT project discussed above, along with the impact of timing differences between debt issuance and project expenditures.

The **RRA Debt Service Fund** balance increased \$0.8 million and the **General Debt Service Fund** balance increased \$2.4 million, primarily due to a statutory requirement for the tax levies to be such that if collected in full they, together with estimated collections of other pledged revenues, will produce at least five percent more than the amount needed for principal and interest payments on the obligations.

The **Capital Projects Fund** had a net fund balance decrease of \$54.3 million due to the expected variances in timing between the debt issuance and project expenditures.

Fund balance in the **Library Fund** did not change significantly in 2020.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

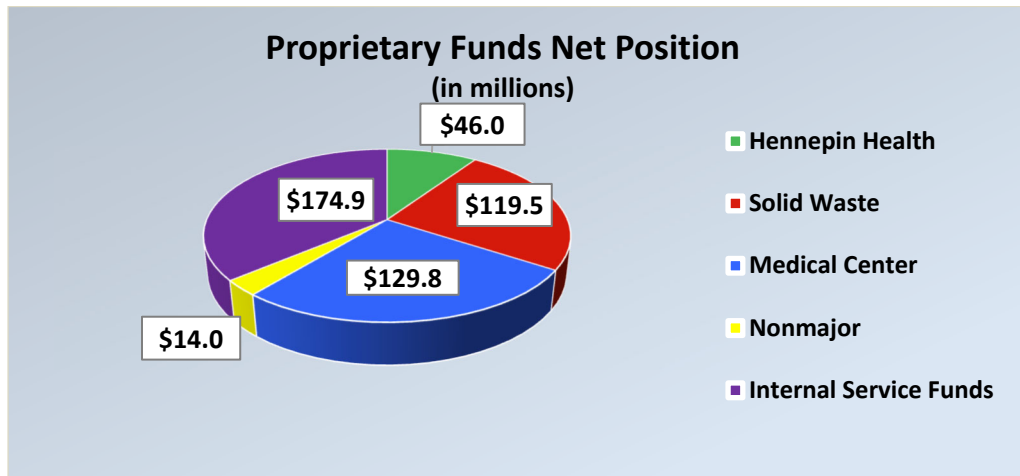
General Fund Budgetary Highlights

The General Fund 2020 budget changed significantly between the time of original approval and the time the amended budget was finalized. The expenditure budget increased \$121.3 million, primarily related to the \$104.0 million increase in expenditures relating to the COVID-19 pandemic which were funded with Federal Coronavirus Relief Fund, and the \$12.3 million in Emergency Housing Assistance expenditures funded with various federal funds in response to the COVID-19 pandemic. The increased expenditures included staffing, small business assistance, emergency rent assistance, increased shelter/isolation service, and technology and space modifications to facilitate compliance with COVID-19 precautions.

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.

Year-end net position for the proprietary funds is shown in the chart below:



Enterprise Funds' total net position increased \$63.1 million during 2020, primarily due to the changes in two Funds. The Hennepin Health Fund increased \$19.0 million as a result of lower medical utilization due to the COVID-19 pandemic, and the \$11.0 million contribution from the Medical Center. The Medical Center Fund increased \$43.6 million relating to the required inclusion of GASB 68 pension expense reduction totaling \$19.6 million and the \$17.4 million in contributions from the related parties. The Solid Waste Fund balance did not change significantly.

Internal Service Funds' total net position increased overall by \$7.9 million, primarily due to the \$3.5 million increase in the Employee Health Plan Self Insurance Fund as a result of lower medical utilization due to the COVID-19 pandemic, and the \$4.4 million increase in the Information Technology Fund resulting from deferred hiring and unfilled vacant positions.

As previously mentioned, the County reports two separate **Fiduciary Funds**. The Fiduciary Funds' net position totaled \$81.3 million, a 3.3% decrease from the prior year. The change is largely due to the distribution of \$2.6 million to former participating entities of the Counties Transit Improvement Board, as projects have been completed.

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, 2020, totals approximately \$2.65 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures. Additional information on the County's capital assets can be found in Note 5 on pages 61 to 62 of this report.

Hennepin County's Capital Assets (in millions)							
	Governmental Activities		Business-type Activities		Total		
	2020	2019	2020	2019	2020	2019	
Land	\$ 108.9	\$ 111.3	\$ 46.1	\$ 37.8	\$ 155.0	\$ 149.1	
Land improvements	33.5	33.9	1.9	1.9	35.4	35.8	
Buildings	974.6	947.2	774.0	757.0	1,748.6	1,704.2	
Equipment	183.4	174.8	363.3	351.8	546.7	526.6	
Software	21.8	21.8	7.6	4.9	29.4	26.7	
Library books and other media	39.4	49.6	-	-	39.4	49.6	
Leasehold improvements	16.2	19.3	28.3	27.7	44.5	47.0	
Arts & historical treasures	5.3	5.3	-	-	5.3	5.3	
Infrastructure	1,691.5	1,685.5	-	-	1,691.5	1,685.5	
Construction in progress	207.9	174.6	17.3	11.7	225.2	186.3	
Total capital assets	3,282.5	3,223.3	1,238.5	1,192.8	4,521.0	4,416.1	
Less: accumulated depreciation and amortizations	(1,182.1)	(1,139.2)	(688.5)	(634.9)	(1,870.6)	(1,774.1)	
Total capital assets, net	\$ 2,100.4	\$ 2,084.1	\$ 550.0	\$ 557.9	\$ 2,650.4	\$ 2,642.0	

Governmental activities' net capital assets increased \$16.3 million due to acquisitions. The significant governmental activities' net capital asset changes related to the following acquisitions, offset by depreciation:

- **Buildings** increased \$27.4 million due to the acquisitions of four properties totaling \$13.9 million (Metro Inn at 5637 Lyndale Avenue South, Luminn Hotel at 219 S 4th Street, University Inn Hotel at 925 SE 4th St, and property at 143 19th Street East) to quarantine and shelter vulnerable population in response to the COVID-19 pandemic, and the acquisition of the parking lot at 625 4th Avenue South for \$11.5 million.
- **Construction in progress** increased \$33.3 million during 2020, primarily due to the \$16.5 million ongoing construction of the new medical examiner facility to support the population growth for Hennepin, Dakota, and Scott counties, \$13.5 for expansion of the Bottineau Boulevard (County Road 81) in the City of Brooklyn Park and \$1.5 million in renovation costs for the parking lot at 625 4th Avenue South.
- **Library books and other media** decreased \$10.2 million, primarily due to the \$14.0 million retirement of fully depreciated books and other media, which was offset by the \$3.7 million purchase of the new books and other media in 2020.

Business-type activities' net capital assets decreased \$7.9 million, primarily related to the depreciation of the Medical Center buildings, while land increased \$8.3 million due to the transfer of land from the County to the Medical Center.

CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

Debt Administration

As shown in the table below, G.O. bonds and notes increased \$235.7 million during 2020. The change is mainly attributable to the following:

- In governmental activities, \$100.0 million of G.O. bonds were issued to finance the County's capital improvements, and \$150.0 million of G.O. bonds, including \$45.0 million in premium, were issued to finance a portion of the County's share of the SWRLT project.
- In business-type activities, \$5.6 million of G.O. bonds were transferred from governmental activities to finance improvements for the Hennepin Energy Recovery Center (HERC) facility, and \$5.0 million of G.O. bonds were repaid by the Medical Center as a result of regular principal payments.

Revenue bonds decreased \$25.5 million during 2020 due to regularly scheduled principal payments and amortizations.

Hennepin County's Outstanding Debt (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
G.O bonds and notes	\$ 1,512.6	\$ 1,276.3	\$ 209.3	\$ 209.9	\$ 1,721.9	\$ 1,486.2
Revenue bonds	135.8	161.3	-	-	135.8	161.3
Notes payable	2.8	3.3	-	-	2.8	3.3
	<u>\$ 1,651.2</u>	<u>\$ 1,440.9</u>	<u>\$ 209.3</u>	<u>\$ 209.9</u>	<u>\$ 1,860.5</u>	<u>\$ 1,650.8</u>

In 2020, the Debt Service Funds received \$90.5 million of levy support, as budgeted. 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 \$6.0 billion statutory limit.

The County's credit ratings on long-term G.O. bonds as of December 31, 2020 were:

Standard and Poor's Ratings Services	AAA
Fitch Ratings	AAA

Additional information on the County's long-term debt can be found in Notes 9 and 10 on pages 67 to 70 of this report and on the Schedule of Changes in Long-term Debt, located on pages 126-127.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Excluding the Medical Center, the 2021 County budget of \$2.20 billion reflects a decrease of 11.2% or \$278.4 million from the 2020 budget of \$2.44 billion, including a net property tax levy of \$869.0 million, which did not increase when compared to the 2020 budget. The 2021 budget includes funding for a total of 8,369.9 full-time equivalent employees, representing a decrease of 26.1 full-time equivalent employees from the adjusted 2020 budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – CONTINUED

The budgeted property tax revenues for 2021 of \$856.7 million did not change from the 2020 budgeted property tax revenue of \$856.7 million. The 2021 budgeted Sales and Other Taxes revenues decreased \$28.2 million in anticipated lower economic and sales activities due to the COVID-19 pandemic. The 2021 budgeted revenues from the State increased \$28.3 million from the 2020 adjusted budget of \$224.2 million. The majority of the increase is attributed to a \$25.3 million Small Business Relief grant to assist small businesses with emergency funds to recover from the disruptions caused by the COVID-19 pandemic. The 2021 budgeted revenues for Fees for Services increased \$30.1 million from the 2020 adjusted budget of \$430.2 million, which was largely due to an anticipated \$32.7 million increase in the base premium for the Prepaid Medical Assistance Program, MnCare, and Special Needs Basic Care for services provided by the NorthPoint Health and Wellness Center and Hennepin Health.

The 2021 capital budget of \$189.7 million is \$271.6 million less than the 2020 adjusted capital budget, a reduction of 58.9%. This is primarily due to the planned project expenditure schedule for the Southwest Light Rail Transit project, which was budgeted at \$277.5 million in 2020 compared to \$1.2 million in the 2021 budget.

The overall State budget and economic outlook as of the State's February 2021 report has significantly improved since the November 2020 report for the biennium ending on June 30, 2023. The February 2021 State budget and interim economic forecast predicted a \$1.57 billion surplus for the biennium ending on June 30, 2023, a favorable change compared to November's forecast of a \$1.27 billion deficit. The change is largely due to an improved U.S. economic outlook that is supported by significant federal actions, including the passage of the American Rescue Plan Act, which was signed into law on March 11, 2021 by President Biden. However, the State's report notes that improvements to the economic outlook have not been spread equally as unemployment continues to disproportionately impact lower-wage workers.

In March 2020, Minnesota's seasonally adjusted unemployment rate was 2.9%. Minnesota's unemployment rate rose to 8.7% in April and peaked at 9.9% in May. The rate fell to 4.4% in December, 2.3% below the U.S. unemployment rate of 6.7%. The State expects that Minnesota's job and wage losses of 2020 will be followed by positive employment and wage growth from July 1, 2021 to June 30, 2023, but predictions relating to unemployment are challenging to estimate due to the unprecedented impacted and economic consequences of the COVID-19 pandemic, so the economic and budget predictions are likely to remain volatile for some time. However, the State predicts that total Minnesota wage income, the sum of all wages distributed, will grow 6.0% in 2021.

The County's average unemployment rate (not seasonally adjusted) for 2020 was 6.2%, an increase from the 2019 average of 2.8%. The County's unemployment rate remained slightly higher than the State 5.8% and significantly lower than the national 8.1% 12-month non-seasonally adjusted averages.

The 2021 County budget does not yet reflect all potential fiscal consequences relating to the COVID-19 pandemic. The impact of the pandemic which had begun in late March 2020, will continue to significantly impact the County's fiscal year 2021 operations and financial performance. The County, like all government entities, will continue to face unprecedented challenges relating to the required ongoing response and management of the social and economic consequences of the COVID-19 pandemic. While the County management anticipate economic conditions to improve in 2021, it is not possible to estimate with any certainty the ultimate financial effect or the exact duration of the COVID-19 health crisis.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – CONTINUED

As of June 1, 2021, the County has recorded significant 2021 expenditures and intergovernmental revenues that are specifically related to the COVID-19 pandemic, including a \$123.0 million advance received in May from the Federal American Rescue Plan Act – Local Fiscal Recovery Fund. The advance can only be spent on pandemic-related costs incurred between March 3, 2021 and December 31, 2024 within restrictions imposed by the American Rescue Plan Act. The requirements and restrictions have not yet been fully defined as of the date of this report. While management believes that the financial disruptions caused by the pandemic could be temporary, there is significant uncertainty regarding what the ultimate impact of the pandemic will be on the County's financial position, results of operations, and cash flows.

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, or email OBF.Internet@hennepin.us. The County's Comprehensive Annual Reports can also be found at www.hennepin.us/financial-reports.



Basic Financial Statements



Statement of Net Position

December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and investments	\$ 819,556,967	\$ 285,207,458	\$ 1,104,764,425
Receivables, net	109,037,460	211,746,356	320,783,816
Internal balances	487,230	(487,230)	-
Prepaid items	14,233,973	18,198,215	32,432,188
Inventories	2,610,987	15,670,170	18,281,157
Land held for resale	1,548,100	-	1,548,100
Total Current Assets	947,474,717	530,334,969	1,477,809,686
Noncurrent Assets:			
Cash and investments	85,011,544	20,567,511	105,579,055
Restricted cash and investments	245,475,192	70,535,208	316,010,400
Land held for resale	2,385,689	-	2,385,689
Notes receivable and other	12,055,604	9,605,565	21,661,169
Capital assets:			
Land	108,871,232	46,068,140	154,939,372
Land improvements	33,526,684	1,893,908	35,420,592
Buildings	974,602,212	774,047,262	1,748,649,474
Equipment	183,361,466	363,257,557	546,619,023
Software	21,796,580	7,587,268	29,383,848
Library books and other media	39,371,297	-	39,371,297
Leasehold improvements	16,216,189	28,325,360	44,541,549
Art and historical treasures	5,301,244	-	5,301,244
Infrastructure	1,691,502,101	-	1,691,502,101
Construction in progress	207,908,504	17,254,968	225,163,472
Total capital assets	3,282,457,509	1,238,434,463	4,520,891,972
Less accumulated depreciation and amortization	(1,182,111,695)	(688,488,760)	(1,870,600,455)
Net Capital Assets	2,100,345,814	549,945,703	2,650,291,517
Total Noncurrent Assets	2,445,273,843	650,653,987	3,095,927,830
Total Assets	3,392,748,560	1,180,988,956	4,573,737,516
Deferred Outflows of Resources:			
Pension-related	55,097,775	33,038,406	88,136,181
Postemployment healthcare related	16,204,093	3,224,874	19,428,967
Deferred charge on debt refunding	5,144,659	-	5,144,659
Total Deferred Outflows of Resources	76,446,527	36,263,280	112,709,807
Total Assets and Deferred Outflows	\$ 3,469,195,087	\$ 1,217,252,236	\$ 4,686,447,323

Continued on next page

Statement of Net Position

December 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current Liabilities:			
Accounts and contracts payable	\$ 144,145,453	\$ 116,030,582	\$ 260,176,035
Accrued interest payable	4,230,876	-	4,230,876
Accrued liabilities	35,287,507	129,958,913	165,246,420
Unearned revenue	35,960,867	-	35,960,867
Workers' compensation claims	2,700,000	4,849,000	7,549,000
Revenue bonds	14,900,000	-	14,900,000
General obligation bonds and notes	60,123,423	6,721,577	66,845,000
Notes payable	518,092	-	518,092
Compensated absences	12,140,000	1,540,000	13,680,000
Total Current Liabilities	<u>310,006,218</u>	<u>259,100,072</u>	<u>569,106,290</u>
Noncurrent Liabilities:			
Workers' compensation claims	8,745,000	12,710,657	21,455,657
Revenue bonds	120,937,299	-	120,937,299
General obligation bonds and notes	1,452,511,900	202,545,896	1,655,057,796
Notes payable	2,272,368	-	2,272,368
Net pension	515,602,967	323,665,199	839,268,166
Postemployment healthcare benefits	118,809,277	27,010,526	145,819,803
Compensated absences	95,693,742	44,767,985	140,461,727
Total Noncurrent Liabilities	<u>2,314,572,553</u>	<u>610,700,263</u>	<u>2,925,272,816</u>
Total Liabilities	<u>2,624,578,771</u>	<u>869,800,335</u>	<u>3,494,379,106</u>
Deferred Inflows of Resources:			
Pension-related	61,822,365	34,322,202	96,144,567
Postemployment healthcare related	12,201,502	3,920,234	16,121,736
Total Deferred Inflows of Resources	<u>74,023,867</u>	<u>38,242,436</u>	<u>112,266,303</u>
Net Position:			
Net investment in capital assets	1,140,681,933	334,564,780	1,475,246,713
Restricted for:			
Grant and donor restrictions	3,724,658	-	3,724,658
Capital projects	21,276,375	-	21,276,375
Debt service	35,926,143	-	35,926,143
Statutory requirements relating to:			
Housing and redevelopment	6,210,716	-	6,210,716
Regional Railroad Authority	13,841,828	-	13,841,828
Metropolitan health plan	-	44,529,851	44,529,851
Solid waste management	-	36,406,692	36,406,692
Transportation	175,428,051	-	175,428,051
Youth sports	5,369,569	-	5,369,569
County Recorder technology and other	11,060,763	-	11,060,763
Medical Center expendable	-	34,547,294	34,547,294
Medical Center nonexpendable	-	25,338,120	25,338,120
Unrestricted (deficit)	(642,927,587)	(166,177,272)	(809,104,859)
Total Net Position	<u>770,592,449</u>	<u>309,209,465</u>	<u>1,079,801,914</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,469,195,087</u>	<u>\$ 1,217,252,236</u>	<u>\$ 4,686,447,323</u>

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

Statement of Activities

For the Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
Primary Government:				
Governmental Activities:				
Operations	\$ 553,822,255	\$ 10,425,789	\$ 564,248,044	\$ (45,895,536)
Human Services	595,897,510	4,003,076	599,900,586	21,095,101
Health	67,906,945	1,212,044	69,118,989	2,192,184
Public Safety	324,030,377	7,817,631	331,848,008	13,845,737
Public Works	185,240,270	29,791,866	215,032,136	3,437,858
Libraries	71,964,639	15,134,842	87,099,481	5,126,010
Housing and Redevelopment Authority	17,972,638	696,035	18,668,673	63,278
Regional Railroad Authority	78,126,074	61,008	78,187,082	135,368
Interest on Long-term Debt	35,147,804	-	35,147,804	-
Total Governmental Activities	<u>1,930,108,512</u>	<u>69,142,291</u>	<u>1,999,250,803</u>	<u>-</u>
Business-type Activities:				
Hennepin Health Plan	248,902,026	332,681	249,234,707	-
Environment and Energy	63,210,635	8,728,792	71,939,427	-
Medical Center	1,104,414,455	44,059,599	1,148,474,054	-
Other Enterprises	3,398,666	1,625,592	5,024,258	-
Total Business-type Activities	<u>1,419,925,782</u>	<u>54,746,664</u>	<u>1,474,672,446</u>	<u>-</u>
Total	<u>\$ 3,350,034,294</u>	<u>\$ 123,888,955</u>	<u>\$ 3,473,923,249</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		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 33,455,173	\$ 40,595,783	\$ -	\$ (444,301,552)	\$ -	\$ (444,301,552)
55,734,790	304,874,874	-	(260,386,023)	-	(260,386,023)
20,031,597	10,876,438	-	(40,403,138)	-	(40,403,138)
14,597,641	43,529,695	-	(287,566,409)	-	(287,566,409)
7,546,082	101,113,764	55,533,876	(54,276,272)	-	(54,276,272)
2,580,571	3,912,338	-	(85,732,582)	-	(85,732,582)
3,575,190	2,909,501	-	(12,247,260)	-	(12,247,260)
487,523	360,335	807,544	(76,667,048)	-	(76,667,048)
-	-	-	(35,147,804)	-	(35,147,804)
<u>138,008,567</u>	<u>508,172,728</u>	<u>56,341,420</u>	<u>(1,296,728,088)</u>	<u>-</u>	<u>(1,296,728,088)</u>
256,562,245	11,679,230	-	-	19,006,768	19,006,768
60,138,047	6,649,374	-	-	(5,152,006)	(5,152,006)
955,633,560	218,743,261	-	-	25,902,767	25,902,767
4,807,539	-	-	-	(216,719)	(216,719)
<u>1,277,141,391</u>	<u>237,071,865</u>	<u>-</u>	<u>-</u>	<u>39,540,810</u>	<u>39,540,810</u>
\$ <u>1,415,149,958</u>	\$ <u>745,244,593</u>	\$ <u>56,341,420</u>	<u>(1,296,728,088)</u>	<u>39,540,810</u>	<u>(1,257,187,278)</u>
General Revenues:					
Property taxes			915,936,953	-	915,936,953
Sales tax			158,887,776	-	158,887,776
Wheelage tax			19,305,219	-	19,305,219
Other taxes			3,667,703	4,720,630	8,388,333
Grants & contributions not restricted to specific program			35,914,968	-	35,914,968
Unrestricted investment earnings			11,214,769	-	11,214,769
Transfers			(18,870,414)	18,870,414	-
Total General Revenues and Transfers			<u>1,126,056,974</u>	<u>23,591,044</u>	<u>1,149,648,018</u>
Change in Net Position			(170,671,114)	63,131,854	(107,539,260)
Net Position - Beginning			941,263,563	246,077,611	1,187,341,174
Net Position - Ending			\$ <u>770,592,449</u>	\$ <u>309,209,465</u>	\$ <u>1,079,801,914</u>

Governmental Funds - Balance Sheets

December 31, 2020

With Comparative Totals for December 31, 2019

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
ASSETS					
Cash and investments	\$ 317,438,993	\$ 142,150,239	\$ 19,643,929	\$ -	\$ -
Delinquent taxes receivable, net	4,816,425	2,053,504	525,439	-	-
Due from other governmental agencies	7,407,638	54,308,775	-	5,794,860	11,058,100
Accrued investment interest	3,851,102	-	-	-	-
Interfund receivable	972,254	195,348	1,802,133	-	-
Other receivable	12,277,883	433,979	115,659	-	-
Prepaid items	1,143,432	207,881	1,182,525	-	-
Inventories	1,957,214	-	-	-	-
Land held for resale	-	-	-	-	-
Notes receivable, net	84,865	-	-	-	-
Restricted cash and investments	-	-	5,757,085	14,607,492	164,481,761
Total Assets	\$ 349,949,806	\$ 199,349,726	\$ 29,026,770	\$ 20,402,352	\$ 175,539,861
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 58,173,700	\$ 30,901,169	\$ 720,968	\$ 30,499	\$ 111,810
Accrued liabilities	13,422,850	9,662,225	1,251,376	-	-
Interfund payable	20,155,291	5,184,773	-	-	-
Commercial paper payable	-	-	-	-	-
Unearned revenue	35,277,026	172,736	77,160	-	-
Total Liabilities	127,028,867	45,920,903	2,049,504	30,499	111,810
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,549,625	1,402,004	359,239	-	-
Unavailable revenue - intergovernmental	808,954	3,425,152	-	-	-
Total Deferred Inflows of Resources	4,358,579	4,827,156	359,239	-	-
Fund Balances:					
Nonspendable	3,100,646	207,881	3,237,652	-	-
Restricted	16,040,900	4,114,090	4,812,156	20,371,853	175,428,051
Committed	-	144,279,696	18,568,219	-	-
Assigned	61,861,604	-	-	-	-
Unassigned	137,559,210	-	-	-	-
Total Fund Balances	218,562,360	148,601,667	26,618,027	20,371,853	175,428,051
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 349,949,806	\$ 199,349,726	\$ 29,026,770	\$ 20,402,352	\$ 175,539,861

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

	Housing and Redevelopment Authority (HRA)	Regional Railroad Authority (RRA)	RRA Debt Service	General Debt Service	Capital Projects	Totals	
						2020	2019
\$	25,075,057	\$ 44,416,523	\$ 845,578	\$ 16,863,148	\$ 106,399,657	\$ 672,833,124	\$ 618,669,114
	98,004	225,740	-	648,820	27,437	8,395,369	7,332,988
	91,296	-	-	275,513	3,426,689	82,362,871	109,257,705
	-	-	-	-	-	3,851,102	4,392,618
	-	-	-	-	-	2,969,735	2,307,792
	256,960	101,504	-	-	-	13,185,985	12,562,612
	259,404	-	-	-	-	2,793,242	2,432,820
	-	-	-	-	-	1,957,214	1,895,775
	3,933,789	-	-	-	-	3,933,789	5,353,789
	3,445,739	-	-	8,525,000	-	12,055,604	13,514,113
	1,073,105	519,815	-	1,999,060	58,629,794	247,068,112	338,540,862
\$	<u>34,233,354</u>	<u>45,263,582</u>	<u>845,578</u>	<u>28,311,541</u>	<u>168,483,577</u>	<u>1,051,406,147</u>	<u>1,116,260,188</u>
\$	1,721,401	\$ 5,040,036	\$ -	\$ 388,592	\$ 42,550,965	\$ 139,639,140	\$ 96,994,874
	-	-	-	-	-	24,336,451	20,640,540
	-	-	-	-	-	25,340,064	25,268,468
	-	-	-	-	-	-	125,000,000
	433,945	-	-	-	-	35,960,867	3,692,620
	<u>2,155,346</u>	<u>5,040,036</u>	<u>-</u>	<u>388,592</u>	<u>42,550,965</u>	<u>225,276,522</u>	<u>271,596,502</u>
	60,204	160,240	-	448,220	20,737	6,000,269	5,990,289
	181,039	-	-	8,525,000	1,217,156	14,157,301	28,097,511
	<u>241,243</u>	<u>160,240</u>	<u>-</u>	<u>8,973,220</u>	<u>1,237,893</u>	<u>20,157,570</u>	<u>34,087,800</u>
	259,404	-	-	-	-	6,805,583	6,349,475
	31,577,361	40,063,306	845,578	18,949,729	124,694,719	436,897,743	464,353,660
	-	-	-	-	-	162,847,915	134,809,172
	-	-	-	-	-	61,861,604	46,121,699
	-	-	-	-	-	137,559,210	158,941,880
	<u>31,836,765</u>	<u>40,063,306</u>	<u>845,578</u>	<u>18,949,729</u>	<u>124,694,719</u>	<u>805,972,055</u>	<u>810,575,886</u>
\$	<u>34,233,354</u>	<u>45,263,582</u>	<u>845,578</u>	<u>28,311,541</u>	<u>168,483,577</u>	<u>1,051,406,147</u>	<u>1,116,260,188</u>

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position**

December 31, 2020

Total governmental fund balances (page 35)	\$	805,972,055
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.)		2,039,707,572
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.		20,157,570
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.		189,535,690
Net pension and postemployment healthcare benefit 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.		(634,431,139)
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.		(1,650,349,299)
Net position of governmental activities (page 31)	\$	<u>770,592,449</u>

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



Governmental Funds - Statements of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
REVENUES					
Property taxes	\$ 421,351,675	\$ 293,895,301	\$ 74,989,336	\$ -	\$ -
Sales tax	-	-	-	35,561,447	123,326,329
Wheelage tax	19,305,219	-	-	-	-
Other taxes	3,432,580	149,493	34,310	-	-
Intergovernmental	210,085,561	314,876,829	7,403,809	-	1,338,299
Investment earnings (losses)	9,925,490	-	61,587	43,000	-
Charges for services	89,363,141	52,096,861	677,703	-	-
Fines and forfeits	219,540	-	149,603	-	-
Licenses and permits	4,629,276	2,001,306	-	-	-
Other	17,156,734	1,636,623	1,691,232	-	-
Total Revenues	775,469,216	664,656,413	85,007,580	35,604,447	124,664,628
EXPENDITURES					
Current:					
Operations	217,012,848	-	-	2,290,750	-
Human services	-	629,564,177	-	-	-
Health	69,065,962	-	-	-	-
Public safety	337,506,137	-	-	-	-
Public works	143,558,972	-	-	-	696,879
Libraries	-	-	77,571,134	-	-
Housing and Redevelopment Authority	-	-	-	-	-
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Intergovernmental	-	-	-	-	21,650,626
Capital projects	-	-	-	-	-
Total Expenditures	767,143,919	629,564,177	77,571,134	2,290,750	22,347,505
Excess (Deficiency) of Revenues Over Expenditures	8,325,297	35,092,236	7,436,446	33,313,697	102,317,123
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	3,112,510	5,407,698	-	-	-
Transfers out	(15,718,288)	(14,896,289)	(5,335,000)	(29,116,883)	(29,727,950)
Sale of capital assets	-	-	398,640	-	-
Debt premiums	-	-	-	-	-
Total Other Financing Sources (Uses)	(12,605,778)	(9,488,591)	(4,936,360)	(29,116,883)	(29,727,950)
Net Change in Fund Balances	(4,280,481)	25,603,645	2,500,086	4,196,814	72,589,173
Fund Balances - Beginning	222,842,841	122,998,022	24,117,941	16,175,039	102,838,878
Fund Balances - Ending	\$ 218,562,360	\$ 148,601,667	\$ 26,618,027	\$ 20,371,853	\$ 175,428,051

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

	Housing and Redevelopment Authority	Regional Railroad Authority	RRA Debt Service	General Debt Service	Capital Projects	Totals	
						2020	2019
\$	16,526,678	\$ 20,785,469	\$ 9,592,828	\$ 90,527,142	\$ 6,081,055	\$ 933,749,484	\$ 888,496,114
	-	-	-	-	-	158,887,776	177,893,004
	-	-	-	-	-	19,305,219	10,678,140
	-	-	-	45,904	5,416	3,667,703	3,523,549
	2,391,409	361,727	-	1,786,467	55,533,876	593,777,977	451,715,160
	183,759	807,544	-	19,067	981,866	12,022,313	35,930,504
	1,098,465	480,011	-	-	-	143,716,181	150,128,843
	-	-	-	-	-	369,143	1,179,249
	-	-	-	-	-	6,630,582	8,590,254
	2,295,685	7,511	-	-	2,656,067	25,443,852	30,946,032
	<u>22,495,996</u>	<u>22,442,262</u>	<u>9,592,828</u>	<u>92,378,580</u>	<u>65,258,280</u>	<u>1,897,570,230</u>	<u>1,759,080,849</u>
	-	-	-	-	317,706,127	537,009,725	366,444,830
	-	-	-	-	-	629,564,177	604,984,913
	-	-	-	-	-	69,065,962	74,255,063
	-	-	-	-	-	337,506,137	327,864,150
	-	-	-	-	-	144,255,851	75,470,618
	-	-	-	-	-	77,571,134	81,895,814
	41,887,215	-	-	-	-	41,887,215	8,711,659
	-	81,257,409	-	-	-	81,257,409	43,710,690
	-	-	3,680,000	85,321,244	-	89,001,244	80,125,800
	-	-	5,078,878	51,516,945	-	56,595,823	51,531,000
	-	-	-	-	-	21,650,626	21,098,166
	-	-	-	-	144,239,058	144,239,058	158,190,495
	<u>41,887,215</u>	<u>81,257,409</u>	<u>8,758,878</u>	<u>136,838,189</u>	<u>461,945,185</u>	<u>2,229,604,361</u>	<u>1,894,283,198</u>
	<u>(19,391,219)</u>	<u>(58,815,147)</u>	<u>833,950</u>	<u>(44,459,609)</u>	<u>(396,686,905)</u>	<u>(332,034,131)</u>	<u>(135,202,349)</u>
	-	-	-	41,620,000	250,000,000	291,620,000	341,610,000
	-	-	-	(51,665,000)	-	(51,665,000)	(76,195,000)
	26,914,577	-	-	46,708,550	15,568,076	97,711,411	126,781,860
	(1,297,987)	(1,546,316)	-	-	(72,698)	(97,711,411)	(126,781,860)
	-	-	-	-	-	398,640	-
	-	-	-	10,197,522	76,879,138	87,076,660	82,863,467
	<u>25,616,590</u>	<u>(1,546,316)</u>	<u>-</u>	<u>46,861,072</u>	<u>342,374,516</u>	<u>327,430,300</u>	<u>348,278,467</u>
	6,225,371	(60,361,463)	833,950	2,401,463	(54,312,389)	(4,603,831)	213,076,118
	25,611,394	100,424,769	11,628	16,548,266	179,007,108	810,575,886	597,499,768
\$	<u><u>31,836,765</u></u>	<u><u>40,063,306</u></u>	<u><u>845,578</u></u>	<u><u>18,949,729</u></u>	<u><u>124,694,719</u></u>	<u><u>805,972,055</u></u>	<u><u>810,575,886</u></u>

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, 2020

Net change in governmental fund balances (page 39)	\$ (4,603,831)
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.	33,222,333
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.	(13,485,174)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(13,930,230)
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.	(230,143,295)
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 and post-employment healthcare expenses).	51,663,024
The net revenue of certain activities of internal service funds is reported with governmental activities.	6,606,059
Change in net position of governmental activities (page 33)	\$ <u>(170,671,114)</u>

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

Statements of Net Position - Proprietary Funds

December 31, 2020
With Comparative Totals for December 31, 2019

	Business-type Activities - Enterprise Funds							2020 Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals			
					2020	2019		
ASSETS & DEFERRED OUTFLOWS								
Current Assets:								
Cash	\$ 65,989,771	\$ 25,773,080	\$ 190,047,397	\$ 3,397,210	\$ 285,207,458	\$ 96,918,691	\$ 230,142,467	
Interfund receivable	-	-	4,057,026	13,409	4,070,435	7,572,981	26,859,692	
Other receivable	20,543,684	8,097,747	182,866,530	238,395	211,746,356	248,953,357	1,242,133	
Inventories	-	2,883,608	12,777,684	8,878	15,670,170	12,622,528	653,773	
Prepaid items	9,860	9,560	18,178,795	-	18,198,215	10,357,601	11,440,731	
Total Current Assets	86,543,315	36,763,995	407,927,432	3,657,892	534,892,634	376,425,158	270,338,796	
Noncurrent Assets:								
Cash and investments	-	-	20,567,511	-	20,567,511	15,209,000	-	
Restricted cash and investments	500,000	15,483,084	54,552,124	-	70,535,208	66,986,202	-	
Notes receivable and other	-	680,403	8,925,162	-	9,605,565	12,566,540	-	
Capital assets:								
Land	-	8,179,432	36,903,616	985,092	46,068,140	37,768,072	1,040,600	
Land improvements	-	-	-	1,893,908	1,893,908	1,893,908	-	
Buildings	-	165,533,871	607,670,224	843,167	774,047,262	757,028,419	47,185,823	
Equipment	746,004	46,376,132	299,360,374	16,775,047	363,257,557	351,792,015	111,814,459	
Software	392,455	-	7,194,813	-	7,587,268	4,911,155	4,702,015	
Leasehold improvements	1,301,599	-	27,023,761	-	28,325,360	27,666,907	-	
Construction in progress	-	6,334,418	10,920,550	-	17,254,968	11,746,693	2,448,746	
Total capital assets	2,440,058	226,423,853	989,073,338	20,497,214	1,238,434,463	1,192,807,169	167,191,643	
Less accumulated depreciation and amortization	970,075	111,857,988	565,552,047	10,108,650	688,488,760	634,934,643	106,553,401	
Net Capital Assets	1,469,983	114,565,865	423,521,291	10,388,564	549,945,703	557,872,526	60,638,242	
Total Noncurrent Assets	1,969,983	130,729,352	507,566,088	10,388,564	650,653,987	652,634,268	60,638,242	
Total Assets	88,513,298	167,493,347	915,493,520	14,046,456	1,185,546,621	1,029,059,426	330,977,038	
Deferred Outflows of Resources:								
Pension related	590,019	399,633	32,048,754	-	33,038,406	41,256,346	-	
Postemployment healthcare related	80,333	102,490	3,042,051	-	3,224,874	3,403,817	433,149	
Total Deferred Outflows of Resources	670,352	502,123	35,090,805	-	36,263,280	44,660,163	433,149	
Total Assets and Deferred Outflows	\$ 89,183,650	\$ 167,995,470	\$ 950,584,325	\$ 14,046,456	\$ 1,221,809,901	\$ 1,073,719,589	\$ 331,410,187	
LIABILITIES, DEFERRED INFLOWS AND NET POSITION								
Current Liabilities:								
Interfund payable	\$ 177,210	\$ -	\$ 4,372,455	\$ 8,000	\$ 4,557,665	\$ 3,883,289	\$ 4,002,133	
Accounts and contracts payable	4,498,809	9,305,195	102,155,751	70,827	116,030,582	47,382,839	4,506,313	
Accrued expenses	30,640,926	258,375	99,059,612	-	129,958,913	94,919,619	10,951,056	
Unearned revenue	-	-	-	-	-	8,118	-	
Current portion of:								
Workers' compensation claims	-	-	4,849,000	-	4,849,000	3,418,000	2,700,000	
General obligation bonds and notes	-	1,349,972	5,371,605	-	6,721,577	6,290,972	1,130,420	
Compensated absences	120,000	120,000	1,300,000	-	1,540,000	2,020,000	12,140,000	
Total Current Liabilities	35,436,945	11,033,542	217,108,423	78,827	263,657,737	157,922,837	35,429,922	
Noncurrent Liabilities, Net of Current Portion:								
Workers' compensation claims	-	-	12,710,657	-	12,710,657	10,282,000	8,745,000	
General obligation bonds and notes	-	30,144,438	172,401,458	-	202,545,896	203,651,229	13,536,707	
Net pension	5,854,437	5,164,841	312,645,921	-	323,665,199	294,652,600	-	
Postemployment healthcare benefits	527,186	672,783	25,810,557	-	27,010,526	29,906,004	2,839,965	
Compensated absences	922,591	1,150,607	42,694,787	-	44,767,985	38,178,105	95,693,742	
Total Noncurrent Liabilities	7,304,214	37,132,669	566,263,380	-	610,700,263	576,669,938	120,815,414	
Total Liabilities	42,741,159	48,166,211	783,371,803	78,827	874,358,000	734,592,775	156,245,336	
Deferred Inflows of Resources:								
Pension related	387,533	282,049	33,652,620	-	34,322,202	91,652,886	-	
Postemployment healthcare related	55,124	69,063	3,796,047	-	3,920,234	1,396,317	296,288	
Total Deferred Inflows of Resources	442,657	351,112	37,448,667	-	38,242,436	93,049,203	296,288	
Net Position:								
Net investment in capital assets	1,469,983	83,071,455	239,634,778	10,388,564	334,564,780	340,520,315	45,971,115	
Restricted for:								
Statutory requirements relating to:								
Metropolitan health plan	44,529,851	-	-	-	44,529,851	25,190,402	-	
Solid waste management	-	36,406,692	-	-	36,406,692	29,458,081	-	
Medical Center expendable	-	-	34,547,294	-	34,547,294	37,127,824	-	
Medical Center nonexpendable	-	-	25,338,120	-	25,338,120	21,981,677	-	
Brownfield assessment and cleanup	-	-	-	-	-	87,973	-	
Unrestricted (deficit)	-	-	(169,756,337)	3,579,065	(166,177,272)	(208,288,661)	128,897,448	
Total Net Position	45,999,834	119,478,147	129,763,855	13,967,629	309,209,465	246,077,611	174,868,563	
Total Liabilities, Deferred Inflows and Net Position	\$ 89,183,650	\$ 167,995,470	\$ 950,584,325	\$ 14,046,456	\$ 1,221,809,901	\$ 1,073,719,589	\$ 331,410,187	

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

Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

For the Year Ended December 31, 2020

With Comparative Totals for the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds						
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Total		2020 Internal Service Funds
					2020	2019	
OPERATING REVENUES							
Net charges for services.....	\$ 256,562,245	\$ 60,138,047	\$ 955,633,560	\$ 4,807,539	\$ 1,277,141,391	\$ 1,298,505,140	\$ 270,324,616
Intergovernmental.....	-	-	74,391,928	-	74,391,928	71,728,295	-
Total Operating Revenues	256,562,245	60,138,047	1,030,025,488	4,807,539	1,351,533,319	1,370,233,435	270,324,616
OPERATING EXPENSES							
Personal services.....	11,876,304	8,580,726	774,405,053	2,145,063	797,007,146	795,284,647	189,029,798
Commodities.....	23,554	209,848	266,904,967	654,017	267,792,386	242,369,760	22,002,031
Contractual services.....	232,945,218	44,895,025	49,939,888	417,401	328,197,532	299,289,778	37,122,372
Depreciation and amortization.....	332,681	8,728,792	44,059,599	1,625,592	54,746,664	54,043,769	16,842,645
Other.....	4,053,528	2,901,974	9,124,120	175,554	16,255,176	24,086,022	3,356,779
Total Operating Expenses	249,231,285	65,316,365	1,144,433,627	5,017,627	1,463,998,904	1,415,073,976	268,353,625
Operating Income (Loss)	7,330,960	(5,178,318)	(114,408,139)	(210,088)	(112,465,585)	(44,840,541)	1,970,991
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental.....	-	6,262,181	-	-	6,262,181	4,963,455	-
Investment earnings (losses).....	479,728	371,086	6,781,858	-	7,632,672	14,089,289	552,849
Interest expense.....	(3,422)	(794,435)	(4,040,427)	(3,500)	(4,841,784)	(5,302,107)	(455,392)
Gain (Loss) on capital asset disposal..	-	-	-	(3,131)	(3,131)	(19,409)	978,371
Other.....	-	(1,436,638)	328,641	-	(1,107,997)	(1,176,830)	-
Pandemic relief funds.....	199,502	16,107	137,569,475	-	137,785,084	-	3,358,620
Total Nonoperating Revenues (Expenses)	675,808	4,418,301	140,639,547	(6,631)	145,727,025	12,554,398	4,434,448
Income (Loss) Before Contributions	8,006,768	(760,017)	26,231,408	(216,719)	33,261,440	(32,286,143)	6,405,439
Capital contributions.....	11,000,000	-	17,417,881	1,452,533	29,870,414	14,377,147	1,512,025
Change in Net Position	19,006,768	(760,017)	43,649,289	1,235,814	63,131,854	(17,908,996)	7,917,464
Total Net Position - Beginning	26,993,066	120,238,164	86,114,566	12,731,815	246,077,611	263,986,607	166,951,099
Total Net Position - Ending	\$ 45,999,834	\$ 119,478,147	\$ 129,763,855	\$ 13,967,629	\$ 309,209,465	\$ 246,077,611	\$ 174,868,563

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

Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds					
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users.	\$ 263,469,425	\$ 57,947,818	\$ 998,935,000	\$ 4,838,414	\$ 1,325,190,657	\$ 266,235,425
Operating grants.	-	-	74,392,000	-	74,392,000	-
Payments to suppliers for goods and services.	(235,249,794)	(42,825,116)	(302,724,000)	(1,121,176)	(581,920,086)	(64,708,599)
Payments to employees for services.	(11,933,481)	(8,744,402)	(772,685,000)	(2,145,063)	(795,507,946)	(175,467,886)
Other operating receipts (disbursements).	(4,053,528)	(2,901,974)	58,044,000	(175,554)	50,912,944	(3,356,779)
Net Cash Provided by Operating Activities	12,232,622	3,476,326	55,962,000	1,396,621	73,067,569	22,702,161
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net grants and contributions.	-	4,928,585	156,000	-	5,084,585	-
Net interfund loans.	177,210	-	-	(58,000)	119,210	2,244,077
Pandemic relief funds.	199,502	16,107	137,569,475	-	137,785,084	3,358,620
Net Cash Provided (Used) by Noncapital Financing Activities	376,712	4,944,692	137,725,475	(58,000)	142,988,879	5,602,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets.	-	(1,108,137)	(29,577,213)	(222,460)	(30,907,810)	(10,437,687)
Interest paid.	(3,422)	(794,435)	(4,040,427)	(3,500)	(4,841,784)	(455,392)
Contributed capital from other funds	11,000,000	-	-	-	11,000,000	-
Debt issuance cost and principal payments.	-	-	(5,007,835)	(175,000)	(5,182,835)	(1,752,785)
Net Cash Provided (Used) by Capital and Related Financing Activities	10,996,578	(1,902,572)	(38,625,475)	(400,960)	(29,932,429)	(12,645,864)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income.	479,728	371,086	3,555,671	-	4,406,485	552,849
Purchase of investments.	-	-	(8,081,000)	-	(8,081,000)	-
Sale of investments.	-	-	5,093,000	-	5,093,000	-
Net Cash Provided by Investing Activities	479,728	371,086	567,671	-	1,418,485	552,849
Net Increase in Cash	24,085,640	6,889,532	155,629,671	937,661	187,542,504	16,211,843
Cash at Beginning of Year	42,404,131	34,366,632	41,956,080	2,459,549	121,186,392	213,930,624
Cash at End of Year	\$ 66,489,771	\$ 41,256,164	\$ 197,585,751	\$ 3,397,210	\$ 308,728,896	\$ 230,142,467
CASH COMPONENTS:						
Cash.	\$ 65,989,771	\$ 25,773,080	\$ 190,047,397	\$ 3,397,210	\$ 285,207,458	\$ 230,142,467
Restricted cash.	500,000	15,483,084	7,538,354	-	23,521,438	-
Cash at End of Year	\$ 66,489,771	\$ 41,256,164	\$ 197,585,751	\$ 3,397,210	\$ 308,728,896	\$ 230,142,467
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss).	\$ 7,330,960	\$ (5,178,318)	\$ (114,408,139)	\$ (210,088)	\$ (112,465,585)	\$ 1,970,991
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization.	332,681	8,728,792	44,059,599	1,625,592	54,746,664	16,842,645
(Increase) decrease in:						
Receivables and prepaid items.	(3,389,401)	(2,253,401)	41,337,828	31,840	35,726,866	(12,813,778)
Inventories.	-	413,337	(3,456,152)	(4,827)	(3,047,642)	(84,147)
Increase (decrease) in:						
Accounts payable and accrued expenses.	8,240,902	1,970,730	105,346,933	(45,896)	115,512,669	16,783,513
Unearned revenue.	(8,118)	-	-	-	(8,118)	-
Net pension liability.	539,001	411,124	28,062,474	-	29,012,599	-
Deferred outflows.	2,123	9,732	8,385,028	-	8,396,883	(172,761)
Deferred inflows.	(815,526)	(625,670)	(53,365,571)	-	(54,806,767)	175,698
Net Cash Provided by Operating Activities	\$ 12,232,622	\$ 3,476,326	\$ 55,962,000	\$ 1,396,621	\$ 73,067,569	\$ 22,702,161
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets.	\$ -	\$ -	\$ 17,417,881	\$ 1,452,533	\$ 18,870,414	\$ 1,512,025
Gain (loss) on disposal of capital assets.	-	-	(100,028)	(3,131)	(103,159)	(2,164)
Increase (decrease) in fair value of investments.	52,155	35,290	(2,923,341)	-	(2,835,896)	57,318

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

Statement of Fiduciary Net Position
Fiduciary Funds
 December 31, 2020

	Private Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and investments	\$ 576,851	\$ 115,977,922
Receivables, net	-	30,236,672
Total Assets	\$ 576,851	\$ 146,214,594
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts and contracts payable	\$ -	\$ 18,382
Due to other governments	-	65,521,131
Total Liabilities	-	65,539,513
Net Position		
Restricted for individuals, organizations, and other governments	576,851	80,675,082
Total Net Position	576,851	80,675,082
Total Liabilities and Net Position	\$ 576,851	\$ 146,214,595

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds**

For the Year Ended December 31, 2020

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS		
Property taxes collected for other governments. . . . \$	-	\$ 1,631,540,521
Fees collected for other governments.	-	192,907,270
Other additions for other governments.	-	95,810,825
Forfeitures collected for entities.	-	1,205,927
Collections for individual beneficiaries	3,653,383	31,729,035
Total Additions	3,653,383	1,953,193,578
DEDUCTIONS		
Property tax distributions to other governments.	-	1,631,540,521
Fees distributed to other governments.	-	192,907,270
Other distributions to other governments.	-	98,924,175
Forfeiture distributions to entities.	-	1,004,947
Beneficiary payments to individuals.	3,476,569	31,729,035
Total Deductions	3,476,569	1,956,105,947
 Change in Net Position	 176,814	 (2,912,369)
Total Net position - Beginning, as Restated	400,037	83,587,451
 Total Net Position - Ending	 \$ 576,851	 \$ 80,675,082

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



Notes to the Basic Financial Statements

December 31, 2020

INDEX TO NOTES	<u>Page</u>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	48
2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.....	56
3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS	57
4. RESTRICTED CASH AND INVESTMENTS	60
5. CAPITAL ASSETS	61
6. REVENUES AND RECEIVABLES	63
7. COMMITMENTS	65
8. INTERFUND BALANCES AND ACTIVITY	66
9. LONG-TERM OBLIGATIONS	67
10. DEBT SERVICE REQUIREMENTS	68
11. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING	71
12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS	72
13. PROPERTY TAX ABATEMENTS	73
14. RISK MANAGEMENT	73
15. SELF-INSURED EMPLOYEE HEALTH PLANS	75
16. CONTINGENCIES	76
17. OTHER EMPLOYEE BENEFITS	77
18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS ..	84
19. NEW ACCOUNTING PRONOUNCEMENTS	92
20. SUBSEQUENT EVENTS	93

Notes to the Basic Financial Statements

December 31, 2020

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 (U.S. GAAP), these financial statements present the activities of the County and its blended component units. 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. Each component unit has a December 31 year end.

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 as a blended component unit, 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 as a blended component unit, and separately issued financial statements can be obtained from the HRA.

Hennepin Healthcare System, Inc. d.b.a. Hennepin County Medical Center (the Medical Center) is included in the County's financial statements as a blended component unit. The Medical Center is a County proprietary fund that includes the Medical Center's blended component units, the Hennepin Health Foundation and the Hennepin Healthcare Research Institute. 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 is a Level 1 trauma center that functions as a principal crisis and emergency treatment center, and as a teaching and research institution. The County is the sole corporate member of the Medical Center and 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. Separately issued Medical Center financial statements can be obtained from the Medical Center.

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 following sections.

➤ 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 County 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

➤ **Government-wide Financial Statements – continued**

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 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 blended 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 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.

➤ **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 fiduciary funds.

Notes to the Basic Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

➤ Fund Financial Statements – continued

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, 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.

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 six special revenue funds.

- The *Human Services Fund* is used to account for specific state and federal revenues, property taxes levied 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 and transfers to other funds for repayment of Ballpark related bonds, Minnesota Ballpark Authority operating costs, and other expenditures allowed under legislation.
- The *Transportation Sales Tax Fund* is used to account for the inflows of cash from taxpayers for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed under legislation.
- The *Housing and Redevelopment Authority Fund*, a blended component unit, 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.
- The *Regional Railroad Authority Fund*, a blended component unit, 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds – continued.

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, 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: Library, Ballpark Sales Tax, HRA, RRA, RRA Debt Service, and General 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.

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* 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 Minnesota Statutes, sections 473.811 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.

Notes to the Basic Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Proprietary Funds – continued

Enterprise funds – continued

- The *Medical Center Fund*, a blended component unit, is used to account for the integrated system that includes the Medical Center, Level 1 trauma center services, a large outpatient clinic and specialty center, a network of primary care clinics, and more. In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including community-based social service programs such as free clinics, health screenings, 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, medical education, telephone information services, and other programs designed to improve the general standard of the health in the community. The Medical Center also provides medical care without charge or at reduced cost to certain residents of the community through the provision of charity care.

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, document imaging, the countywide multi-function device program, paper recycling, and surplus furnishings and equipment services.
- The *Fleet Services Fund* (formerly called the Central Mobile Equipment Fund) is used to account for the costs of purchasing, operating, and replacing all automotive and other fleet 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 for governmental funds.

Fiduciary Funds. The County reports two separate Fiduciary Funds in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. One is for Private Purpose Trust Funds and one is for Custodial Funds. The Fiduciary Funds do not present results of operations or have a measurement focus. The Fiduciary Funds are accounted for using the accrual basis of accounting. The funds are used to account for assets that the County holds for others, including clients' trust funds, inmates' funds, revenues collected on behalf of other governmental units related to taxes, and other governmental agency's funds that are held in the custody of the County.

Notes to the Basic Financial Statements

December 31, 2020

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 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 or at cost. The fair value of investments is based on quoted market prices or inputs other than quoted prices that are observable for the investment, either directly or indirectly. Certain money market funds that have a maturity of one year or less at the time of purchase are reported at amortized cost. Certain nonparticipating interest-earning contracts (repurchase agreements) that have a maturity of one year or less at the time of purchase are reported at cost. 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. The Medical Center also holds investments separately from the pool.

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 cost using the first-in, first-out consumption method. Expenditures or expenses are recognized in the funds when inventories are consumed. 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. Capitalization thresholds are \$5,000 for equipment; \$250,000 for improvements and software; and \$500,000 for land, buildings and infrastructure. All library collection items are capitalized. 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Buildings	20-50 years
Leasehold improvements	Initial lease term
Land improvements	10-25 years
Infrastructure	50-90 years
Equipment	3-20 years
Library books and materials	7 years
Software	3-8 years

Single-Employer Postemployment Healthcare Benefit Program The County's defined benefit postemployment benefit (OPEB) plan, also referred to as the retiree healthcare program, provides OPEB to all eligible employees. The plan is a single-employer defined benefit plan administered by the County. In the government-wide and the proprietary fund Statements of Net Position, postemployment healthcare benefit obligations are reported as liabilities.

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. PERA's investments are reported at fair value.

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 the related bonds are 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 Statements of Net Position include 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 three items that meet this criterion, including certain amounts related to pension plans, postemployment healthcare, and debt refunding.

In addition to liabilities, the Statements of Net Position include 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 deferrals of certain pension and postemployment healthcare expenses are in this category. The governmental funds' unavailable revenue items are also in this category and are deferred and recognized as an inflow of resources in the period that the amounts become available.

Notes to the Basic Financial Statements

December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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, prepaids, and endowment).
- 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 to provide an understanding of certain changes in the County's financial position and operations. Other 2019 amounts have been reclassified 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 County's financial statements for the year ended December 31, 2019, 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, 2020

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.)	\$ 3,115,265,866
Accumulated depreciation related to governmental activities	<u>(1,075,558,294)</u>
Total Capital Assets Reconciliation Item	<u>\$ 2,039,707,572</u>

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

General obligation (G.O.) bonds payable	\$ (1,246,817,526)
Net G.O. premiums and discounts (to be amortized as interest expense)	(265,817,797)
Revenue bonds	(119,630,000)
Revenue bond premiums (to be amortized as interest expense)	(16,207,299)
Notes payable	(2,790,460)
Accrued interest payable	(4,230,876)
Deferred charge on debt refunding	<u>5,144,659</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,650,349,299)</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	\$ 85,521,979
Less depreciation expense	<u>(52,299,646)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 33,222,333</u>

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

Issuance of debt	\$ (291,620,000)
Bond premiums	(87,076,660)
Debt transferred from governmental activities to business-type activities	5,616,244
Principal repayments – G.O. debt	66,619,029
Principal repayments – refunding bonds	51,665,000
Principal repayments – Ballpark revenue bonds	24,135,000
Principal repayments – note payable	<u>518,092</u>
Total Long-term Debt Reconciliation Item	<u>\$ (230,143,295)</u>

Notes to the Basic Financial Statements

December 31, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center**

Deposits with Financial Institutions. It is the County's policy to follow Minnesota 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 \$131,348,490. 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 \$99,821,627. County and fiduciary cash and investments are pooled.

Management of Investment Risk. At December 31, 2020, the County had the following investments:

<u>Nonfiduciary Investments</u>	<u>Carrying Value</u>	<u>Effective Duration in Years</u>
U.S. government and agency	\$ 1,183,279,423	0.69
Repurchase agreements	260,000,000	0.01
Commercial paper	24,000,000	0.01
Money market funds	6,947,515	0.12
Total fair value	<u>\$ 1,474,226,938</u>	
Effective duration		0.56
<u>Fiduciary Investments</u>	<u>Carrying Value</u>	<u>Effective Duration in Years</u>
Money market funds	\$ 6,320,081	.13

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 \$25,002,000 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. Commercial paper was rated P-1 by Moody's and A-1+ by S&P. 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 banker's 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: 23% Federal Home Loan Mortgage Corporation, 19% Federal Farm Credit Banks Funding Corporation, 12% Federal Home Loan Bank, and 7% Federal National Mortgage Association.

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 registered in the County's name, are in the possession of the County's trustee or are held by a custodial bank for the County under a tri-party agreement.

Notes to the Basic Financial Statements

December 31, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center – continued**

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses. Cash from funds is pooled for deposit and investment purposes. Certain funds also hold non-pooled deposits and investments, with the related investment earnings reported in those funds. 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 2020 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings
<u>Governmental Funds:</u>			
General	\$ 8,983,434	\$ 942,056	\$ 9,925,490
Special Revenue:			
Library	55,173	6,414	61,587
Ballpark Sales Tax	43,000	-	43,000
Housing and Redevelopment	166,205	17,554	183,759
Regional Railroad	749,279	58,265	807,544
Debt Service	19,067	-	19,067
Capital Projects	981,866	-	981,866
	<u>10,998,024</u>	<u>1,024,289</u>	<u>12,022,313</u>
<u>Proprietary Funds:</u>			
Enterprise:			
Hennepin Health	427,573	52,155	479,728
Solid Waste	335,796	35,290	371,086
Medical Center	864,857	77,669	942,526
Internal Service	495,531	57,318	552,849
	<u>2,123,757</u>	<u>222,432</u>	<u>2,346,189</u>
Total	<u>\$ 13,121,781</u>	<u>\$ 1,246,721</u>	<u>\$ 14,368,502</u>

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

	2020	2019
Investment income and realized gains and losses	\$ 13,121,781	\$ 26,993,479
Net annual increase (decrease) in the fair value of investments	1,246,721	14,060,421
Total Investment Earnings	<u>\$ 14,368,502</u>	<u>\$ 41,053,900</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.

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP based on the priority of the valuation inputs in 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.

Notes to the Basic Financial Statements

December 31, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center – continued**

Fair Value Measurements – continued. 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 31, 2020 (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. The level 2 investments were valued by a pricing service that uses matrix pricing.
- 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 31, 2020. Investments that have a maturity of one year or less at the time of purchase, and that are allowed to be reported at cost, are excluded from the table below.

	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 230,672,576	\$ -	\$ -	\$ 230,672,576
U.S. Treasury Notes	-	-	-	-
U.S. Agency Debentures	-	952,606,848	-	952,606,848
U.S. Agency Mortgage-backed Securities	-	-	-	-
	<u>\$ 230,672,576</u>	<u>\$ 952,606,848</u>	<u>\$ -</u>	<u>\$ 1,183,279,424</u>

B. Investments Held Separately by the Medical Center

County investment policies do not apply to certain investments held separately by the Medical Center, therefore, that investment information is provided separately from the County's investment information.

Management of Investment Risk

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The Medical Center limits exposure to interest rate risk by establishing separate pools of investments for shorter-term versus longer-term investment maturities (based on underlying securities) and by utilizing fixed income investment options. At December 31, 2020, the Medical Center had the following investments.

	Carrying Amount	Less than 1 Year	1 to 5 Years	Over 5 Years
Mutual funds				
– fixed income	\$ 23,414,646	<u>\$ 1,132,455</u>	<u>\$10,552,263</u>	<u>\$ 11,729,928</u>
Mutual funds – equities	<u>44,166,598</u>			
	<u>\$ 67,581,244</u>			

Credit Risk. The Medical Center investments in fixed income mutual funds were rated as follows: \$11,729,928 rated A+ by S&P, \$1,132,455 rated AA by Moody's, and \$10,552,263 were unrated.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

B. Investments Held Separately by the Medical Center – continued

Management of Investment Risk – continued

Concentration of Credit Risk. The Medical Center’s investment policy does not limit the investment choices or the amount of any investment that they may invest in. As of December 31, 2020, less than 5% of the Medical Center’s investments were invested in securities of any one issuer, excluding securities issued or guaranteed by the U.S. government, mutual funds, and external investment pools or other pooled investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Medical Center will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Medical Center’s investment policy does not limit the investment choices.

Fair Value Measurements. The following table summarizes the Medical Center’s financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2020.

Investments	Fair Value Measurements at Report Date Using:		
	Level 1	Level 2	Level 3
Mutual funds – fixed income	\$ 23,414,646	\$ -	\$ -
Mutual funds – equities	44,166,598	-	-
Total Investments	<u>\$ 67,581,244</u>	<u>\$ -</u>	<u>\$ -</u>

4. RESTRICTED CASH AND INVESTMENTS

Assets are reported as restricted based on externally enforceable constraints on how they may be used. 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.

Governmental Funds:

- \$5,757,085 of Library cash is restricted by agreements with donors.
- \$14,607,492 of Ballpark Sales Tax Fund and \$1,999,060 of Debt Service Fund cash is restricted for purposes specified by Minnesota Statutes, section 473.757.
- \$164,481,761 of Transportation Sales Tax cash is restricted for purposes specified by Minnesota Statutes, section 297A.993.
- \$1,073,105 of HRA cash is restricted for specific housing projects and held by the Minnesota Housing Finance Agency.
- \$519,815 of RRA restricted cash is restricted because it is held for a separate legal entity.
- \$1,999,060 of General Debt Service Fund cash is restricted for Ballpark debt service.
- \$58,629,794 of Capital Projects Fund unspent bond proceeds is restricted by bond covenants.

Proprietary Funds:

- \$500,000 Hennepin Health cash restricted by Minnesota Statutes, section 62D.041 for protection in the event of insolvency
- \$15,483,084 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota Statutes, section 383B.81.
- \$54,552,124 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2020
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 5,301,244	\$ -	\$ -	\$ 5,301,244
Land	111,265,993	10,843,825	(13,238,586)	108,871,232
Construction in progress	174,623,321	55,352,936	(22,067,753)	207,908,504
Total capital assets not being depreciated	291,190,558	66,196,761	(35,306,339)	322,080,980
<i>Capital assets being depreciated:</i>				
Buildings	947,193,615	28,143,775	(735,178)	974,602,212
Equipment	174,769,999	16,833,689	(8,242,222)	183,361,466
Software	21,796,580	-	-	21,796,580
Library books and materials	49,630,155	3,692,469	(13,951,327)	39,371,297
Leasehold improvements	19,307,925	-	(3,091,736)	16,216,189
Land improvements	33,863,093	-	(336,409)	33,526,684
Infrastructure	1,685,518,240	6,110,560	(126,699)	1,691,502,101
Total capital assets being depreciated	2,932,079,607	54,780,493	(26,483,571)	2,960,376,529
<i>Less accumulated depreciation for:</i>				
Buildings	430,032,741	20,641,549	(735,178)	449,939,112
Equipment	123,117,086	17,905,427	(8,045,764)	132,976,749
Software	20,901,665	457,028	-	21,358,693
Library books and materials	32,346,358	5,624,471	(13,951,327)	24,019,502
Leasehold improvements	17,273,960	995,691	(3,091,736)	15,177,915
Land improvements	20,256,224	1,559,419	(268,017)	21,547,626
Infrastructure	495,260,091	21,958,706	(126,699)	517,092,098
Total accumulated depreciation	1,139,188,125	69,142,291	(26,218,721)	1,182,111,695
Total capital assets being depreciated, net	1,792,891,482	(14,361,798)	(264,850)	1,778,264,834
Governmental activities capital assets, net	2,084,082,040	51,834,963	(35,571,189)	2,100,345,814
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	37,768,072	8,300,068	-	46,068,140
Construction in progress	11,746,693	6,897,529	(1,389,254)	17,254,968
Total capital assets not being depreciated	49,514,765	15,197,597	(1,389,254)	63,323,108
<i>Capital assets being depreciated:</i>				
Buildings	757,028,419	17,018,843	-	774,047,262
Equipment	351,792,015	12,761,248	(1295,706)	363,257,557
Software	4,911,155	2,676,113	-	7,587,268
Leasehold improvements	27,666,907	658,453	-	28,325,360
Land improvements	1,893,908	-	-	1,893,908
Total capital assets being depreciated	1,143,292,404	33,114,657	(1,295,706)	1,175,111,355
<i>Less accumulated depreciation for:</i>				
Buildings	382,436,421	27,441,895	-	409,878,316
Equipment	232,051,537	24,165,490	(1,192,547)	255,024,480
Software	3,617,123	841,960	-	4,459,083
Leasehold improvements	15,087,168	2,221,563	-	17,308,731
Land improvements	1,742,394	75,756	-	1,818,150
Total accumulated depreciation	634,934,643	54,746,664	(1,192,547)	688,488,760
Total capital assets being depreciated, net	508,357,761	(21,632,007)	(103,159)	486,622,595
Business-type activities capital assets, net	557,872,526	(6,434,410)	(1,492,413)	549,945,703
Total Capital Assets, Net	\$ 2,641,954,566	\$ 45,400,553	\$ (37,063,602)	\$ 2,650,291,517

Notes to the Basic Financial Statements

December 31, 2020

5. CAPITAL ASSETS – CONTINUED

Depreciation expenses for each governmental function, including the relevant Internal Service Fund amounts, are shown in a separate column in the government-wide statement of activities. The governmental activities programs' depreciation expenses, excluding the Internal Service Funds' amounts, are: Operations \$6,892,290, Human Services \$1,710,762, Health \$934,328, Public Safety \$3,775,809, Public Works, \$23,989,570, Libraries \$14,239,844, RRA \$61,008, and HRA \$696,035.

Of the capital assets shown in governmental activities in the table on the previous page, the RRA and HRA blended component units' capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
RRA:				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 23,636,512	\$ 803,233	\$ -	\$ 24,439,745
<i>Capital assets being depreciated:</i>				
Buildings	962,280	2,328,103	-	3,290,383
Less accumulated depreciation	829,041	61,008	-	890,049
	133,239	2,267,095	-	2,400,334
RRA Capital Assets, Net	\$ 23,769,751	\$ 3,070,328	\$ -	\$ 26,840,079
HRA:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,423,503	\$ 10,040,592	\$ -	\$ 11,464,095
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	13,873,984	-	26,528,557
Less accumulated depreciation	8,638,867	696,033	-	9,334,900
<i>Total capital assets being depreciated, net</i>	4,015,706	13,177,951	-	17,193,657
HRA Capital Assets, Net	5,439,209	\$ 23,218,543	\$ -	28,657,752

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

6. REVENUES AND RECEIVABLES

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

Fund:	Taxes Receivable	Intergov- ernmental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Total Net Receivables
General	\$6,029,327	\$ 7,407,638	\$3,851,102	\$ 12,277,883	\$ (1,212,902)	\$ 28,353,048
Human Services	2,911,752	54,308,775	-	433,979	(858,248)	56,796,258
Library	741,251	-	-	115,659	(215,812)	641,098
Ballpark Sales Tax	-	5,794,860	-	-	-	5,794,860
Transportation Sales Tax	-	11,058,100	-	-	-	11,058,100
HRA	142,151	91,296	-	256,960	(44,147)	446,260
RRA	314,797	-	-	101,504	(89,057)	327,244
General Debt Service	912,449	275,513	-	-	(263,629)	924,333
Capital Projects	38,127	3,426,689	-	-	(10,690)	3,454,126
Hennepin Health	-	-	-	20,671,900	(128,216)	20,543,684
Solid Waste	-	-	-	8,097,747	-	8,097,747
Medical Center	-	-	-	233,846,739	(50,980,209)	182,866,530
Nonmajor Enterprise	-	-	-	238,395	-	238,395
Internal Service	-	-	-	1,242,133	-	1,242,133
Total	<u>\$11,089,854</u>	<u>\$82,362,871</u>	<u>\$3,851,102</u>	<u>\$277,282,899</u>	<u>\$(53,802,910)</u>	<u>\$320,783,816</u>

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 \$2,694,485 in the governmental funds.

Medical Center Net Patient Service Revenue and Accounts Receivable. Gross patient service revenue is recorded when services are provided at the Medical Center's established rates, with contractual adjustments deducted to arrive at net patient service revenue. The Medical Center has agreements with third-party payors, which provide for reimbursement to the Medical Center at amounts that differ from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, per diem payments, and risk-sharing contracts. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue, which is included in charges for service in the accompanying Statements of Revenues, Expenses and Changes in Net Position, consisted of the following:

	2020
Gross patient charges	\$ 2,643,256,871
Deductions from gross patient charges	(1,716,776,164)
Intergovernmental transfers	45,501,148
Uncompensated care reimbursements from County General Fund	22,557,000
Provision for bad debts	(72,093,587)
Net patient service revenue	\$ 922,445,268

Notes to the Basic Financial Statements

December 31, 2020

6. REVENUES AND RECEIVABLES – CONTINUED

Medical Center Net Patient Service Revenue and Accounts Receivable – continued. Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, adjusted by an estimate made for contractual adjustments or discounts provided to third-party payors. Patient accounts receivable due directly from the patient are carried at the original charge for the services provided less amounts covered by third-party payors, discounts applied for uninsured patients, and an estimated allowance for doubtful receivables based on a review of outstanding amounts. The Medical Center has an agreement with the County whereby the County pays for a portion of the services provided to the County’s residents who are uninsured and unable to pay. Management determines the allowance for doubtful receivables by identifying potentially uncollectible accounts, using historical experience applied to an aging of accounts and by taking into account current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad-debt expense when received. The Medical Center’s gross 2020 patient charges and related year-end receivables by payor category as a percent of totals were approximately as follows:

	<u>Accounts Receivable</u>	<u>Gross Charges</u>
Commercial/other	38%	21%
Medicaid	31	44
Medicare	18	29
Self-pay	13	6
	<u>100%</u>	<u>100%</u>

Notes Receivable. The County reports the following notes receivable:

- Notes receivable relating to lead abatement totaling \$94,295 are reported in the General Fund at \$84,865 after netting an \$9,430 allowance for uncollectible amounts.
- Notes receivable of \$4,594,319 relating to transit-oriented development and affordable housing incentive fund loans are reported in the HRA Fund at \$3,445,739 after netting a \$1,148,580 allowance for uncollectible amounts.
- Notes receivable of \$8,525,000 are reported in the General Debt Service Fund relating to the County’s provision of assistance to the Minnehaha Watershed District in obtaining more favorable financing terms. The County issued G.O. bonds and loaned the proceeds to the Watershed District. The Watershed levies property taxes for repayment.
- Repayments of principal and interest relating to the \$680,403 of Solid Waste Fund Brownsfield Cleanup Revolving Loans are used to provide additional loans for this purpose.

Deferred Long-term Loans Receivable. The HRA Affordable Housing Incentive Fund (AHIF) Program was established 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, 2020 there are 205 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 \$39,634,575 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 \$11,834,660 is outstanding at year-end for 578 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 10 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 and net carrying value is zero.

Notes to the Basic Financial Statements

December 31, 2020

6. REVENUES AND 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, 2020, there are 409 HOME deferred loans totaling \$39,144,093 outstanding, with original terms ranging from 5 to 43 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, Commuter Rail, and Bus Rapid Transit. Commitments for the capital costs of light rail and bus rapid transit projects will be paid from future property tax revenues received by the RRA, as well as debt with debt service paid from future RRA Fund property tax revenues. As of December 31, 2020 the RRA has committed to expend:

- \$199,548,000 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$192,877,571 to the project. The total remaining commitment is \$6,670,429; and
- \$149,600,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$47,368,773 to the project. The total remaining commitment is \$102,231,227; and
- \$12,790,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the RRA has contributed \$4,750,000 to the project. The total remaining commitment is \$8,040,000.

Separately from the RRA commitments above, the County has also made funding commitments to the capital costs of light rail and bus rapid transit projects. Commitments will be paid from future 0.5% transportation sales and use tax and \$20 per motor vehicle excise tax revenues received by the County (“transportation sales tax”), as well as debt with debt service paid from future transportation sales tax receipts. As of December 31, 2020, the County has committed to expend:

- \$592,953,000 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$516,606,218 to the project. The total remaining commitment is \$76,346,782; and
- \$530,100,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$3,244,243 to the project. The total remaining commitment is \$526,855,757; and
- \$24,868,488 for the Orange Line bus rapid transit project capital costs. As of December 31, the County has contributed \$17,567,500 to the project. The total remaining commitment is \$7,300,988.

Additionally, the County has committed to fund its annual share of the net operating costs of the existing METRO Blue Line, METRO Green Line, and Northstar Commuter Rail Line. Funding for transit operations will also come from transportation sales tax receipts.

Solid Waste Facilities. The County is obligated under service agreements to make certain payments and supply solid waste to seven solid waste facilities. Payments are being made from Solid Waste Fund user charges, and future expenses are expected to be \$31,007,665 in 2021 and \$25,389,436 in each year for 2022 through 2025.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

8. INTERFUND BALANCES AND ACTIVITY

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 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 Balances at December 31, 2020 consisted of the following:

Fund Due From	Fund Due To	Purpose	Amount
<i>Between Funds Within Governmental Activities:</i>			
General	Internal Service	Compensated absences benefits, \$16,000,000 is not expected to be repaid within one year	\$17,177,834
Human Services	Internal Service	Compensated absences benefits	4,105,204
Internal Service	Library	Compensated absences benefits	1,802,133
Internal Service	Internal Service	Support temporary cash deficit	2,200,000
<i>Between Funds Within Business-type Activities:</i>			
Medical Center	Nonmajor Enterprise	Radio communications services	13,409
<i>Between Governmental Activities and Business-type Activities:</i>			
General	Medical Center	Uncompensated care, medical services, investment earnings	2,977,457
Human Services	Medical Center	Medical Services	1,079,569
Hennepin Health	General	Risk-share arrangement	88,605
Hennepin Health	Human Services	Risk-share arrangement	88,605
Medical Center	General	Legal services, human services	875,649
Medical Center	Internal Service	Provision of heat to buildings, self-insured workers compensation, vehicle rental, technology services	3,376,654
Golf Course	General Fund	Support temporary cash deficit	8,000
Medical Center	Human Services	Human Services	106,743

Interfund transfers during 2020 consisted of the following:

Fund Transferred From	Fund Transferred To	Purpose	Amount
General	Capital Projects	Facility Preservation	\$ 700,000
General	HRA	Purchase property to provide living accommodations for individuals impacted by the pandemic	15,018,288
Human Services	General	County Board reallocated resources	3,000,000
Human Services	HRA	Purchase property to provide living accommodations for individuals impacted by the pandemic	11,896,289
Ballpark Sales Tax	General Debt Service	Ballpark debt service	29,116,883
Transportation Sales Tax	Capital Projects	Transportation projects	12,136,283
Transportation Sales Tax	General Debt Service	Transportation project debt service	17,591,667
HRA	Capital Projects	Construction project	1,297,987
Library	Human Services	County Board reallocated resources	5,335,000
Capital Projects	Human Services	Return excess from construction project	72,698
RRA	General	Management of transportation projects	112,510
RRA	Capital Projects	Replacement of Fremont Avenue Bridge	1,433,806
			\$97,711,411

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
G.O. bonds – levy supported	\$ 770,437,799	\$137,795,000	\$ (108,595,273)	\$ 799,637,526	\$ 44,523,423
RRA limited authority G.O. bonds	98,385,000	-	(3,680,000)	94,705,000	4,125,000
G.O. bonds – non-levy supported	210,275,000	153,825,000	(11,625,000)	352,475,000	11,475,000
Unamortized premiums	197,240,779	87,076,660	(18,499,642)	265,817,797	-
Total G.O. bonds	1,276,338,578	378,696,660	(142,399,915)	1,512,635,323	60,123,423
Sales tax revenue bonds	143,765,000	-	(24,135,000)	119,630,000	14,900,000
Unamortized premiums	17,548,719	-	(1,341,420)	16,207,299	-
Total revenue bonds	161,313,719	-	(25,476,420)	135,837,299	14,900,000
Total G.O. & revenue bonds	1,437,652,297	378,696,660	(167,876,335)	1,648,472,622	75,023,423
Notes payable	3,308,552	-	(518,092)	2,790,460	518,092
Compensated absences	93,594,041	23,683,820	(9,444,119)	107,833,742	12,140,000
Governmental Activities Total	1,534,554,890	402,380,480	(177,838,546)	1,759,096,824	87,681,515
<u>Business-type Activities:</u>					
G.O. bonds Golf Course	175,000	-	(175,000)	-	-
G.O. bonds Solid Waste	26,986,303	5,616,244	(1,108,137)	31,494,410	1,349,972
G.O. bonds Medical Center	182,780,898	-	(5,007,835)	177,773,063	5,371,605
Total G.O. bonds	209,942,201	5,616,244	(6,290,972)	209,267,473	6,721,577
Compensated absences	40,198,105	7,801,297	(1,691,417)	46,307,985	1,540,000
Business-type Activities Total	250,140,306	13,417,541	(7,982,389)	255,575,458	8,261,577
Government-wide Total	\$ 1,784,695,196	\$ 415,798,021	\$ (185,820,935)	\$ 2,014,672,282	\$95,943,092

The Schedule of Changes in Long-term Debt (page 126) provides additional detail on bonds. 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.

Notes to the Basic Financial Statements

December 31, 2020

10. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds 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, the G.O. bonds described below were issued.

- \$100,000,000 was issued to finance the County's capital improvements.
- \$41,620,000 was issued and, together with the premium received and \$10,000,000 of County cash, was used to refund the currently callable amounts of series 2010B, series 2011A, series 2012B, and the defeasance of series 2012A. The current refunding of these series resulted in a \$8,870,216 reduction in the County's debt service payments over the next eleven years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of \$8,360,491.

In December 2020, \$5,616,244 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 the sole source of funding pledged to pay debt service. Pledged revenue derived from a 0.15% Hennepin County sales tax is used to pay the debt service of the County's Ballpark Revenue Bonds. 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, \$154,187,446 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2032. Excluding \$5,000,000 of optionally redeemed principal, the principal and interest paid during the current year totaled \$24,728,450 and pledged net sales tax revenues received were \$35,200,993.

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, 2020

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

	<u>G.O. Bonds</u>		<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities:					
2021	\$ 60,123,423	\$ 58,632,103	\$ 14,900,000	\$ 5,084,543	\$ 138,740,069
2022	61,269,973	55,636,632	15,075,000	4,838,153	136,819,758
2023	64,877,057	52,695,877	7,495,000	4,482,750	129,550,684
2024	67,755,151	49,891,138	8,030,000	4,108,000	129,784,289
2025	70,424,755	46,925,670	8,570,000	3,706,500	129,626,925
2026-30	337,612,050	188,176,610	51,695,000	11,568,000	589,051,660
2031-35	331,420,567	114,027,955	13,865,000	769,500	460,083,022
2036-40	253,334,551	32,869,184	-	-	286,203,735
	<u>1,246,817,527</u>	<u>598,855,169</u>	<u>119,630,000</u>	<u>34,557,446</u>	<u>1,999,860,142</u>
Business-type Activities:					
2021	6,721,577	4,744,750	-	-	11,466,327
2022	7,135,027	4,589,859	-	-	11,724,886
2023	7,562,943	4,424,770	-	-	11,987,713
2024	7,994,849	4,249,193	-	-	12,244,042
2025	8,445,245	4,062,897	-	-	12,508,142
2025-30	46,692,950	17,218,372	-	-	63,911,322
2031-35	54,489,432	11,458,290	-	-	65,947,722
2036-40	58,718,729	5,020,462	-	-	63,739,191
2040-41	11,506,721	253,187	-	-	11,759,908
	<u>209,267,473</u>	<u>56,021,780</u>	<u>-</u>	<u>-</u>	<u>265,289,253</u>
	<u>\$1,456,085,000</u>	<u>\$ 654,876,949</u>	<u>\$ 119,630,000</u>	<u>\$ 34,557,446</u>	<u>\$2,265,149,395</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

10. DEBT SERVICE REQUIREMENTS – CONTINUED

Annual debt service requirements for G.O. bonds 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 standby bond purchase agreement that supports the general obligation bonds of variable rate series 2017B expires July 25, 2022. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2022 debt service for governmental activities' G.O. bond principal will be \$112,959,973, rather than the \$61,269,973 shown in the table on the previous page for the year 2022.

The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2018B expires November 1, 2023. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2023 debt service for governmental activities' G.O. bond principal will be \$191,817,057 rather than the \$64,877,057 shown in the table on the previous page for the year 2023.

Notes Payable annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:			
2021	\$ 518,092	\$ -	\$ 518,092
2022	518,092	-	518,092
2023	518,092	-	518,092
2024	518,092	-	518,092
2025	518,092	-	518,092
2026	200,000	-	200,000
	<u>\$ 2,790,460</u>	<u>\$ -</u>	<u>\$ 2,790,460</u>

Taxable commercial paper is used as a liquidity instrument and as an option for short-term financing of the capital improvement plan pursuant to the County Board-authorized \$250,000,000 commercial paper program. During 2020, commercial paper was issued as shown below:

<u>Date of Issuance</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
January 17	\$ 75,000,000	1.70%	February 21, 2020
January 24	\$ 75,000,000	1.64%	February 28, 2020
February 21	\$ 75,000,000	1.65%	March 20, 2020
February 28	\$ 75,000,000	1.58%	March 27, 2020

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

11. 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	Agreement(s) Not to Exceed	Balance December 31, 2019	Balance December 31, 2020
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	18,790,000	18,090,000
Ebenezer York Assisted Living LLC December 2009	16,000,000	12,821,477	12,397,064
East Town Apartments May 2017	9,885,638	1,733,390	3,949,634
Redwell Apartments July 2019	16,065,000	16,065,000	16,065,000
Parkview Apartments September 2019	28,800,000	28,697,371	28,307,038
Holmes Greenway November 2019	7,300,000	7,300,000	-
Olson Townhomes December 2020	14,248,000	-	50,001
Elliot Twins June 2020	26,500,000	-	11,195,273
	<u>\$ 138,918,638</u>	<u>\$ 85,407,238</u>	<u>\$ 90,054,010</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

12. 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.

<u>Fund and Purpose</u>	<u>Classification and Amount at December 31, 2020</u>			
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
<u>General Fund</u>				
Inventories	\$ 1,957,214			
Prepays	1,143,432			
Grant requirements		\$ 592,057		
Statutory requirements - primarily relating to youth sports & County Recorder technology		15,448,843		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 61,861,604
<u>Human Services Fund</u>				
Prepays	207,881			
Grant requirements		4,114,090		
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 144,279,696	
<u>Library Fund</u>				
Endowments	2,055,127			
Prepays	1,182,525			
Donor requirements specific to media category or library location		4,495,349		
Extended Library hours		316,807		
Print/electronic collection and technology improvements			18,568,219	
<u>Ballpark Sales Tax Fund</u>				
Debt service & statutory requirements		20,371,853		
<u>Transportation Sales Tax Fund</u>				
Transportation & statutory requirements		175,428,051		
<u>HRA Fund</u>				
Prepays	259,404			
Land held for resale		3,933,789		
HRA general expenditures		27,643,572		
<u>RRA Fund</u>				
RRA general expenditures		40,063,306		
<u>RRA Debt Service Fund</u>				
Debt service		845,578		
<u>General Debt Service Fund</u>				
Debt service		18,949,729		
<u>Capital Projects Fund</u>				
Bond requirements relating to capital projects		124,694,719		

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

13. 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 may have resulted in reductions of County property tax revenues for the year ended December 31, 2020 as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing, City of:	
Eden Prairie	\$ 741,660
Minneapolis	3,116,996
Richfield	823,947
St Louis Park	4,312,394
Wayzata Housing & Redevelopment Authority	887,766
Thirteen other cities and authorities	1,116,733
	<u>\$ 10,999,496</u>

14. RISK MANAGEMENT

A. Risk Management – Excluding the Medical Center

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, 2020 is \$500,000 and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year. In addition to the estimated tort liability, the County has determined that it is reasonably possible that other claims may result in approximately \$1,200,000 of adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

14. RISK MANAGEMENT – CONTINUED

A. Risk Management – Excluding the Medical Center – continued

Changes in the County’s estimated tort liability during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Estimated liability at beginning of year	\$ 750,000	\$ 1,750,000
Estimated incurred claims (including IBNR)	505,156	504,780
Claim payments	<u>(755,156)</u>	<u>(1,504,780)</u>
Estimated liability at end of year	<u>\$ 500,000</u>	<u>\$ 750,000</u>

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 2020, \$4,315,103 in benefits and administrative costs were paid and charged to the workers’ compensation liability account. The liability reported at December 31, 2020 was \$11,445,000. 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 County’s estimated workers’ compensation liability during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Estimated liability at beginning of year	\$ 11,991,500	\$ 13,716,000
Estimated incurred claims (including IBNR)	3,768,603	2,942,720
Claim payments and expenses	<u>(4,315,103)</u>	<u>(4,667,220)</u>
Estimated liability at end of year	<u>\$ 11,445,000</u>	<u>\$ 11,991,500</u>

Property Claims. Commercial property insurance is carried for the County and Medical Center’s buildings and contents, subject to deductible amounts. There were five days of civil unrest in May 2020 that caused \$3,779,768 of Hennepin County and Medical Center property damage. The five days were considered three separate events for purposes of the property insurance policy, which has a \$1,000,000 deductible per event. In total, \$2,154,574 of insurance proceeds were received related to the insurance claims. Settled claims from insured losses did not exceed commercial insurance coverage in 2018 or 2019.

B. Risk Management – Medical Center

The County’s risk management structure, including insurance programs and actuarial studies is separate from Medical Center risk management, therefore, the Medical Center is disclosed separately from the County’s information.

The Medical Center purchases commercial insurance to insure its risk of loss related to theft of, damage to and destruction of assets, business interruption, employee injuries and illnesses, natural disasters, cyber threats, and long-term disability benefits. The Medical Center is self-insured for claims arising from general, medical malpractice, and other professional liability matters, employee health and dental, short-term disability, and workers’ compensation. Purchased insurance is used for certain professional liability claims.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

14. RISK MANAGEMENT – continued

B. Risk Management – Medical Center – continued

General and Professional Liability. State law also limits the tort liability of the Medical Center as described for the County in section A, however, prior to eligibility for the statutory liability limits a Medical Center Component Unit (MCCU) was exposed to certain tort liabilities, for which the tail insurance policy limits are \$1,000,000 per occurrence and \$3,000,000 in the aggregate, with \$11,000,000 excess liability coverage.. A second MCCU is not eligible for the statutory liability limits, so liability coverage is purchased on a claims-made basis covering claims of up to \$5,000,000 per occurrence or \$7,000,000 in the aggregate, subject to certain deductible and self-retention amounts. The Medical Center self-insures for general, professional, and employment practices exposures. Actuarial valuations are the basis for the estimated general liability and professional claims liability, which are included in accrued expenses in the statements of net position. Changes in the Medical Center’s estimated general and professional liability during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Estimated liability at beginning of year	\$ 3,990,273	\$ 4,637,432
Estimated incurred claims (including IBNR)	2,089,000	496,000
Claim payments and expenses	<u>(767,962)</u>	<u>(1,143,159)</u>
Estimated liability at end of year	<u>\$ 5,311,311</u>	<u>\$ 3,990,273</u>

Workers’ Compensation Claims. The Medical Center is self-insured for workers’ compensation claims. The estimated liability for claims represents an estimate for unpaid claims and for claims incurred but not reported. An actuarial valuation is the basis for the liability and expense. The actuarial calculations assume industry-based exposure rates and client-based statistically reliable and predictable loss data for professional liability. The workers’ compensation liability is included in accrued expenses in the statements of net position. Changes in the Medical Center’s estimated workers’ compensation liability during the past two years are as follows:

	<u>2020</u>	<u>2019</u>
Estimated liability at beginning of year	\$ 13,700,000	\$ 13,900,000
Estimated incurred claims (including IBNR)	9,848,399	3,218,000
Claim payments and expenses	<u>(5,988,742)</u>	<u>(3,418,000)</u>
Estimated liability at end of year	<u>\$ 17,559,657</u>	<u>\$ 13,700,000</u>

15. SELF-INSURED EMPLOYEE HEALTH PLANS

A. Employee Health Plan – Excluding the Medical Center

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 covering medical and pharmacy claims was purchased for the plan, which limits the County’s annual exposure to \$2,000,000 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

15. SELF-INSURED EMPLOYEE HEALTH PLANS – continued

A. Employee Health Plan – Excluding the Medical Center – continued

Employee Health and Dental Claims – continued. Changes in the County’s estimated employee health plan liability during the past two years are as follows:

	2020	2019
Estimated liability at beginning of year	\$ 8,226,198	\$ 7,381,745
Estimated incurred claims (including IBNR)	110,217,939	109,956,399
Claim payments and expenses	(109,015,317)	(109,111,946)
Estimated liability at end of year	\$ 9,428,820	\$ 8,226,198

B. Employee Health Plan –Medical Center

Employee Health and Dental Claims are self-insured. The accrual for estimated claims includes estimates of the ultimate cost for IBNR claims and are based upon estimated cost of settlement. The Medical Center purchases reinsurance on a specific-case basis in order to reduce its liability on individual risks. All reinsurance contracts are excess-of-loss contracts, which indemnify the Medical Center for losses in excess of stated reinsurance policy limits. As of December 31, 2020 and 2019, the limits were \$600,000 for specific claims and were \$108,100,000 and \$101,800,000 for claims in the aggregate, respectively. 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:

	2020	2019
Estimated liability at beginning of year	\$ 2,302,745	\$ 859,970
Estimated incurred claims (including IBNR)	80,638,000	84,961,000
Claim payments and expenses	(80,383,797)	(83,518,225)
Estimated liability at end of year, net of imprest funds	\$ 2,556,948	\$ 2,302,745

16. 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.

17. OTHER EMPLOYEE BENEFITS

A. Other Employee Benefits – Excluding the Medical Center

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.

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 1,280 hours based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$6,317,716 in 2020. 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 \$110,146,940. At the government-wide level, \$2,313,198 is reported in business-type activities. The remaining amount of \$107,833,742 is reported in governmental activities, of which \$82,472,954 is funded in the Other Employee Benefits internal service fund.

Single-Employer Postemployment Healthcare Benefit Program

General Information. The County's defined benefit postemployment benefit (OPEB) plan, also referred to as the retiree healthcare program, provides OPEB to all eligible employees. The County's OPEB plan is a single-employer defined benefit plan administered by the County. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement No. 75.

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. The current retiree healthcare benefit plan is approved by the County Board on a year-to-year basis. According to Minnesota Statutes, section 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.

Benefits Provided. 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. 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, 2020 and 2019 were \$1,081,400 and \$945,800, respectively.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – continued

A. Other Employee Benefits – Excluding the Medical Center – continued

Single-Employer Postemployment Healthcare Benefit Program – continued

Benefits Provided – continued. 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.

Funding Policy. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75. In 2020, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$91.06 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.

Employees Covered by Benefit Terms. At December 31, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	592	599
Active employees	8,016	8,030
	<u>8,608</u>	<u>8,629</u>

Actuarial assumptions and other inputs. The total OPEB liabilities as of December 31, 2020 and December 31, 2019 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2020	2019
Reporting date	December 31, 2020	December 31, 2019
Measurement date	December 31, 2019	December 31, 2018
Actuarial valuation date	December 31, 2019	December 31, 2017
Discount rate ¹	2.74%	4.10%
Salary increase rate ²	PERA	PERA
Healthcare cost trend rate ³	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	8.3 years	6.6 years

¹ The discount rate is based on the 20-year Bond Buyer GO Index.

² Salary increase rates are consistent with those used by PERA, which range from 3.3% to 12.3% based on employees' years of service.

³ A healthcare cost trend rate of 6% for 2020 (6.1% for 2019), decreasing to an ultimate rate of 3.8% in 2074 was used.

The OPEB liabilities as of December 31, 2020 and December 31, 2019 were based on the results of an actuarial experience study for the period of June 30, 2015 and June 27, 2019 for the PERA General and PERA Police and Fire Plans, respectively. Actuarial valuations include assumptions of future event and if the actual events differ from the assumptions made, the actual cost of the OPEB plan would change.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

A. Other Employee Benefits – Excluding the Medical Center – continued

Single-Employer Postemployment Healthcare Benefit Program – continued

Changes in Total OPEB Liability during 2020 and 2019 were:

	2020	2019
Total OPEB liability, beginning	\$ 120,806,089	\$ 124,268,633
Changes for the year:		
Service cost	4,559,386	4,943,170
Interest	4,968,052	4,308,362
Liability Gains or Losses	7,737,491	
Changes of assumptions or other inputs	(9,589,746)	(4,708,874)
Benefit payments	(8,472,026)	(8,005,202)
Total OPEB liability, ending	\$ 120,009,246	\$ 120,806,089

Changes of assumptions or other inputs reflect a change in the discount rate from 4.1% as of December 31, 2019, to 2.74% as of December 31, 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, as well as what the approximate total OPEB liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Lower 1.74%	Current Discount Rate 2.74%	1% Higher 3.74%
Total OPEB Liability	\$ 126,875,828	\$ 120,009,246	\$ 113,317,923

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current cost trend rates:

	1% Lower 5.0% decreasing to 2.8%	Current Trend Rate 6.0% decreasing to 3.8%	1% Higher 7.0% decreasing to 4.8%
Total OPEB Liability	\$ 109,973,113	\$ 120,009,246	\$ 131,418,584

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

A. Other Employee Benefits – Excluding the Medical Center – continued

Single-Employer Postemployment Healthcare Benefit Program – continued

OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB. For the years ended December 31, 2020 and 2019, the County recognized OPEB expenses of \$8,734,510 and \$8,682,306, respectively. At December 31, 2020 and 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,803,011	\$ -	\$ -	\$ -
Changes of assumptions or other inputs	1,347,905	(12,325,689)	1,719,229	(4,834,387)
Employer contributions subsequent to the measurement date	8,236,000	-	8,472,000	-
	<u>\$ 16,386,916</u>	<u>\$ (12,325,689)</u>	<u>\$ 10,191,229</u>	<u>\$ (4,834,387)</u>

Employer contributions subsequent to the measurement date of December 31, 2019 of \$8,236,000, which are reported as deferred outflows of resources as of December 31, 2020, will be recognized as a reduction of the OPEB liability in the County's fiscal year ending December 31, 2021. Other amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2020, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	2020
2021	\$ (792,928)
2022	(792,928)
2023	(707,714)
2024	(700,006)
2025	(671,154)
Thereafter	(510,043)
	<u>(\$4,174,773)</u>

B. Other Employee Benefits – Medical Center

County employee benefit plans are substantially different from Medical Center benefit plans, therefore, Medical Center compensated absence and retiree health liability information is provided separately from the County's information.

Compensated Absences. Medical Center compensated absences, including vacation and sick time, are reported as an expense and an accrued liability as the benefits are earned and expected to be paid. At December 31, the liability for accumulated compensated absences for all Medical Center employees totaled \$43,994,787.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center – Continued

Single-Employer Postemployment Healthcare Benefit Program

General Information. The Medical Center’s defined benefit postemployment benefit (OPEB) plan, also referred to as the retiree healthcare program, provides OPEB to all eligible employees. The Medical Center’s OPEB plan is a single-employer defined benefit plan administered by the Medical Center. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement No. 75.

Plan Description. Certain union Medical Center employees who have Medical Center-sponsored health coverage in force as of their termination date and who meet certain age and length of service requirements may be eligible for the Medical Center’s retiree health plan. In 2007, the Medical Center offered a retiree health alternative called the personal choice account (PCA) for nonunion employees, which can be used for qualifying health expenses of covered employees, as an alternative to the Medical Center’s health care benefits for retired nonunion employees. The liability for PCA is recorded at estimated present value, net of estimated forfeitures, and the current portion of the liability is included in accrued salaries, wages and benefits in the statements of net position. Nonunion employees who chose not to participate in the PCA benefit remained eligible to participate in the retiree health program.

Benefits Provided. While they are under age 65, eligible nonunion retirees who did not choose to participate in the PCA and certain eligible retirees who are unionized may participate in the Medical Center’s subsidized retiree health program, with access to the same health plan (and benefit levels) available to active employees. They may qualify to receive a Medical Center contribution toward health plan premiums in an amount equal to that contributed to an active employee electing employee-only health coverage until they reach age 65 by meeting one of the specific age and length of service requirements.

Funding policy. Retiree health care benefits are funded on a pay-as-you-go basis. Either the Medical Center’s Board or the County Board may change the funding policy at any time. In 2020, the Medical Center paid eligible single premium amounts for the enrolled retirees described above. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

Employees Covered by Benefit Terms. At December 31, 2020 and 2019, the following employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	104	118
Active employees	6,116	6,077
	6,220	6,195

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

Single-Employer Postemployment Healthcare Benefit Program – continued

Actuarial assumptions and other inputs. The total OPEB liabilities as of December 31, 2020 and December 31, 2019 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2020	2019
Reporting date	December 31, 2020	December 31, 2019
Measurement date	December 31, 2019	December 31, 2018
Actuarial valuation date	December 31, 2019	December 31, 2017
Discount rate ¹	2.74%	4.10%
Salary increase rate ²	PERA	PERA
Healthcare cost trend rate ³	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	9.6 years	9.7 years

¹ The discount rate is based on the Fidelity General Obligation 20-year AA Municipal Bond Index.

² Salary increase rates are consistent with those used by PERA, which range from 3.0% to 10.25% based on employees' years of service.

³ A healthcare cost trend rate of 6.6% decreasing to an ultimate rate of 3.8% in 2074 was used.

Changes in Total OPEB Liability during 2020 and 2019 were:

	2020	2019
Total OPEB liability, beginning	\$ 28,668,745	\$ 29,909,112
Changes for the year:		
Service cost	1,691,909	1,775,119
Interest	1,187,494	1,041,776
Liability Gains or Losses	(2,324,832)	
Changes of assumptions or other inputs	(589,612)	(1,233,262)
Benefit payments	(2,823,147)	(2,824,000)
Total OPEB liability, ending	<u>\$ 25,810,557</u>	<u>\$ 28,668,745</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 4.1% as of December 31, 2019, to 2.74% as of December 31, 2020.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

Single-Employer Postemployment Healthcare Benefit Program – continued

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, as well as what the approximate total OPEB liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Lower 1.74%	Current Discount Rate 2.74%	1% Higher 3.74%
Total OPEB Liability	\$27,685,337	\$25,810,557	\$24,034,086

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower or 1% point higher than the current cost trend rates:

	1% Lower 5.6% decreasing to 2.7%	Current Trend Rate 6.6% decreasing to 3.7%	1% Higher 7.6% decreasing to 4.7%
Total OPEB Liability	\$ 23,413,192	\$25,810,557	\$28,676,386

OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB. For the years ended December 31, 2020 and 2019, the Medical Center recognized OPEB expense of \$2,475,871 and \$2,716,005 respectively. At December 31, 2020 and 2019, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,083,674)	\$ -	\$ -
Changes of assumptions or other inputs	416,855	(1,712,373)	479,072	(1,347,094)
Employer contributions subsequent to the measurement date	2,625,196	-	2,823,146	-
	<u>\$ 3,042,051</u>	<u>\$ (3,796,047)</u>	<u>\$ 3,302,218</u>	<u>\$ (1,347,094)</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

Single-Employer Postemployment Healthcare Benefit Program – continued

Employer contributions subsequent to the measurement date of December 31, 2019 of \$2,625,196, which are reported as deferred outflows of resources as of December 31, 2020, will be recognized as a reduction of the OPEB liability in the Medical Center’s fiscal year ending December 31, 2021. Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2020, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	2020
2021	\$ (403,532)
2022	(403,532)
2023	(403,532)
2024	(403,532)
2025	(403,532)
Thereafter	(1,361,532)
	<u>\$ (3,379,192)</u>

The total OPEB expenses for all County plans including the Medical Center for the years ended December 31, 2020 and 2019 were \$11,210,381 and \$11,398,311, respectively.

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS

Plan Description. All full-time and certain part-time employees of the County are covered by the following cost-sharing multiple-employer defined benefit pension plans administered by 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.

- 1. The General Employees Retirement Plan** members belong to the Coordinated Plan, and they are covered by Social Security.
- 2. The Public Employees 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.
- 3. The Local Government 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.

Notes to the Basic Financial Statements

December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

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

- 1. General Employees Plan Benefits** are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the Social Security Administration (SSA), with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.
- 2. 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% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.
- 3. Correctional Plan Benefits** for members first hired after June 30, 2010 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

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

- 1. General Employees Fund Contributions.** Coordinated Plan members were required to contribute 6.5% of their annual covered salary in 2020 and the County was required to contribute 7.5% for Coordinated Plan members. The County’s contributions to the General Employees Fund for the year ended December 31, 2020 were \$70,155,574. The County’s contributions were equal to the required contributions as set by state statute.
- 2. Police and Fire Fund Contributions.** Police and Fire members’ contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2020. The County’s contributions to the Police and Fire Fund for the year ended December 31, 2020 were \$8,036,421. The County’s contributions were equal to the required contributions as set by state statute.
- 3. Correctional Fund Contributions.** Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in 2020. The County’s contributions to the Correctional Fund for the year ended December 31, 2020 were \$3,355,646. The County’s contributions were equal to the required contributions as set by state statute.

Pension Costs. As detailed in the three sections below, for the year ended December 31, 2020 the County recognized total pension expense of \$62,753,978 for all pension plans.

- 1. General Employees Fund Pension Costs.** At December 31, 2020, the County reported a liability of \$780,368,683 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 (State’s) contribution of \$16,000,000 to the fund in 2020. The State is considered a non-employer contributing entity and the State’s contribution meets the definition of a special funding situation. The State’s proportionate share of the net pension liability associated with the County totaled \$24,063,673. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportionate share of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportionate share was 13.02% at the end of the measurement period and 13.00% for the beginning of the period.

County’s proportionate share of the net pension liability	\$ 780,368,683
State’s proportionate share of the net pension liability associated with the County	<u>24,063,673</u>
Total	<u><u>\$ 804,432,356</u></u>

For the year ended December 31, 2020 the County recognized pension expense of \$59,692,163 for its proportionate share of the General Employees Plan’s pension expense. In addition, the County recognized an additional \$2,094,270 as pension expense (and grant revenue) for its proportionate share of the State’s contribution of \$16,000,000 to the General Employees Fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Costs – continued.

1. General Employees Fund Pension Costs – continued. At December 31, 2020, 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 & actual economic experience	\$ 7,109,275	\$ (2,952,549)
Changes in actuarial assumptions	-	(29,064,359)
Net difference between projected and actual investment earnings	11,259,164	-
Changes in proportion	2,143,783	(14,510,876)
Contributions paid to PERA subsequent to measurement date	36,236,346	-
	<u>\$ 56,748,568</u>	<u>\$ (46,527,784)</u>

The \$36,236,346 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (55,923,802)
2022	(4,059,814)
2023	15,114,086
2024	18,853,968
	<u>\$ (26,015,562)</u>

2. Police and Fire Fund Pension Costs. At December 31, 2020 the County reported a liability of \$54,179,470 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2020 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportion share was 13.02% at the end of the measurement period and 13.00% for the beginning of the period.

The County’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$13,500,000 in 2020. The State is considered a non-employer contributing entity and the State’s contribution of \$4.5 million in direct state aid and \$9 million of supplemental state aid does meet the definition of a special funding situation. The \$4.5 million direct State aid was paid on October 1, 2019. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million of supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

Notes to the Basic Financial Statements

December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Costs – continued.

2. Police and Fire Fund Pension Costs – continued. For the year ended December 31, 2020, the County recognized pension expense of \$8,718,385 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized an additional \$658,560 as pension expense (and grant revenue) for its proportionate share of the State's contribution of \$4,500,000. The County also recognized \$369,933 as revenue with an offsetting reduction of net pension liability for its proportionate share of the State's \$9,000,000 contributions to the Police and Fire Fund. 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 & actual economic experience	\$ 2,391,698	\$ (2,510,092)
Changes in actuarial assumptions	17,686,005	(33,861,651)
Net difference between projected and actual investment earnings	1,651,212	-
Changes in proportion	3,111,204	(1,946,188)
Contributions paid to PERA subsequent to measurement date	3,855,735	-
	<u>\$ 28,695,854</u>	<u>\$ (38,317,931)</u>

The \$3,855,735 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2021	\$ (3,822,738)
2022	(14,364,513)
2023	2,324,869
2024	2,374,436
2025	10,134
	<u>\$ (13,477,812)</u>

3. Correctional Plan Pension Costs. At December 31, 2020 the County reported a liability of \$4,720,013 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2020 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 17.4% at the end of the measurement period and 17.11% for the beginning of the period.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

Pension Costs – continued.

3. Correctional Plan Pension Costs – continued. For the year ended December 31, 2020, the County recognized an \$8,409,400 pension expense reduction 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 & actual economic experience	\$ 43,870	\$ (1,734,215)
Changes in actuarial assumptions	-	(9,478,852)
Net difference between projected and actual investment earnings	911,378	-
Changes in proportion	39,031	(85,785)
Contributions paid to PERA subsequent to measurement date	1,697,480	-
	<u>\$ 2,691,759</u>	<u>\$ (11,298,852)</u>

The \$1,697,480 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2020	\$ (10,929,001)
2021	(500,002)
2022	272,934
2023	851,496
	<u>\$ (10,304,573)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

	General Employees Fund	Police and Fire Fund	Correctional Fund
Inflation	2.25%	2.50%	2.50%
Active Member Payroll Growth	3.00%	3.25%	3.25%
Investment Rate of Return	7.50%	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire and the Correctional Plans for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 2.0 percent per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0 percent per year as set by state statute.

Notes to the Basic Financial Statements

December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

Actuarial Assumptions – continued

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. The five-year experience study used for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan and the Correctional Plan are based on the General Employees Retirement Plan experience study completed in 2019. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

Actuarial Assumptions – continued

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Police and Fire Fund

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

Correctional Fund

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.50%	5.10%
Private Markets	17.50%	5.30%
Fixed Income	20.00%	0.75%
International Equity	25.00%	5.90%
Cash Equivalents	2.00%	0.00%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability in 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity. The following table 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 (Asset) at Different Discount Rates (in thousands)

	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% lower	6.50%	\$ 1,250,660,322	6.50%	\$ 107,987,484	6.50%	\$ 29,334,396
Current %	7.50%	780,368,683	7.50%	54,179,470	7.50%	4,720,013
1% higher	8.50%	392,415,870	8.50%	9,662,770	8.50%	(14,987,531)

Notes to the Basic Financial Statements

December 31, 2020

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED

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.

In 2020, County governmental activities' pension liabilities were liquidated at a rate of approximately 55.3% General Fund, 34.3% Human Services Fund, 4.8% Library Fund, and 5.6% internal service funds.

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 83, *Certain Asset Retirement Obligations*, was implemented by the County on January 1, 2020. This statement requires the recognition of a liability when certain legal obligations exist to perform future asset retirement activities. The County had no obligations requiring recognition.

GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* were implemented by the County on January 1, 2020. These Statements established criteria for identifying fiduciary activities of all state and local governments. Prior to implementation, the County reported one Fiduciary Fund, an Agency Fund. The County now reports two separate Fiduciary Funds in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. One is for Private Purpose Trust Funds and one for Custodial Funds. Additionally, the implementation of GASB 84 resulted in a \$83,587,451 restatement of beginning fiduciary net position because certain amounts that were previously required to be reported as liabilities, are now required to be reported as net position.

GASB Statement No. 90, *Majority Equity Interest*, was implemented by the County on January 1, 2020. This statement establishes standards for reporting a government's majority equity interest in a legally separate organization. The County had no majority equity interests requiring reporting in this manner.

Accounting Standards Not Yet Adopted

GASB Statement No. 87, *Leases*, is effective for the County on January 1, 2022. This statement requires government lessees to recognize lease liabilities and intangible assets, and report amortization expense, interest expense, and note disclosures about the leases. Government lessors are required to recognize a lease receivable and deferred inflow of resources, in addition to reporting the leased assets. Lessors then report lease revenue, interest income, and note disclosures about the leases.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for the County on January 1, 2021. This statement establishes guidance relating to capital assets, interest cost incurred during of a construction period, and the cost of borrowing for a reporting period.

GASB Statement No. 91, *Conduit Debt Obligations*, is effective for the County on January 1, 2022. This statement clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements.

GASB Statement No. 92 *Omnibus 2020*, is effective for the County on January 1, 2022. This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted – continued

GASB Statement No. 93, *Replacement on Interbank Offered Rates*, is effective for the County on January 1, 2022. This Statement establishes accounting and financial reporting requirements related to replacement of interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR) in hedging derivative instruments and leases.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the County on January 1, 2023. This statement supersedes GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, and establishes standards of accounting and financial reporting for Public-private and public-public partnerships and availability payment arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the County on January 1, 2023. This statement establishes accounting and financial reporting standards for subscription-based information technology arrangements and government end users.

The County's management has not yet determined the effect that the above GASB statements will have on the County's financial statements.

20. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 28, 2021, the date these financial statements were available to be issued. As a result of the continuation of the COVID-19 pandemic, economic uncertainties continue which may impact the financial position, results of operations, and cash flows of the County. Global actions taken in 2021 to help mitigate the spread of COVID-19 have included vaccination efforts, which have allowed some expansion of on-site services and usage of public spaces in 2021 but not to pre-pandemic levels. While management believes the financial disruptions caused by the pandemic could be temporary, it is unclear whether the ongoing pandemic will have future significant adverse impacts on the County's health care facilities. The County has incurred 2021 costs and has received significant intergovernmental revenues specifically related to the pandemic, including a more than \$122,900,000 advance received from the Federal American Rescue Plan Act – Local Fiscal Recovery Fund in 2021. At the current time, while we expect economic conditions to improve in 2021, we are still unable to predict with any certainty the ultimate financial effect or the exact duration of this health crisis.



Required Supplementary Information

**Schedule of Changes in Total OPEB Liability and Related Ratios
Postemployment Healthcare Benefit Program
Last Four Years**

<u>Total OPEB Liability - Excluding the Medical Center</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 4,559,386	\$ 4,943,170	\$ 4,476,499	\$ 4,500,514
Interest	4,968,052	4,308,362	4,592,534	4,384,787
Effect of liability gains and losses	7,737,491	-	-	-
Changes in assumptions or other inputs	(9,589,746)	(4,708,874)	2,461,877	(1,526,977)
Benefit payments	(8,472,026)	(8,005,202)	(8,484,000)	(8,841,000)
Net change in total OPEB liability	(796,843)	(3,462,544)	3,046,910	(1,482,676)
Total OPEB liability, beginning	120,806,089	124,268,633	121,221,723	122,704,399
Total OPEB liability, ending	<u>\$ 120,009,246</u>	<u>\$ 120,806,089</u>	<u>\$ 124,268,633</u>	<u>\$ 121,221,723</u>
Covered payroll	\$ 640,258,904	\$ 627,819,446	\$ 597,177,479	\$ 547,497,898
Total OPEB liability as a percentage of covered payroll	18.74%	19.24%	20.81%	22.14%

<u>Total OPEB Liability - Medical Center</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 1,691,909	\$ 1,775,119	\$ 1,601,420	\$ 1,613,801
Interest	1,187,494	1,041,775	1,117,968	1,064,259
Effect of liability gains and losses	(2,324,832)	-	-	-
Changes in assumptions or other inputs	(589,612)	(1,233,262)	603,506	(348,870)
Benefit payments	(2,823,146)	(2,824,000)	(2,751,000)	(2,358,000)
Net change in total OPEB liability	(2,858,187)	(1,240,368)	571,894	(28,810)
Total OPEB liability, beginning	28,668,745	29,909,113	29,337,219	29,366,029
Total OPEB liability, ending	<u>\$ 25,810,558</u>	<u>\$ 28,668,745</u>	<u>\$ 29,909,113</u>	<u>\$ 29,337,219</u>
Covered payroll	\$ 368,922,416	\$ 358,103,573	\$ 349,253,599	\$ 348,227,603
Total OPEB liability as a percentage of covered payroll	7.00%	8.01%	8.56%	8.42%

Information in this schedule was measured in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Information for prior years that is measured in accordance with this Statement is not available.

See notes to required supplementary information.

Schedule of Defined Benefit Pension Plan Contributions

Last Six Calendar Years

Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>General Employees Fund:</u>					
12/31/2015	\$ 59,766,423	\$ 59,766,423	\$ -	\$ 796,885,637	7.50%
12/31/2016	61,729,416	61,729,416	-	823,058,880	7.50%
12/31/2017	65,213,219	65,213,219	-	869,509,587	7.50%
12/31/2018	67,962,777	67,962,777	-	906,170,360	7.50%
12/31/2019	69,641,908	69,641,908	-	928,558,773	7.50%
12/31/2020	70,155,574	70,155,574	-	935,407,653	7.50%
<u>Police and Fire Fund:</u>					
12/31/2015	\$ 6,263,212	\$ 6,263,212	\$ -	\$ 38,661,801	16.20%
12/31/2016	6,394,335	6,394,335	-	39,471,204	16.20%
12/31/2017	6,917,586	6,917,586	-	42,701,148	16.20%
12/31/2018	7,087,821	7,087,821	-	43,751,982	16.20%
12/31/2019	7,365,803	7,365,803	-	43,456,065	16.95%
12/31/2020	8,036,421	8,036,421	-	45,403,508	17.70%
<u>Correctional Fund:</u>					
12/31/2015	\$ 2,752,592	\$ 2,752,592	\$ -	\$ 31,458,191	8.75%
12/31/2016	2,904,599	2,904,599	-	33,195,417	8.75%
12/31/2017	2,994,280	2,994,280	-	34,220,343	8.75%
12/31/2018	3,150,059	3,150,059	-	36,000,678	8.75%
12/31/2019	3,252,067	3,252,067	-	37,166,482	8.75%
12/31/2020	3,355,646	3,355,646	-	38,350,234	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.

Schedule of County Proportionate Share of Defined Benefit Pension Plans
Last Six Measurement Dates

Fiscal 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 Payroll (c)	County Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Fund:							
6/30/2015	12.7199%	\$ 659,211,482	\$ -	\$ 659,211,482	\$ 748,386,350	88.1%	78.2%
6/30/2016	12.9213%	1,049,141,410	13,702,696	1,062,844,106	802,521,842	132.4%	68.9%
6/30/2017	13.6448%	871,075,027	10,951,853	882,026,880	880,985,965	100.1%	75.9%
6/30/2018	13.2375%	734,362,227	24,088,367	758,450,594	891,568,889	85.1%	79.5%
6/30/2019	12.9958%	718,508,673	22,332,030	740,840,703	921,354,489	80.4%	80.2%
6/30/2020	13.0160%	780,368,683	24,063,673	804,432,356	928,253,320	86.7%	79.6%
Police and Fire Fund:							
6/30/2015	4.1430%	\$ 47,074,163	\$ -	\$ 47,074,163	\$ 38,106,826	123.5%	86.6%
6/30/2016	4.0100%	160,928,278	-	160,928,278	38,679,130	416.1%	63.9%
6/30/2017	4.1170%	55,584,399	-	55,584,399	42,503,612	130.8%	85.4%
6/30/2018	4.0950%	43,648,482	-	43,648,482	43,274,743	100.9%	88.8%
6/30/2019	4.0958%	43,603,928	-	43,603,928	43,195,250	100.9%	89.3%
6/30/2020	4.1104%	54,179,470	1,276,392	55,455,862	46,039,657	120.5%	87.2%
Correctional Fund:							
6/30/2015	17.0900%	\$ 2,642,146	\$ -	\$ 2,642,146	\$ 30,694,935	8.6%	97.0%
6/30/2016	17.2300%	62,943,603	-	62,943,603	42,770,433	147.2%	58.2%
6/30/2017	17.3400%	49,419,174	-	49,419,174	34,650,138	142.6%	67.9%
6/30/2018	17.2486%	2,836,910	-	2,836,910	35,245,309	8.0%	97.6%
6/30/2019	17.1100%	2,368,714	-	2,368,714	36,509,152	6.5%	98.2%
6/30/2020	17.3952%	4,720,013	-	4,720,013	37,851,303	12.5%	96.7%

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.

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2020
 With Comparative Actual Amounts for Year Ended December 31, 2019

	2020				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2019 Actual
REVENUES					
Property taxes	\$ 412,839,138	\$ 409,561,138	\$ 421,351,675	\$ 11,790,537	\$ 403,171,827
Wheelage tax	20,800,000	20,800,000	19,305,219	(1,494,781)	10,678,140
Other taxes	2,396,100	2,396,100	3,432,580	1,036,480	3,236,335
Intergovernmental	98,119,388	218,297,140	210,085,561	(8,211,579)	94,031,183
Investment earnings (losses)	13,798,870	13,798,870	9,925,490	(3,873,380)	28,753,579
Charges for services	109,623,486	109,673,486	89,363,141	(20,310,345)	97,019,668
Fines and forfeits	201,000	201,000	219,540	18,540	641,103
Licenses and permits	7,388,916	7,388,916	4,629,276	(2,759,640)	6,665,534
Other	21,848,977	21,422,396	17,156,734	(4,265,662)	18,785,004
Total Revenues	687,015,875	803,539,046	775,469,216	(28,069,830)	662,982,373
EXPENDITURES - CURRENT					
Operations					
County Board:					
Personal services	2,792,933	2,811,356	2,628,837	182,519	2,618,338
Commodities	46,359	15,612	28,971	(13,359)	21,306
Contractual services	128,937	197,910	63,000	134,910	109,480
Other charges	92,915	68,690	25,012	43,678	80,716
	3,061,144	3,093,568	2,745,820	347,748	2,829,840
County Administration:					
Personal services	2,656,938	2,656,938	3,358,111	(701,173)	2,443,071
Commodities	13,100	13,100	3,013	10,087	10,233
Contractual services	951,322	651,563	3,013,256	(2,361,693)	801,337
Other charges	48,750	3,499,277	15,866	3,483,411	42,666
	3,670,110	6,820,878	6,390,246	430,632	3,297,307
Budget & Finance:					
Personal services	11,030,598	11,030,598	10,844,811	185,787	10,234,698
Commodities	126,100	126,100	118,476	7,624	151,556
Contractual services	4,404,901	4,156,798	4,529,887	(373,089)	3,697,367
Other charges	278,135	954,157	112,705	841,452	232,969
	15,839,734	16,267,653	15,605,879	661,774	14,316,590
Facility Services:					
Personal services	25,910,859	25,910,859	23,530,753	2,380,106	22,991,323
Commodities	1,839,868	1,799,723	2,103,557	(303,834)	1,147,774
Contractual services	38,856,999	38,032,259	31,999,602	6,032,657	33,953,756
Capital outlay	30,000	(888,685)	742,464	(1,631,149)	100,350
Other charges	759,219	3,491,879	686,811	2,805,068	788,036
	67,396,945	68,346,035	59,063,187	9,282,848	58,981,239
Information Technology:					
Personal services	4,556,538	4,556,538	3,666,205	890,333	4,087,158
Commodities	100,583	175,583	538,601	(363,018)	31,321
Contractual services	4,001,980	2,508,897	1,539,504	969,393	1,686,956
Capital outlay	-	284,539	541,830	(257,291)	-
Other charges	(1,460,733)	1,174,240	5,101	1,169,139	50,045
	7,198,368	8,699,797	6,291,241	2,408,556	5,855,480
Real Property Group:					
Personal services	39,271,184	39,461,184	36,514,053	2,947,131	32,605,575
Commodities	549,085	1,042,305	2,518,129	(1,475,824)	821,408
Contractual services	13,413,629	16,110,949	15,740,111	370,838	9,323,100
Capital outlay	8,000	8,000	296,626	(288,626)	105,116
Other charges	1,803,535	7,145,952	2,062,624	5,083,328	1,548,151
	55,045,433	63,768,390	57,131,543	6,636,847	44,403,350
Human Resources:					
Personal services	12,166,717	12,166,717	11,771,090	395,627	11,523,110
Commodities	106,740	106,740	28,653	78,087	79,712
Contractual services	5,748,960	5,439,494	6,038,282	(598,788)	6,293,724
Other charges	519,601	1,230,438	270,941	959,497	415,494
	18,542,018	18,943,389	18,108,966	834,423	18,312,040

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2020
 With Comparative Actual Amounts for Year Ended December 31, 2019

	2020				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2019 Actual
EXPENDITURES - CURRENT, continued					
Operations, continued					
Audit, Compliance and Investigation Services:					
Personal services	3,359,682	3,359,682	2,968,380	391,302	3,636,533
Commodities	24,600	25,638	14,634	11,004	6,340
Contractual services	691,890	691,890	633,946	57,944	828,526
Other charges	77,734	207,079	28,324	178,755	46,585
	<u>4,153,906</u>	<u>4,284,289</u>	<u>3,645,284</u>	<u>639,005</u>	<u>4,517,984</u>
General County Purposes ¹ :					
Personal services	18,074,595	18,041,295	23,082,694	(5,041,399)	12,187,948
Commodities	168,125	(674,352)	10,031,057	(10,705,409)	158,302
Contractual services	9,658,166	9,658,057	11,702,466	(2,044,409)	7,412,833
Capital outlay	-	-	(2,252)	2,252	3,068
Other charges	14,168,133	33,007,971	3,216,717	29,791,254	3,134,592
	<u>42,069,019</u>	<u>60,032,971</u>	<u>48,030,682</u>	<u>12,002,289</u>	<u>22,896,743</u>
Total Operations:					
Personal services	119,820,044	119,995,167	118,364,934	1,630,233	102,327,754
Commodities	2,974,560	2,630,449	15,385,091	(12,754,642)	2,427,952
Contractual services	77,856,784	77,447,817	75,260,054	2,187,763	64,107,079
Capital outlay	38,000	(596,146)	1,578,668	(2,174,814)	208,534
Other charges	16,287,289	50,779,683	6,424,101	44,355,582	6,339,254
	<u>216,976,677</u>	<u>250,256,970</u>	<u>217,012,848</u>	<u>33,244,122</u>	<u>175,410,573</u>
Health					
NorthPoint Health & Wellness Center:					
Personal services	32,681,857	32,853,201	29,152,475	3,700,726	30,909,591
Commodities	2,550,722	2,553,113	1,653,427	899,686	2,313,741
Contractual services	6,744,273	6,768,038	6,258,232	509,806	6,562,369
Capital outlay	36,000	86,000	122,228	(36,228)	6,521
Other charges	741,353	3,641,537	211,897	3,429,640	723,834
	<u>42,754,205</u>	<u>45,901,889</u>	<u>37,398,259</u>	<u>8,503,630</u>	<u>40,516,056</u>
Medical Examiner:					
Personal services	5,903,170	5,903,170	6,039,996	(136,826)	5,694,002
Commodities	90,700	90,623	92,651	(2,028)	68,253
Contractual services	1,689,469	1,689,469	1,825,481	(136,012)	1,448,039
Other charges	52,600	339,252	47,482	291,770	49,958
	<u>7,735,939</u>	<u>8,022,514</u>	<u>8,005,610</u>	<u>16,904</u>	<u>7,260,252</u>
Uncompensated Care:					
Contractual services	26,000,000	26,000,000	22,557,000	3,443,000	24,500,000
	<u>26,000,000</u>	<u>26,000,000</u>	<u>22,557,000</u>	<u>3,443,000</u>	<u>24,500,000</u>
Health Administration and Support:					
Personal services	904,373	904,373	359,402	544,971	733,374
Commodities	500	500	284	216	734
Contractual services	187,500	187,500	114,631	72,869	69,107
Other charges	10,550	10,550	-	10,550	9,731
	<u>1,102,923</u>	<u>1,102,923</u>	<u>474,317</u>	<u>628,606</u>	<u>812,946</u>
Sexual Assault Resources Service (SARS):					
Contractual services	1,450,000	1,424,650	630,776	793,874	1,165,809
	<u>1,450,000</u>	<u>1,424,650</u>	<u>630,776</u>	<u>793,874</u>	<u>1,165,809</u>
Total Health:					
Personal services	39,489,400	39,660,744	35,551,873	4,108,871	37,336,967
Commodities	2,641,922	2,644,236	1,746,362	897,874	2,382,728
Contractual services	36,071,242	36,069,657	31,386,120	4,683,537	33,745,324
Capital outlay	36,000	86,000	122,228	(36,228)	6,521
Other charges	804,503	3,991,339	259,379	3,731,960	783,523
	<u>79,043,067</u>	<u>82,451,976</u>	<u>69,065,962</u>	<u>13,386,014</u>	<u>74,255,063</u>

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2020
 With Comparative Actual Amounts for Year Ended December 31, 2019

	2020				2019 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Safety					
Public Safety Administration & Integration:					
Personal services	12,089,083	12,089,083	10,925,532	1,163,551	8,696,599
Commodities	936,892	909,964	367,426	542,538	1,147,407
Contractual services	6,376,699	5,974,680	5,585,078	389,602	6,140,772
Capital outlay	60,000	60,000	39,626	20,374	32,233
Other charges	229,671	635,998	83,711	552,287	139,781
	<u>19,692,345</u>	<u>19,669,725</u>	<u>17,001,373</u>	<u>2,668,352</u>	<u>16,156,792</u>
County Attorney:					
Personal services	53,221,761	53,222,745	53,718,546	(495,801)	50,317,441
Commodities	188,100	566,893	271,803	295,090	342,282
Contractual services	8,303,734	7,858,565	7,749,606	108,959	7,899,809
Capital outlay	-	10,052	93,345	(83,293)	88,532
Other charges	213,005	565,096	242,394	322,702	640,977
	<u>61,926,600</u>	<u>62,223,351</u>	<u>62,075,694</u>	<u>147,657</u>	<u>59,289,041</u>
Court Functions:					
Contractual services	2,258,600	2,052,942	2,048,449	4,493	2,012,497
	<u>2,258,600</u>	<u>2,052,942</u>	<u>2,048,449</u>	<u>4,493</u>	<u>2,012,497</u>
Public Defender:					
Personal services	6,402,145	6,402,145	5,988,209	413,936	7,455,446
Commodities	47,100	47,100	45,372	1,728	50,027
Contractual services	4,377,503	4,472,882	4,540,608	(67,726)	5,002,572
Other charges	57,000	68,076	11,640	56,436	41,073
	<u>10,883,748</u>	<u>10,990,203</u>	<u>10,585,829</u>	<u>404,374</u>	<u>12,549,118</u>
Sheriff:					
Personal services	96,310,863	98,346,276	99,909,631	(1,563,355)	93,127,598
Commodities	5,222,156	4,822,345	6,243,444	(1,421,099)	4,819,308
Contractual services	15,551,227	15,871,209	15,414,651	456,558	14,144,270
Capital outlay	194,697	268,378	898,719	(630,341)	423,414
Other charges	1,380,616	5,747,279	1,200,470	4,546,809	1,323,782
	<u>118,659,559</u>	<u>125,055,487</u>	<u>123,666,915</u>	<u>1,388,572</u>	<u>113,838,372</u>
Community Corrections and Rehabilitation:					
Personal services	103,853,726	103,854,202	99,311,702	4,542,500	97,210,371
Commodities	2,930,781	2,947,386	1,844,509	1,102,877	2,851,515
Contractual services	21,616,159	21,260,994	20,524,616	736,378	23,542,447
Capital outlay	110,000	301,302	113,819	187,483	111,154
Other charges	536,836	1,994,793	333,231	1,661,562	302,843
	<u>129,047,502</u>	<u>130,358,677</u>	<u>122,127,877</u>	<u>8,230,800</u>	<u>124,018,330</u>
Total Public Safety					
Personal services	271,877,578	273,914,451	269,853,620	4,060,831	256,807,455
Commodities	9,325,029	9,293,688	8,772,554	521,134	9,210,539
Contractual services	58,483,922	57,491,272	55,863,008	1,628,264	58,742,367
Capital outlay	364,697	639,732	1,145,509	(505,777)	655,333
Other charges	2,417,128	9,011,242	1,871,446	7,139,796	2,448,456
	<u>342,468,354</u>	<u>350,350,385</u>	<u>337,506,137</u>	<u>12,844,248</u>	<u>327,864,150</u>
Total Public Works:					
Personal services	40,125,389	40,127,695	37,078,872	3,048,823	36,907,341
Commodities	4,184,476	4,772,864	2,914,538	1,858,326	8,336,196
Contractual services	35,569,360	44,497,962	102,811,483	(58,313,521)	27,875,152
Capital outlay	225,840	(182,509)	93,088	(275,597)	1,181,946
Other charges	432,712	68,030,909	660,991	67,369,918	432,245
	<u>80,537,777</u>	<u>157,246,921</u>	<u>143,558,972</u>	<u>13,687,949</u>	<u>74,732,880</u>

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2020
 With Comparative Actual Amounts for Year Ended December 31, 2019

	2020				2019 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
TOTAL EXPENDITURES - CURRENT:					
Personal services	471,312,411	473,698,057	460,849,299	12,848,758	433,379,517
Commodities	19,125,987	19,341,237	28,818,545	(9,477,308)	22,357,415
Contractual services	207,981,308	215,506,708	265,320,665	(49,813,957)	184,469,922
Capital outlay	664,537	(52,923)	2,939,493	(2,992,416)	2,052,334
Other charges	19,941,632	131,813,173	9,215,917	122,597,256	10,003,478
Total Expenditures	\$ 719,025,875	\$ 840,306,252	\$ 767,143,919	\$ 73,162,333	\$ 652,262,666
Excess (Deficiency) of Revenues Over Expenditures	(32,010,000)	(36,767,206)	8,325,297	45,092,503	10,719,707
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,026,581	3,112,510	2,085,929	8,471,528
Transfers out	-	-	(15,718,288)	(15,718,288)	(500,000)
Total Other Financing Sources (Uses)	-	1,026,581	(12,605,778)	(13,632,359)	7,971,528
Net Change in Fund Balance	(32,010,000)	(35,740,625)	(4,280,481)	\$ 31,460,144	18,691,235
Fund Balance - Beginning	222,842,841	222,842,841	222,842,841		204,151,606
Fund Balance - Ending	\$ 190,832,841	\$ 187,102,216	\$ 218,562,360		\$ 222,842,841

¹ The General County Purposes program in Operations included functions such as the Purchasing and Contract Services; Center of Innovation and Excellence; Communication and Engagement Services; Retiree Health Care; Employee Tuition Assistance; Diversity, Equity and Inclusion; 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.

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Fund

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 288,893,586	\$ 289,171,586	\$ 293,895,301	\$ 4,723,715	\$ 272,122,148	\$ 272,122,148
Other taxes	-	-	149,493	149,493	164,867	164,867
Intergovernmental	294,202,481	328,992,276	314,876,829	(14,115,447)	280,977,722	280,977,722
Charges for services	56,656,008	56,656,008	52,096,861	(4,559,147)	50,645,702	50,645,702
Licenses and permits	2,128,500	2,128,500	2,001,306	(127,194)	1,924,720	1,924,720
Other	1,775,000	1,885,000	1,636,623	(248,377)	3,647,426	3,647,426
Total Revenues	643,655,575	678,833,370	664,656,413	(14,176,957)	609,482,585	609,482,585
EXPENDITURES						
Human Services:						
Personal services	337,202,577	338,430,481	325,908,919	12,521,562	316,927,740	316,927,740
Commodities	1,824,256	1,827,238	3,711,945	(1,884,707)	1,498,442	1,498,442
Contractual services	59,302,193	59,445,961	51,308,556	8,137,405	53,527,047	53,527,047
Public aid assistance	227,211,171	230,243,760	224,847,703	5,396,057	212,860,845	212,860,845
Other	24,115,519	54,886,071	23,787,054	31,099,017	20,170,839	20,170,839
Total Expenditures	649,655,716	684,833,511	629,564,177	55,269,334	604,984,913	604,984,913
Excess (Deficiency) of Revenues Over Expenditures	(6,000,141)	(6,000,141)	35,092,236	41,092,377	4,497,672	4,497,672
OTHER FINANCING SOURCES						
Transfers in	-	-	5,407,698	5,407,698	14,000,000	14,000,000
Transfers out	-	-	(14,896,289)	(14,896,289)	-	-
Total Other Financing Sources (Uses)	-	-	(9,488,591)	(9,488,591)	14,000,000	14,000,000
Net Change in Fund Balance	(6,000,141)	(6,000,141)	25,603,645	\$ 31,603,786	18,497,672	18,497,672
Fund Balance - Beginning	122,998,022	122,998,022	122,998,022		104,500,350	104,500,350
Fund Balance - Ending	\$ 116,997,881	\$ 116,997,881	\$ 148,601,667		\$ 122,998,022	\$ 122,998,022

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Fund**

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 73,733,787	\$ 73,733,787	\$ 74,989,336	\$ 1,255,549	\$	72,556,881
Other taxes	-	-	34,310	34,310		44,001
Intergovernmental	4,738,043	6,969,581	7,403,809	434,228		5,261,260
Investment earnings (losses)	70,000	70,000	61,587	(8,413)		181,752
Charges for services	1,018,500	1,018,500	677,703	(340,797)		1,031,361
Fines and forfeits	600,350	600,350	149,603	(450,747)		538,146
Other	1,934,000	1,934,000	1,691,232	(242,768)		1,877,216
Total Revenues	82,094,680	84,326,218	85,007,580	681,362		81,490,617
EXPENDITURES						
Libraries:						
Personal services	50,902,209	48,502,209	44,117,708	4,384,501		45,913,497
Commodities	1,656,200	1,621,360	1,002,236	619,124		1,201,931
Contractual services	31,633,872	31,300,206	27,593,556	3,706,650		28,602,545
Capital outlay	5,701,748	4,997,733	4,217,554	780,179		5,505,846
Other	1,025,651	3,257,476	640,080	2,617,396		671,995
Total Expenditures	90,919,680	89,678,984	77,571,134	12,107,850		81,895,814
Excess (Deficiency) of Revenues Over Expenditures	(8,825,000)	(5,352,766)	7,436,446	12,789,212		(405,197)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,425,000	25,000	-	(25,000)		2,334,500
Transfers out	-	-	(5,335,000)	(5,335,000)		(20,000,000)
Sale of capital assets	-	-	398,640	398,640		-
Total Other Financing Sources (Uses)	2,425,000	25,000	(4,936,360)	(4,961,360)		(17,665,500)
Net Change in Fund Balance	(6,400,000)	(5,327,766)	2,500,086	\$ 7,827,852		(18,070,697)
Fund Balance - Beginning	24,117,941	24,117,941	24,117,941			42,188,638
Fund Balance - Ending	\$ 17,717,941	\$ 18,790,175	\$ 26,618,027			\$ 24,117,941

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ballpark Sales Tax Fund**

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Sales tax	\$ 39,210,961	\$ 39,210,961	\$ 35,561,447	\$ (3,649,514)	\$ 39,727,752	\$ 39,727,752
Investment earnings (losses)	-	-	43,000	43,000	170,607	170,607
Total Revenues	39,210,961	39,210,961	35,604,447	(3,606,514)	39,898,359	39,898,359
EXPENDITURES						
Operations						
Contractual services	500,000	500,000	360,454	139,546	431,364	431,364
Grants	2,005,000	2,005,000	1,930,296	74,704	1,969,209	1,969,209
Total Expenditures	2,505,000	2,505,000	2,290,750	214,250	2,400,573	2,400,573
Excess of Revenues Over Expenditures	36,705,961	36,705,961	33,313,697	(3,392,264)	37,497,786	37,497,786
OTHER FINANCING SOURCES (USES)						
Transfers out	(35,978,000)	(35,978,000)	(29,116,883)	6,861,117	(34,471,388)	(34,471,388)
Net Change in Fund Balance	727,961	727,961	4,196,814	\$ 3,468,853	3,026,398	3,026,398
Fund Balance - Beginning	16,175,039	16,175,039	16,175,039		13,148,641	13,148,641
Fund Balance - Ending	\$ 16,903,000	\$ 16,903,000	\$ 20,371,853		\$ 16,175,039	\$ 16,175,039

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Sales Tax Fund**

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Sales tax	\$ 133,300,000	\$ 133,300,000	\$ 123,326,329	\$ (9,973,671)	\$	138,165,252
Intergovernmental	-	-	1,338,299	1,338,299		2,961,989
Total Revenues	133,300,000	133,300,000	124,664,628	(8,635,372)		141,127,241
EXPENDITURES						
Public Works						
Contractual services	1,500,000	1,500,000	696,879	803,121		737,738
Intergovernmental	23,500,000	23,500,000	21,650,626	1,849,374		21,098,166
Total Expenditures	25,000,000	25,000,000	22,347,505	2,652,495		21,835,904
Excess of Revenues Over Expenditures	108,300,000	108,300,000	102,317,123	(5,982,877)		119,291,337
OTHER FINANCING SOURCES (USES)						
Transfers out	(149,615,664)	(149,615,664)	(29,727,950)	119,887,714		(70,872,078)
Net Change in Fund Balance	(41,315,664)	(41,315,664)	72,589,173	\$ 113,904,837		48,419,259
Fund Balance - Beginning	102,838,878	102,838,878	102,838,878			54,419,619
Fund Balance - Ending	\$ 61,523,214	\$ 61,523,214	\$ 175,428,051		\$	102,838,878

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Redevelopment Authority Fund**

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 16,291,268	\$ 16,291,268	\$ 16,526,678	\$ 235,410	\$ 10,405,717	
Intergovernmental	420,000	2,619,414	2,391,409	(228,005)	274,697	
Investment earnings (losses)	70,000	70,000	183,759	113,759	389,613	
Charges for services	1,044,000	1,044,000	1,098,465	54,465	938,669	
Other	3,648,887	4,465,100	2,295,685	(2,169,415)	509,924	
Total Revenues	21,474,155	24,489,782	22,495,996	(1,993,786)	12,518,620	
EXPENDITURES						
Housing and Redevelopment Authority:						
Commodities	1,250	1,250	-	1,250	175	
Contractual services	5,103,675	8,901,738	8,508,713	393,025	3,026,728	
Capital outlay	10,529,000	34,617,000	23,914,576	10,702,424	-	
Other	20,230	2,219,644	6,010	2,213,634	7,646	
Grants and contributions	7,820,000	7,820,000	9,457,916	(1,637,916)	5,677,110	
Total Expenditures	23,474,155	53,559,632	41,887,215	11,672,417	8,711,659	
Excess (Deficiency) of Revenues Over Expenditures	(2,000,000)	(29,069,850)	(19,391,219)	9,678,631	3,806,961	
OTHER FINANCING SOURCES (USES)						
Transfers in	2,000,000	29,088,000	26,914,577	(2,173,423)	35,172	
Transfers out	-	-	(1,297,987)	(1,297,987)	-	
Total Other Financing Sources (Uses)	2,000,000	29,088,000	25,616,590	(3,471,410)	35,172	
Net Change in Fund Balance	-	18,150	6,225,371	\$ 6,207,221	3,842,133	
Fund Balance - Beginning	25,611,394	25,611,394	25,611,394		21,769,261	
Fund Balance - Ending	\$ 25,611,394	\$ 25,629,544	\$ 31,836,765		\$ 25,611,394	

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Regional Railroad Authority Fund**

For the Year Ended December 31, 2020

With Comparative Actual Amounts for Year Ended December 31, 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 20,364,518	\$ 20,364,518	\$ 20,785,469	\$ 420,951	\$	36,140,220
Intergovernmental	986,525	986,525	361,727	(624,798)		306,479
Investment earnings (losses)	100,000	100,000	807,544	707,544		2,087,849
Charges for services	610,000	610,000	480,011	(129,989)		493,443
Other	-	-	7,511	7,511		4,392
Total Revenues	22,061,043	22,061,043	22,442,262	381,219		39,032,383
EXPENDITURES						
Regional Railroad Authority:						
Commodities	6,500	6,500	95,911	(89,411)		46,665
Contractual services	25,650,281	25,641,940	77,975,813	(52,333,873)		43,653,852
Capital outlay	3,585,000	3,401,637	3,131,336	270,301		-
Other	1,749,945	1,749,945	54,349	1,695,596		10,173
Total Expenditures	30,991,726	30,800,022	81,257,409	(50,457,387)		43,710,690
Excess (Deficiency) of Revenues Over Expenditures	(8,930,683)	(8,738,979)	(58,815,147)	(50,076,168)		(4,678,307)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	8,930,683	8,930,683	-	(8,930,683)		80,000,000
Transfers out	-	-	(1,546,316)	(1,546,316)		(903,222)
Debt premiums	-	-	-	-		14,932,032
Total Other Financing Sources	8,930,683	8,930,683	(1,546,316)	(10,476,999)		94,028,810
Net Change in Fund Balance	-	191,704	(60,361,463)	\$ (60,553,167)		89,350,503
Fund Balance - Beginning	100,424,769	100,424,769	100,424,769			11,074,266
Fund Balance - Ending	\$ 100,424,769	\$ 100,616,473	\$ 40,063,306		\$	100,424,769

See notes to required supplementary information.

Notes to Required Supplementary Information

December 31, 2020

A. 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:

<u>Year</u>	<u>Appropriated Budget</u>	<u>Actual Expenditures</u>	<u>Remaining Budget</u>
<u>HRA:</u>			
2017 and prior	\$ 110,779,846	\$ 84,605,300	\$ 26,174,546
2018	6,475,000	9,634,629	(3,159,629)
2019	14,393,172	5,100,999	9,292,173
2020	48,173,213	37,835,739	10,337,474
	<u>\$ 179,821,231</u>	<u>\$ 137,176,667</u>	<u>\$ 42,644,564</u>
<u>RRA:</u>			
2017 and prior	\$ 167,089,000	\$ 82,010,529	\$ 85,078,471
2018	92,736,416	35,016,165	57,720,251
2019	31,589,037	39,340,464	(7,751,427)
2020	19,666,683	72,104,421	(52,437,738)
	<u>\$ 311,081,136</u>	<u>\$ 228,471,579</u>	<u>\$ 82,609,557</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 Deputy or 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.

Notes to Required Supplementary Information

December 31, 2020

B. Internal Service Fund Long-Term Obligations

In December 2020, \$441,177 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.

C. Notes to Schedule of Changes In Net Pension Liabilities and Related Ratios

General Employees Fund

2020 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2020

C. Notes to Schedule of Changes In Net Pension Liabilities and Related Ratios – continued

General Employees Fund – continued

2018 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.50% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- 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 2.50% for inflation.

Notes to Required Supplementary Information

December 31, 2020

C. Notes to Schedule of Changes In Net Pension Liabilities and Related Ratios – continued

General Employees Fund – continued

2015 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.50% per year thereafter to 1% per year through 2035 and 2.50% per year thereafter.

Police and Fire Fund

2020 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Plan Provisions:

- Member contribution rates increased from 10.8% to 11.3% and employer rates increased from 16.2% to 16.95% effective January 1, 2019.

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- Post-retirement benefit increases were changed to 1.0 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2020

C. Notes to Schedule of Changes In Net Pension Liabilities and Related Ratios – continued

Police and Fire Fund – continued

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.

Changes in Actuarial Assumptions (continued)

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2037 and 2.50% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.50% per year thereafter to 1% per year through 2037 and 2.50% per year thereafter.

Notes to Required Supplementary Information

December 31, 2020

C. Notes to Schedule of Changes In Net Pension Liabilities and Related Ratios – continued

Correctional Fund

2020 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.
- Changes in Actuarial Assumptions:
 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.50 percent per year with a provision to reduce to 1.00 percent if the funding status declines to a certain level, to 100 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 2.50 percent, beginning January 1, 2019. If the funding status declines to 85.00 percent for two consecutive years or 80.00 percent for one year, the maximum increase will be lowered to 1.50 percent.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2% per year.

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2020

D. Notes to Schedule of Changes in Net OPEB Liabilities and Related Ratios

OPEB – Excluding Medical Center

The County's OPEB plan is a single-employer defined benefit plan administered by the County. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement No. 75.

2020 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 4.10% to 2.74%
- The participation rate for the county access only active participants has been increased from 20% to 25%
- Annual medical trade rate increased from 5.10% to 6.00%
- Demographic assumptions for the general group were updated based on the June 27, 2019 experience study completed for the PERA of Minnesota General pension plan.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

- Discount rate increased to 4.10% from 3.44%
- The participation rate for the county access only active participants has been increased from 15% to 20%
- Annual medical trade rate decreased from 5.50% to 5.10%

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

OPEB – Medical Center

The Medical Center OPEB plan is a single-employer defined benefit plan administered by the Medical Center. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement No. 75.

2020 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 4.10% to 2.74%
- The participation rate for paid coverage activate participants has been updated from 100% to 85% and the participation rate for access only active participants has been updated from 25% to 30%.
- Demographic assumptions for the general group were updated based on the June 27, 2019 experience study completed for the PERA of Minnesota General pension plan.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

- Discount rate increased to 4.10% from 3.44%
- Annual medical trade rate decreased from 6.10% to 5.60%

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Supplementary Information Governmental Funds

Hennepin County, Minnesota

General Fund - Balance Sheets

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and Investments	\$ 317,438,993	\$ 384,649,577
Delinquent taxes receivable, net	4,816,425	4,153,327
Due from other governmental agencies	7,407,638	7,635,276
Accrued investment interest	3,851,102	4,147,067
Interfund receivable	972,254	499,146
Other receivable	12,277,883	11,541,901
Prepaid items	1,143,432	547,217
Inventories	1,957,214	1,895,775
Notes receivable	84,865	85,585
Total Assets	\$ 349,949,806	\$ 415,154,871
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 58,173,700	\$ 26,524,051
Accrued liabilities	13,422,850	12,287,753
Interfund payable	20,155,291	21,409,281
Commercial paper payable	-	125,000,000
Unearned revenue	35,277,026	1,165,331
Total Liabilities	127,028,867	186,386,416
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,549,625	3,362,627
Unavailable revenue - intergovernmental	808,954	2,562,987
Total Deferred Inflows of Resources	4,358,579	5,925,614
Fund Balances:		
Nonspendable	3,100,646	2,442,985
Restricted	16,040,900	15,336,277
Assigned	61,861,604	46,121,699
Unassigned	137,559,210	158,941,880
Total Fund Balances	218,562,360	222,842,841
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 349,949,806	\$ 415,154,871

Special Revenue Funds - Balance Sheets

December 31, 2020 and 2019

	Human Services		Library	
	2020	2019	2020	2019
ASSETS				
Cash and investments	\$ 142,150,239	\$ 109,694,951	\$ 19,643,929	\$ 16,935,446
Delinquent taxes receivable, net	2,053,504	1,781,551	525,439	474,151
Due from other governmental agencies	54,308,775	58,490,461	-	-
Accrued investment interest	-	-	-	-
Interfund receivable	195,348	50,590	1,802,133	1,758,056
Other receivables	433,979	338,074	115,659	149,834
Prepaid items	207,881	209,601	1,182,525	1,425,902
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	5,757,085	5,968,210
Total Assets	\$ 199,349,726	\$ 170,565,228	\$ 29,026,770	\$ 26,711,599
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 30,901,169	\$ 27,659,924	\$ 720,968	\$ 1,074,202
Accrued liabilities	9,662,225	7,278,863	1,251,376	1,073,924
Interfund payable	5,184,773	3,296,817	-	-
Unearned revenue	172,736	192,227	77,160	53,980
Total Liabilities	45,920,903	38,427,831	2,049,504	2,202,106
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,402,004	1,471,951	359,239	391,552
Unavailable revenue - intergovernmental	3,425,152	7,667,424	-	-
Total Deferred Inflows of Resources	4,827,156	9,139,375	359,239	391,552
Fund Balances:				
Nonspendable	207,881	209,602	3,237,652	3,446,788
Restricted	4,114,090	3,052,466	4,812,156	5,597,935
Committed	144,279,696	119,735,954	18,568,219	15,073,218
Total Fund Balances	148,601,667	122,998,022	26,618,027	24,117,941
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 199,349,726	\$ 170,565,228	\$ 29,026,770	\$ 26,711,599

Ballpark Sales Tax		Transportation Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2020	2019	2020	2019	2020	2019	2020	2019
\$ -	\$ -	\$ -	\$ -	\$ 25,075,057	\$ 16,520,635	\$ 44,416,523	\$ 62,616,992
-	-	-	-	98,004	62,784	225,740	230,546
5,794,860	6,705,772	11,058,100	11,777,559	91,296	93,648	-	49,883
-	-	-	-	-	-	-	28,496
-	-	-	-	-	-	-	-
-	-	-	-	256,960	355,353	101,504	152,631
-	-	-	-	259,404	250,100	-	-
-	-	-	-	3,933,789	5,353,789	-	-
-	-	-	-	3,445,739	3,153,528	-	-
14,607,492	9,538,625	164,481,761	91,180,178	1,073,105	1,014,994	519,815	42,370,652
<u>\$ 20,402,352</u>	<u>\$ 16,244,397</u>	<u>\$ 175,539,861</u>	<u>\$ 102,957,737</u>	<u>\$ 34,233,354</u>	<u>\$ 26,804,831</u>	<u>\$ 45,263,582</u>	<u>\$ 105,449,200</u>
\$ 30,499	\$ 69,358	\$ 111,810	\$ 118,859	\$ 1,721,401	\$ 1,062,653	\$ 5,040,036	\$ 4,784,702
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	433,945	-	-	-
<u>30,499</u>	<u>69,358</u>	<u>111,810</u>	<u>118,859</u>	<u>2,155,346</u>	<u>1,062,653</u>	<u>5,040,036</u>	<u>4,784,702</u>
-	-	-	-	60,204	50,784	160,240	189,846
-	-	-	-	181,039	80,000	-	49,883
-	-	-	-	-	-	-	-
-	-	-	-	241,243	130,784	160,240	239,729
-	-	-	-	-	-	-	-
-	-	-	-	259,404	250,100	-	-
20,371,853	16,175,039	175,428,051	102,838,878	31,577,361	25,361,294	40,063,306	100,424,769
-	-	-	-	-	-	-	-
<u>20,371,853</u>	<u>16,175,039</u>	<u>175,428,051</u>	<u>102,838,878</u>	<u>31,836,765</u>	<u>25,611,394</u>	<u>40,063,306</u>	<u>100,424,769</u>
<u>\$ 20,402,352</u>	<u>\$ 16,244,397</u>	<u>\$ 175,539,861</u>	<u>\$ 102,957,737</u>	<u>\$ 34,233,354</u>	<u>\$ 26,804,831</u>	<u>\$ 45,263,582</u>	<u>\$ 105,449,200</u>

Hennepin County, Minnesota

RRA Debt Service Fund - Balance Sheets

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 845,578	\$ 11,628
FUND BALANCES		
Restricted	\$ 845,578	\$ 11,628

General Debt Service Fund - Balance Sheets

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and investments	\$ 16,863,148	\$ 14,649,182
Delinquent taxes receivable, net	648,820	601,742
Due from other governmental agencies	275,513	-
Notes receivable	8,525,000	10,275,000
Restricted cash and investments	1,999,060	2,594,757
	<hr/>	<hr/>
Total Assets	\$ 28,311,541	\$ 28,120,681
	<hr/>	<hr/>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 388,592	\$ 798,173
	<hr/>	<hr/>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	448,220	499,242
Unavailable revenue - intergovernmental	8,525,000	10,275,000
	<hr/>	<hr/>
Total Deferred Inflows of Resources	8,973,220	10,774,242
	<hr/>	<hr/>
Fund Balances:		
Restricted	18,949,729	16,548,266
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,311,541	\$ 28,120,681
	<hr/>	<hr/>

Hennepin County, Minnesota

Capital Projects Fund - Balance Sheets

December 31, 2020 and 2019

	2020	2019
ASSETS		
Cash and investments	\$ 106,399,657	\$ 13,590,703
Delinquent taxes receivable, net	27,437	28,887
Due from other governmental agencies	3,426,689	24,505,106
Accrued investment interest	-	217,055
Other receivable	-	24,819
Restricted cash and investments	58,629,794	185,873,446
Total Assets	\$ 168,483,577	\$ 224,240,016
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 42,550,965	\$ 34,902,952
Interfund payable	-	562,370
Unearned revenue	-	2,281,082
Total Liabilities	42,550,965	37,746,404
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	20,737	24,287
Unavailable revenue - intergovernmental	1,217,156	7,462,217
Total Deferred Inflows of Resources	1,237,893	7,486,504
Fund Balances:		
Restricted	124,694,719	179,007,108
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 168,483,577	\$ 224,240,016

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund**

For the Years Ended December 31, 2020 and 2019

	2020					2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 412,839,138	\$ 409,561,138	\$ 421,351,675	\$ 11,790,537	\$ 403,171,827	
Wheelage tax	20,800,000	20,800,000	19,305,219	(1,494,781)	10,678,140	
Other taxes	2,396,100	2,396,100	3,432,580	1,036,480	3,236,335	
Intergovernmental	98,119,388	218,297,140	210,085,561	(8,211,579)	94,031,183	
Investment earnings (losses)	13,798,870	13,798,870	9,925,490	(3,873,380)	28,753,579	
Charges for services	109,623,486	109,673,486	89,363,141	(20,310,345)	97,019,668	
Fines and forfeits	201,000	201,000	219,540	18,540	641,103	
Licenses and permits	7,388,916	7,388,916	4,629,276	(2,759,640)	6,665,534	
Other	21,848,977	21,422,396	17,156,734	(4,265,662)	18,785,004	
Total Revenues	687,015,875	803,539,046	775,469,216	(28,069,830)	662,982,373	
EXPENDITURES						
Operations	216,976,677	250,256,970	217,012,848	33,244,122	175,410,573	
Health	79,043,067	82,451,976	69,065,962	13,386,014	74,255,063	
Public safety	342,468,354	350,350,385	337,506,137	12,844,248	327,864,150	
Public works	80,537,777	157,246,921	143,558,972	13,687,949	74,732,880	
Total Expenditures	719,025,875	840,306,252	767,143,919	73,162,333	652,262,666	
Excess (Deficiency) of Revenues Over Expenditures	(32,010,000)	(36,767,206)	8,325,297	45,092,503	10,719,707	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,026,581	3,112,510	2,085,929	8,471,528	
Transfers out	-	-	(15,718,288)	(15,718,288)	(500,000)	
Total Other Financing Sources (Uses)	-	1,026,581	(12,605,778)	(13,632,359)	7,971,528	
Net Change in Fund Balance	(32,010,000)	(35,740,625)	(4,280,481)	\$ 31,460,144	18,691,235	
Fund Balance - Beginning	222,842,841	222,842,841	222,842,841		204,151,606	
Fund Balance - Ending	\$ 190,832,841	\$ 187,102,216	\$ 218,562,360		\$ 222,842,841	

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RRA Debt Service Fund**

For the Years Ended December 31, 2020 and 2019

	2020				2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 9,198,750	\$ 9,198,750	\$ 9,592,828	\$ 394,078	\$ 2,832
EXPENDITURES					
Debt Service:					
Principal retirement	4,360,000	4,360,000	3,680,000	680,000	5,690,000
Interest and fiscal charges	4,838,750	4,838,750	5,078,878	(240,128)	4,253,792
Total Expenditures	9,198,750	9,198,750	8,758,878	439,872	9,943,792
Excess (Deficiency) of Revenues	-	-	833,950	833,950	(9,940,960)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	22,345,000
Payment to refunded bond escrow agent	-	-	-	-	(28,135,000)
Debt premiums	-	-	-	-	5,885,514
Total Other Financing Sources (Uses)	-	-	-	-	95,514
Net Change in Fund Balance	-	-	833,950	\$ 833,950	(9,845,446)
Fund Balance - Beginning	11,628	11,628	11,628		9,857,074
Fund Balance - Ending	\$ 11,628	\$ 11,628	\$ 845,578		\$ 11,628

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Debt Service Fund**

For the Years Ended December 31, 2020 and 2019

	2020				2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 90,400,000	\$ 90,400,000	\$ 90,527,142	\$ 127,142	\$ 90,208,812
Other taxes	-	-	45,904	45,904	9,286
Intergovernmental	13,080,121	13,080,121	1,786,467	(11,293,654)	3,201,578
Investment earnings	-	-	19,067	19,067	210,586
Total Revenues	103,480,121	103,480,121	92,378,580	(11,101,541)	93,630,262
EXPENDITURES					
Debt Service:					
Principal retirement	97,289,573	97,289,573	85,321,244	11,968,329	74,435,800
Interest and fiscal charges	65,759,716	65,759,716	51,516,945	14,242,771	47,277,208
Total Expenditures	163,049,289	163,049,289	136,838,189	26,211,100	121,713,008
Excess (Deficiency) of Revenues	(59,569,168)	(59,569,168)	(44,459,609)	15,109,559	(28,082,746)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	56,100,000	41,620,000	(14,480,000)	39,265,000
Payment to refunded bond escrow agent	-	(56,100,000)	(51,665,000)	4,435,000	(48,060,000)
Transfers in	59,569,168	59,569,168	46,708,550	(12,860,618)	32,580,166
Debt premiums	-	-	10,197,522	10,197,522	8,984,000
Total Other Financing Sources (Uses)	59,569,168	59,569,168	46,861,072	(12,708,096)	32,769,166
Net Change in Fund Balance	-	-	2,401,463	\$ 2,401,463	4,686,420
Fund Balance - Beginning	16,548,266	16,548,266	16,548,266		11,861,846
Fund Balance - Ending	\$ 16,548,266	\$ 16,548,266	\$ 18,949,729		\$ 16,548,266

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund**

For the Years Ended December 31, 2020 and 2019

	2020				2019 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 3,004,000	\$ 6,004,000	\$ 6,081,055	\$ 77,055	\$ 3,909,330
Other taxes	-	-	5,416	5,416	47,407
Intergovernmental	60,592,500	60,678,156	55,533,876	(5,144,280)	64,700,252
Investment earnings	-	-	981,866	981,866	4,136,518
Other	174,000	174,000	2,656,067	2,482,067	6,122,070
Total Revenues	63,770,500	66,856,156	65,258,280	(1,597,876)	78,915,577
EXPENDITURES					
Operations	284,539,664	284,539,664	317,706,127	(33,166,463)	188,633,684
Capital projects	177,521,500	180,607,156	144,239,058	36,368,098	158,190,495
Total Expenditures	462,061,164	465,146,820	461,945,185	3,201,635	346,824,179
Excess (Deficiency) of Revenues	(398,290,664)	(398,290,664)	(396,686,905)	1,603,759	(267,908,602)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	273,100,000	273,100,000	250,000,000	(23,100,000)	200,000,000
Transfers in	125,190,664	125,190,664	15,568,076	(109,622,588)	69,360,494
Transfers out	-	-	(72,698)	(72,698)	(35,172)
Debt premiums	-	-	76,879,138	76,879,138	53,061,921
Total Other Financing Sources (Uses)	398,290,664	398,290,664	342,374,516	(55,916,148)	322,387,243
Net Change in Fund Balance	-	-	(54,312,389)	\$ (54,312,389)	54,478,641
Fund Balance - Beginning	179,007,108	179,007,108	179,007,108		124,528,467
Fund Balance - Ending	\$ 179,007,108	\$ 179,007,108	\$ 124,694,719		\$ 179,007,108



Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2020

	Repayment Terms	Interest Rates	Amount of Original Issue
General Obligation -			
Levy Supported Bonds and Notes			
September 15, 2010 Series B	Retired	4.0%	\$ 34,250,000
September 15, 2010 Series B, Capital Notes	Retired	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 2026	3.5 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, \$19,615,000 in various increments from 2033 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	Retired	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	Retired	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	Retired	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$4,000,000 in 2021	3.0%	40,000,000
November 04, 2014 Series A	\$3,020,000 in 2021, \$3,140,000 in 2022, \$3,265,000 in 2023 and \$80,000,000 in various increments from 2024 through 2039	5.0%	100,000,000
November 04, 2014 Series B	\$6,250,000 in 2021, \$6,490,000 in 2022, \$6,705,000 in 2023 and \$25,775,000 in various increments from 2024 through 2027	4.0 to 5.0%	80,615,000
July 13, 2016 Series A, AOSC	\$2,095,000 in 2021, \$2,400,000 in 2022, \$2,720,000 in 2023 and \$92,475,000 in various increments from 2024 through 2041	5.0%	104,285,000
October 19, 2016 Series B	\$3,000,000 in 2021, 2022 and 2023, and \$74,000,000 in various increments from 2024 through 2036	5.0%	95,000,000
October 19, 2016 Series C	4,330,000 in 2021, \$4,550,000 in 2022, \$4,765,000 in 2023 and \$27,700,000 in various increments from 2024 through 2028	5.0%	59,865,000
July 6, 2017 Series B, AOSC	\$1,725,000 in 2021, \$1,795,000 in 2022, \$1,870,000 in 2023 and \$49,820,000 in various increments from 2024 through 2041	Variable - Est. 0.68%	60,000,000
August 29, 2017 Series C	\$3,545,000 in 2021, \$3,720,000 in 2022, \$3,905,000 in 2023 and \$80,370,000 in various increments from 2024 through 2037	5.0%	100,000,000
July 17, 2018 Series A	\$1,680,000 in 2021, \$3,770,000 in 2022, \$3,925,000 in 2023 and \$88,945,000 in various increments from 2024 through 2038	5.0%	100,000,000
November 1, 2018 Series B	\$8,235,000 in 2021, \$3,770,000 in 2022, \$9,430,000 in 2023 and \$126,940,000 in various increments from 2024 through 2038	Variable - Est. 0.68%	163,485,000
September 11, 2019 Series C, Refunding	\$3,300,000 in 2021, \$3,470,000 in 2022, \$3,650,000 in 2023 and \$26,130,000 in various increments from 2024 through 2029	5.0%	39,265,000
September 24, 2020 Series A,	\$2,000,000 in 2021, \$7,300,000 in 2022, \$3,225,000 in 2023 and \$87,475,000 in various increments from 2024 through 2040	5.0%	100,000,000
September 24, 2020 Series B, Refunding	\$3,935,000 in 2021, \$4,345,000 in 2022, \$4,415,000 in 2023 and \$25,100,000 in various increments from 2024 through 2031	5.0%	37,795,000
G.O. Non-Levy Supported Bonds			
September 15, 2010 Series B, Watershed District	Retired	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	Retired	3.0 to 4.0%	4,715,000
January 29, 2013 Series B, Watershed District	\$345,000 in 2021, \$355,000 in 2022, \$360,000 in 2023 and \$3,640,000 in various increments from 2024 through 2032	2.0 to 3.0%	7,075,000
September 24, 2020 Series B, Watershed District Refunding	\$245,000 in 2021, \$300,000 in 2022, \$315,000 in 2023 and \$2,965,000 in various increments from 2024 to 2031	5.0%	3,825,000
September 5, 2019 Series B, SWLRT (Sales Tax Revenue)	\$6,350,000 in 2021, \$6,670,000 in 2022, \$7,000,000 in 2023 and \$173,930,000 in various increments from 2024 through 2039	5.0%	200,000,000
September 5, 2020C, Series C, SWLRT (Sales Tax Revenue)	\$4,535,000 in 2021, \$4,765,000 in 2022, \$5,000,000 in 2023 and \$135,700,000 in various increments from 2024 through 2040	5.0%	150,000,000
Sales Tax Revenue Bonds			
Ballpark: January 30, 2017 Series A,	\$4,900,000 in 2021, \$5,220,000 in 2022, \$7,495,000 in 2023 and \$82,160,000 in various increments from 2024 through 2032	5.0%	116,885,000
Ballpark: December 14, 2017 Series D	\$10,000,000 in 2021 and \$9,855,000 in 2022	Variable - Est. 0.96%	72,155,000
Limited Tax Bonds			
Regional Railroad Authority (RRA), March 12, 2019 Series A	\$2,680,000 in 2021, \$2,815,000 in 2022, \$2,955,000 in 2023 and \$65,040,000 in various increments from 2024 through 2038	5.0%	80,000,000
Regional Railroad Authority (RRA), September 11, 2019 Series D, Refunding	\$1,445,000 in 2021, \$1,530,000 in 2022, \$1,615,000 in 2023 and \$16,625,000 in various increments from 2024 to 2031	5.0%	22,345,000

¹Bonds 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

²Bonds 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, 2019	Additions	Payments	Balance Dec. 31, 2020	Due Within One Year	Total	Due Within One Year
General Obligation -							
Levy Supported Bonds and Notes							
September 15, 2010 Series B	\$ 3,970,000	\$ -	\$ 3,970,000	\$ -	\$ -	\$ -	\$ -
September 15, 2010 Series B, Capital Notes	1,130,000	-	1,130,000	-	-	-	-
September 15, 2010 Series C, ¹ Taxable	41,060,000	-	-	41,060,000	4,130,000	8,922,755	1,656,155
September 15, 2010 Series D, ² Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	22,430,163	1,780,009
November 15, 2011 Series A	39,065,000	-	39,065,000	-	-	-	-
January 25, 2012 Series A	7,525,000	-	7,525,000	-	-	-	-
March 08, 2012 Series B	18,015,000	-	18,015,000	-	-	-	-
January 29, 2013 Series A	8,000,000	-	4,000,000	4,000,000	4,000,000	120,000	120,000
November 04, 2014 Series A	92,325,000	-	2,900,000	89,425,000	3,020,000	51,073,750	4,471,250
November 04, 2014 Series B	51,170,000	-	5,950,000	45,220,000	6,250,000	7,463,850	2,003,250
July 13, 2016 Series A, AOSC	101,490,000	-	1,800,000	99,690,000	2,095,000	64,689,000	4,984,500
October 19, 2016 Series B	86,000,000	-	3,000,000	83,000,000	3,000,000	46,541,500	4,150,000
October 19, 2016 Series C	45,460,000	-	4,115,000	41,345,000	4,330,000	9,832,250	2,067,250
July 6, 2017 Series B, AOSC	56,870,000	-	1,660,000	55,210,000	1,725,000	4,885,602	385,485
August 29, 2017 Series C	94,915,000	-	3,375,000	91,540,000	3,545,000	46,492,750	4,577,000
July 17, 2018 Series A	100,000,000	-	1,680,000	98,320,000	1,680,000	53,984,250	4,916,000
November 1, 2018 Series B	156,745,000	-	8,370,000	148,375,000	8,235,000	9,205,082	1,008,469
September 11, 2019 Series C, Refunding	39,265,000	-	2,715,000	36,550,000	3,300,000	9,738,750	1,827,500
September 24, 2020 Series A	-	100,000,000	-	100,000,000	2,000,000	58,863,500	5,000,000
September 24, 2020 Series B Refunding	-	37,795,000	-	37,795,000	3,935,000	10,613,203	2,241,453
Total G.O. Levy Supported	980,380,000	137,795,000	109,270,000	1,008,905,000	51,245,000	404,856,405	41,188,321
G.O. Non-Levy Supported Bonds							
September 15, 2010 Series B, Watershed District	1,995,000	-	1,995,000	-	-	-	-
November 15, 2011 Series A, Watershed District	3,245,000	-	3,245,000	-	-	-	-
January 29, 2013 Series B, Watershed District	5,035,000	-	335,000	4,700,000	345,000	842,400	117,588
September 24, 2020 Series B Watershed District Refunding	-	3,825,000	-	3,825,000	245,000	1,244,594	226,844
September 5, 2019, Series B, Sales Tax Revenue (SWLRT)	200,000,000	-	6,050,000	193,950,000	6,350,000	110,971,500	9,697,500
October 1, 2020, Series C SWLRT (Sales Tax Revenue)	-	150,000,000	-	150,000,000	4,535,000	90,725,250	7,500,000
Total G.O. Non-Levy Supported	210,275,000	153,825,000	11,625,000	352,475,000	11,475,000	203,783,744	17,541,932
Sales Tax Revenue Bonds							
Ballpark: January 30, 2017, Series A	104,310,000	-	4,535,000	99,775,000	4,900,000	34,367,250	4,988,750
Ballpark: December 14, 2017, Series D	39,455,000	-	19,600,000	19,855,000	10,000,000	190,196	95,793
Total Sales Tax Revenue	143,765,000	-	24,135,000	119,630,000	14,900,000	34,557,446	5,084,543
Limited Tax Bonds							
Regional Railroad Authority (RRA) March 12, 2019 Series A	76,040,000	-	2,550,000	73,490,000	2,680,000	39,298,050	3,585,850
Regional Railroad Authority (RRA) September 11, 2019 Series D, Refunding	22,345,000	-	1,130,000	21,215,000	1,445,000	6,938,750	1,060,750
Total Limited Tax Bonds	98,385,000	-	3,680,000	94,705,000	4,125,000	46,236,800	4,646,600
Total of Long-Term Debt Payable	\$ 1,432,805,000	\$ 291,620,000	\$ 148,710,000	\$ 1,575,715,000	\$ 81,745,000	\$ 689,434,395	\$ 68,461,396



Supplementary Information Enterprise Funds

Combining Statement of Net Position - Nonmajor Enterprise Funds

December 31, 2020

With Comparative Totals for December 31, 2019

	Glen Lake Golf Course	Radio Communications	Totals	
			2020	2019
ASSETS				
Current Assets:				
Cash.....	\$ 22,540	\$ 3,374,670	\$ 3,397,210	\$ 2,459,549
Interfund receivable.....	-	13,409	13,409	38,536
Other receivables.....	-	238,395	238,395	244,143
Inventories.....	8,878	-	8,878	4,051
Prepaid items.....	-	-	-	965
Total Current Assets	31,418	3,626,474	3,657,892	2,747,244
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.....	-	16,775,047	16,775,047	15,740,012
Total capital assets	3,722,167	16,775,047	20,497,214	19,462,179
Less accumulated depreciation.....	2,589,043	7,519,607	10,108,650	9,119,885
Net Capital Assets	1,133,124	9,255,440	10,388,564	10,342,294
Total Assets	\$ 1,164,542	\$ 12,881,914	\$ 14,046,456	\$ 13,089,538
LIABILITIES				
Current Liabilities:				
Interfund payable.....	\$ 8,000	\$ -	\$ 8,000	\$ 66,000
Accounts and contracts payable.....	7,266	63,561	70,827	116,723
General obligation bonds.....	-	-	-	175,000
Total Current Liabilities	15,266	63,561	78,827	357,723
NET POSITION				
Net investment in capital assets.....	1,133,124	9,255,440	10,388,564	10,167,294
Unrestricted.....	16,152	3,562,913	3,579,065	2,564,521
Total Net Position	1,149,276	12,818,353	13,967,629	12,731,815
Total Liabilities and Net Position	\$ 1,164,542	\$ 12,881,914	\$ 14,046,456	\$ 13,089,538

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds**

For the Year Ended December 31, 2020

With Comparative Totals for December 31, 2019

	Glen Lake Golf Course	Radio Communications	Totals	
			2020	2019
OPERATING REVENUES				
Charges for services.	\$ 1,100,321	\$ 3,707,218	\$ 4,807,539	\$ 4,570,312
OPERATING EXPENSES				
Personal services.	569,934	1,575,129	2,145,063	2,132,193
Commodities.	78,307	575,710	654,017	230,495
Contractual services.	138,827	278,574	417,401	427,898
Depreciation.	87,801	1,537,791	1,625,592	1,541,095
Other.	37,204	138,350	175,554	221,526
Total Operating Expenses	912,073	4,105,554	5,017,627	4,553,207
Operating Income (Loss)	188,248	(398,336)	(210,088)	17,105
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	(3,500)	-	(3,500)	(6,900)
Gain (Loss) on capital asset disposal.	-	(3,131)	(3,131)	(19,409)
Total Nonoperating Revenues (Expenses)	(3,500)	(3,131)	(6,631)	(26,309)
Income (Loss) Before Capital Contributions	184,748	(401,467)	(216,719)	(9,204)
Capital contributions.	-	1,452,533	1,452,533	995,774
Change in Net Position	184,748	1,051,066	1,235,814	986,570
Total Net Position - Beginning	964,528	11,767,287	12,731,815	11,745,245
Total Net Position-Ending	\$ 1,149,276	\$ 12,818,353	\$ 13,967,629	\$ 12,731,815

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds**

For the Year Ended December 31, 2020

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 1,100,321	\$ 3,738,093	\$ 4,838,414
Payments to suppliers for goods and services.	(234,723)	(886,453)	(1,121,176)
Payments to employees for services.	(569,934)	(1,575,129)	(2,145,063)
Other operating disbursements.	(37,204)	(138,350)	(175,554)
Net Cash Provided by Operating Activities	258,460	1,138,161	1,396,621
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net interfund loans.	(58,000)	-	(58,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	-	(222,460)	(222,460)
Interest paid.	(3,500)	-	(3,500)
Principal payments.	(175,000)	-	(175,000)
Net Cash Used by Capital and Related Financing Activities	(178,500)	(222,460)	(400,960)
Net Increase in Cash	21,960	915,701	937,661
Cash at Beginning of Year	580	2,458,969	2,459,549
Cash at End of Year	\$ 22,540	\$ 3,374,670	\$ 3,397,210
CASH COMPONENTS:			
Cash.	\$ 22,540	\$ 3,374,670	\$ 3,397,210
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 188,248	\$ (398,336)	\$ (210,088)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	87,801	1,537,791	1,625,592
(Increase) decrease in:			
Receivables and prepaid items.	965	30,875	31,840
Inventories.	(4,827)	-	(4,827)
Increase (decrease) in:			
Accounts payable and accrued expenses.	(13,727)	(32,169)	(45,896)
Net Cash Provided by Operating Activities	\$ 258,460	\$ 1,138,161	\$ 1,396,621
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ -	\$ 1,452,533	\$ 1,452,533
Loss on disposal of capital assets.	-	(3,131)	(3,131)

Schedules of Net Position - Enterprise Funds

December 31, 2020 and 2019

	Hennepin Health		Solid Waste	
	2020	2019	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash	\$ 65,989,771	\$ 41,904,131	\$ 25,773,080	\$ 21,060,931
Interfund receivable	-	-	-	-
Other receivables	20,543,684	17,150,789	8,097,747	5,848,973
Inventories	-	-	2,883,608	3,296,945
Prepaid items	9,860	13,354	9,560	4,933
Total Current Assets	86,543,315	59,068,274	36,763,995	30,211,782
Noncurrent Assets:				
Cash and investments	-	-	-	-
Restricted cash and investments	500,000	500,000	15,483,084	13,305,701
Notes receivable and other	-	-	680,403	783,445
Capital Assets:				
Land	-	-	8,179,432	8,179,432
Land improvements	-	-	-	-
Buildings	-	-	165,533,871	165,533,871
Equipment	746,004	746,004	46,376,132	45,030,689
Software	392,455	392,455	-	-
Leasehold improvements	1,301,599	1,301,599	-	-
Construction in progress	-	-	6,334,418	2,063,617
Total capital assets	2,440,058	2,440,058	226,423,853	220,807,609
Less accumulated depreciation and amortization	970,075	637,394	111,857,988	103,129,196
Net Capital Assets	1,469,983	1,802,664	114,565,865	117,678,413
Total Noncurrent Assets	1,969,983	2,302,664	130,729,352	131,767,559
Total Assets	88,513,298	61,370,938	167,493,347	161,979,341
Deferred Outflows of Resources:				
Pension related	590,019	612,190	399,633	470,541
Postemployment healthcare related	80,333	60,285	102,490	41,314
Total Deferred Outflows of Resources	670,352	672,475	502,123	511,855
Total Assets and Deferred Outflows of Resources	\$ 89,183,650	\$ 62,043,413	\$ 167,995,470	\$ 162,491,196
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities:				
Interfund payable	\$ 177,210	\$ -	\$ -	\$ -
Accounts and contracts payable	4,498,809	6,783,325	9,305,195	7,434,148
Accrued expenses	30,640,926	20,332,733	258,375	199,830
Unearned revenue	-	8,118	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds and notes	-	-	1,349,972	1,108,137
Compensated absences	120,000	110,000	120,000	70,000
Total Current Liabilities	35,436,945	27,234,176	11,033,542	8,812,115
Noncurrent liabilities, net of current portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds and notes	-	-	30,144,438	25,878,166
Net pension	5,854,437	5,315,436	5,164,841	4,753,717
Postemployment healthcare benefits	527,186	557,954	672,783	679,306
Compensated absences	922,591	684,598	1,150,607	1,152,946
Total Noncurrent Liabilities	7,304,214	6,557,988	37,132,669	32,464,135
Total Liabilities	42,741,159	33,792,164	48,166,211	41,276,250
Deferred Inflows of Resources:				
Pension related	387,533	1,235,678	282,049	949,776
Postemployment healthcare related	55,124	22,505	69,063	27,006
Total Deferred Inflows of Resources	442,657	1,258,183	351,112	976,782
Net Position:				
Net investment in capital assets	1,469,983	1,802,664	83,071,455	90,692,110
Restricted for:				
Statutory requirements relating to:				
Metropolitan health plan	44,529,851	25,190,402	-	-
Solid waste management	-	-	36,406,692	29,458,081
Medical Center expendable	-	-	-	-
Medical Center nonexpendable	-	-	-	-
Brownfield assessment and cleanup	-	-	-	87,973
Unrestricted (deficit)	-	-	-	-
Total Net Position	45,999,834	26,993,066	119,478,147	120,238,164
Total Liabilities, Deferred Inflows and Net Position	\$ 89,183,650	\$ 62,043,413	\$ 167,995,470	\$ 162,491,196

	Medical Center		Total Nonmajor	
	2020	2019	2020	2019
\$	190,047,397	\$ 31,494,080	\$ 3,397,210	\$ 2,459,549
	4,057,026	7,534,445	13,409	38,536
	182,866,530	225,709,452	238,395	244,143
	12,777,684	9,321,532	8,878	4,051
	18,178,795	10,338,349	-	965
	<u>407,927,432</u>	<u>284,397,858</u>	<u>3,657,892</u>	<u>2,747,244</u>
	20,567,511	15,209,000	-	-
	54,552,124	53,180,501	-	-
	8,925,162	11,783,095	-	-
	36,903,616	28,603,548	985,092	985,092
	-	-	1,893,908	1,893,908
	607,670,224	590,651,381	843,167	843,167
	299,360,374	290,275,310	16,775,047	15,740,012
	7,194,813	4,518,700	-	-
	27,023,761	26,365,308	-	-
	10,920,550	9,683,076	-	-
	989,073,338	950,097,323	20,497,214	19,462,179
	565,552,047	522,048,168	10,108,650	9,119,885
	423,521,291	428,049,155	10,388,564	10,342,294
	507,566,088	508,221,751	10,388,564	10,342,294
	915,493,520	792,619,609	14,046,456	13,089,538
	32,048,754	40,173,615	-	-
	3,042,051	3,302,218	-	-
	35,090,805	43,475,833	-	-
\$	<u>950,584,325</u>	<u>836,095,442</u>	<u>14,046,456</u>	<u>13,089,538</u>
\$	4,372,455	\$ 3,817,289	\$ 8,000	\$ 66,000
	102,155,751	33,048,643	70,827	116,723
	99,059,612	74,387,056	-	-
	-	-	-	-
	4,849,000	3,418,000	-	-
	5,371,605	5,007,835	-	175,000
	1,300,000	1,840,000	-	-
	<u>217,108,423</u>	<u>121,518,823</u>	<u>78,827</u>	<u>357,723</u>
	12,710,657	10,282,000	-	-
	172,401,458	177,773,063	-	-
	312,645,921	284,583,447	-	-
	25,810,557	28,668,744	-	-
	42,694,787	36,340,561	-	-
	566,263,380	537,647,815	-	-
	783,371,803	659,166,638	78,827	357,723
	33,652,620	89,467,432	-	-
	3,796,047	1,346,806	-	-
	37,448,667	90,814,238	-	-
	239,634,778	237,858,247	10,388,564	10,167,294
	-	-	-	-
	-	-	-	-
	34,547,294	37,127,824	-	-
	25,338,120	21,981,677	-	-
	-	-	-	-
	(169,756,337)	(210,853,182)	3,579,065	2,564,521
	129,763,855	86,114,566	13,967,629	12,731,815
\$	<u>950,584,325</u>	<u>836,095,442</u>	<u>14,046,456</u>	<u>13,089,538</u>

**Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Hennepin Health Fund**

For the Years Ended December 31, 2020 and 2019

	2020			2019 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Net charges for services.	\$ 241,030,244	\$ 256,562,245	\$ 15,532,001	\$ 213,812,696
OPERATING EXPENSES				
Personal services.	14,208,497	11,876,304	2,332,193	12,021,383
Commodities.	38,684	23,554	15,130	15,528
Contractual services.	218,736,749	232,945,218	(14,208,469)	204,663,039
Depreciation and amortization.	340,000	332,681	7,319	219,667
Other.	6,445,177	4,053,528	2,391,649	12,947,171
Total Operating Expenses	239,769,107	249,231,285	(9,462,178)	229,866,788
Operating Income (Loss)	1,261,137	7,330,960	6,069,823	(16,054,092)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	525,000	479,728	(45,272)	1,656,740
Interest expense.	-	(3,422)	(3,422)	(18,225)
Pandemic relief funds.	199,502	199,502	-	-
Total Nonoperating Revenues (Expenses)	724,502	675,808	(48,694)	1,638,515
Income (Loss) Before Contributions	1,985,639	8,006,768	6,021,129	(14,415,577)
Capital contributions.	-	11,000,000	11,000,000	-
Change in Net Position	1,985,639	19,006,768	\$ 17,021,129	(14,415,577)
Total Net Position - Beginning	26,993,066	26,993,066		41,408,643
Total Net Position - Ending	\$ 28,978,705	\$ 45,999,834		\$ 26,993,066

**Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Solid Waste Fund**

For the Years Ended December 31, 2020 and 2019

	2020			2019 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Charges for services.	\$ 63,870,641	\$ 60,138,047	\$ (3,732,594)	\$ 58,364,153
OPERATING EXPENSES				
Personal services.	9,403,458	8,580,726	822,732	8,835,756
Commodities.	307,350	209,848	97,502	217,714
Contractual services.	46,745,780	44,895,025	1,850,755	44,126,619
Depreciation and amortization.	2,532,047	8,728,792	(6,196,745)	8,660,522
Other.	13,956,729	2,901,974	11,054,755	2,891,910
Total Operating Expenses	72,945,364	65,316,365	7,628,999	64,732,521
Operating Income (Loss)	(9,074,723)	(5,178,318)	3,896,405	(6,368,368)
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.	5,861,703	6,262,181	400,478	4,963,455
Investment earnings (losses).	450,000	371,086	(78,914)	930,105
Interest expense.	(387,445)	(794,435)	(406,990)	(545,529)
Other.	(2,214,921)	(1,436,638)	778,283	(1,478,430)
Pandemic relief funds.	16,107	16,107	-	-
Total Nonoperating Revenues (Expenses)	3,725,444	4,418,301	692,857	3,869,601
Change in Net Position	(5,349,279)	(760,017)	\$ 4,589,262	(2,498,767)
Total Net Position - Beginning	120,238,164	120,238,164		122,736,931
Total Net Position - Ending	\$ 114,888,885	\$ 119,478,147		\$ 120,238,164

**Schedules of Revenues, Expenses, and Changes in Fund Net Position
Medical Center Fund**

For the Years Ended December 31, 2020 and 2019

	2020 Actual	2019 Actual
OPERATING REVENUES		
Net charges for services.	\$ 955,633,560	\$ 1,021,757,979
Intergovernmental.	74,391,928	71,728,295
 Total Operating Revenues	 <u>1,030,025,488</u>	 <u>1,093,486,274</u>
OPERATING EXPENSES		
Personal services.	774,405,053	772,295,315
Commodities.	266,904,967	241,906,023
Contractual services.	49,939,888	50,072,222
Depreciation and amortization.	44,059,599	43,622,485
Other.	9,124,120	8,025,415
 Total Operating Expenses	 <u>1,144,433,627</u>	 <u>1,115,921,460</u>
 Operating Income (Loss)	 <u>(114,408,139)</u>	 <u>(22,435,186)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (losses).	6,781,858	11,502,444
Interest expense.	(4,040,427)	(4,731,453)
Other.	328,641	301,600
Pandemic relief funds.	137,569,475	-
 Total Nonoperating Revenues (Expenses)	 <u>140,639,547</u>	 <u>7,072,591</u>
 Income (Loss) Before Contributions	 <u>26,231,408</u>	 <u>(15,362,595)</u>
 Capital contributions.	 <u>17,417,881</u>	 <u>13,381,373</u>
 Change in Net Position	 <u>43,649,289</u>	 <u>(1,981,222)</u>
Total Net Position - Beginning	<u>86,114,566</u>	<u>88,095,788</u>
 Total Net Position - Ending	 <u>\$ 129,763,855</u>	 <u>\$ 86,114,566</u>



Schedules of Cash Flows Enterprise Funds

For the Years Ended December 31, 2020 and 2019

	Hennepin Health	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 263,469,425	\$ 190,277,049
Operating grants.....	-	-
Payments to suppliers for goods and services.....	(235,249,794)	(202,011,341)
Payments to employees for services.....	(11,933,481)	(12,037,142)
Other operating receipts (disbursements).....	(4,053,528)	(12,947,171)
	<u>12,232,622</u>	<u>(36,718,605)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net grants and contributions.....	-	-
Net interfund loans.....	177,210	(2,249,080)
Pandemic relief funds.....	199,502	-
	<u>376,712</u>	<u>(2,249,080)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.....	-	(351,015)
Interest paid.....	(3,422)	(18,225)
Contributed capital from other funds	11,000,000	-
Debt issuance cost and principal payments.....	-	-
	<u>10,996,578</u>	<u>(369,240)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.....	479,728	1,656,740
Purchase of investments.....	-	-
Sale of investments.....	-	-
	<u>479,728</u>	<u>1,656,740</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash	24,085,640	(37,680,185)
Cash at Beginning of Year	42,404,131	80,084,316
Cash at End of Year	<u>\$ 66,489,771</u>	<u>\$ 42,404,131</u>
CASH COMPONENTS:		
Cash.....	\$ 65,989,771	\$ 41,904,131
Restricted cash.....	500,000	500,000
	<u>\$ 66,489,771</u>	<u>\$ 42,404,131</u>
Cash at End of Year		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).....	\$ 7,330,960	\$ (16,054,092)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.....	332,681	219,667
(Increase) decrease in:		
Receivables and prepaid items.....	(3,389,401)	1,684,195
Inventories.....	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.....	8,240,902	(8,799,494)
Unearned revenue.....	(8,118)	(13,691,105)
Net pension liability.....	539,001	(151,086)
Deferred outflows.....	2,123	(131,408)
Deferred inflows.....	(815,526)	204,718
	<u>12,232,622</u>	<u>(36,718,605)</u>
Net Cash Provided (Used) by Operating Activities		
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets.....	\$ -	\$ -
Gain (loss) on disposal of capital assets.....	-	-
Increase (decrease) in fair value of investments.....	52,155	738,197

Solid Waste		Medical Center		Total Nonmajor	
2020	2019	2020	2019	2020	2019
\$ 57,947,818	\$ 57,441,934	\$ 998,935,000	\$ 1,000,788,000	\$ 4,838,414	\$ 4,770,398
-	-	74,392,000	71,728,000	-	-
(42,825,116)	(45,178,796)	(302,724,000)	(275,102,262)	(1,121,176)	(718,913)
(8,744,402)	(8,625,467)	(772,685,000)	(755,892,000)	(2,145,063)	(2,132,193)
(2,901,974)	(2,891,910)	58,044,000	(30,827,000)	(175,554)	(221,526)
<u>3,476,326</u>	<u>745,761</u>	<u>55,962,000</u>	<u>10,694,738</u>	<u>1,396,621</u>	<u>1,697,766</u>
4,928,585	3,587,186	156,000	340,000	-	-
-	-	-	-	(58,000)	66,000
16,107	-	137,569,475	-	-	-
<u>4,944,692</u>	<u>3,587,186</u>	<u>137,725,475</u>	<u>340,000</u>	<u>(58,000)</u>	<u>66,000</u>
(1,108,137)	(746,351)	(29,577,213)	(12,610,000)	(222,460)	(1,693,570)
(794,435)	(545,529)	(4,040,427)	(4,731,453)	(3,500)	(6,900)
-	-	-	-	-	-
-	-	(5,007,835)	(4,658,285)	(175,000)	(170,000)
<u>(1,902,572)</u>	<u>(1,291,880)</u>	<u>(38,625,475)</u>	<u>(21,999,738)</u>	<u>(400,960)</u>	<u>(1,870,470)</u>
371,086	930,105	3,555,671	1,964,431	-	-
-	-	(8,081,000)	(1,326,000)	-	-
-	-	5,093,000	102,000	-	-
<u>371,086</u>	<u>930,105</u>	<u>567,671</u>	<u>740,431</u>	<u>-</u>	<u>-</u>
6,889,532	3,971,172	155,629,671	(10,224,569)	937,661	(106,704)
34,366,632	30,395,460	41,956,080	52,180,649	2,459,549	2,566,253
<u>\$ 41,256,164</u>	<u>\$ 34,366,632</u>	<u>\$ 197,585,751</u>	<u>\$ 41,956,080</u>	<u>\$ 3,397,210</u>	<u>\$ 2,459,549</u>
\$ 25,773,080	\$ 21,060,931	\$ 190,047,397	\$ 31,494,080	\$ 3,397,210	\$ 2,459,549
15,483,084	13,305,701	7,538,354	10,462,000	-	-
<u>\$ 41,256,164</u>	<u>\$ 34,366,632</u>	<u>\$ 197,585,751</u>	<u>\$ 41,956,080</u>	<u>\$ 3,397,210</u>	<u>\$ 2,459,549</u>
\$ (5,178,318)	\$ (6,368,368)	\$ (114,408,139)	\$ (22,435,186)	\$ (210,088)	\$ 17,105
8,728,792	8,660,522	44,059,599	43,622,485	1,625,592	1,541,095
(2,253,401)	(965,890)	41,337,828	(24,453,916)	31,840	201,050
413,337	(573,521)	(3,456,152)	(1,834,868)	(4,827)	(2,471)
1,970,730	(207,693)	105,346,933	8,378,711	(45,896)	(59,013)
-	-	-	-	-	-
411,124	(108,453)	28,062,474	(5,464,688)	-	-
9,732	162,561	8,385,028	40,468,960	-	-
(625,670)	146,603	(53,365,571)	(27,586,760)	-	-
<u>\$ 3,476,326</u>	<u>\$ 745,761</u>	<u>\$ 55,962,000</u>	<u>\$ 10,694,738</u>	<u>\$ 1,396,621</u>	<u>\$ 1,697,766</u>
\$ -	\$ -	\$ 17,417,881	\$ 13,381,373	\$ 1,452,533	\$ 995,774
-	-	(100,028)	-	(3,131)	(19,409)
35,290	382,934	(2,923,341)	(645,847)	-	-



Supplementary Information Other



Combining Statement of Net Position - Internal Service Funds

December 31, 2020

With Comparative Totals for December 31, 2019

	Central Services	Fleet Services	Information Technology	Energy Center
ASSETS & DEFERRED OUTFLOWS				
Current Assets:				
Cash	\$ 213	\$ 23,888,712	\$ 49,629,669	\$ 2,090,327
Interfund receivable	60,012	743,248	2,286,161	832,733
Receivables from users	55,012	144,321	474,461	373,101
Inventories	147,350	172,538	-	333,885
Prepaid items	243,146	1,663	11,195,922	-
Total Current Assets	<u>505,733</u>	<u>24,950,482</u>	<u>63,586,213</u>	<u>3,630,046</u>
Capital Assets:				
Land	-	-	-	1,040,600
Buildings	-	-	-	47,185,823
Equipment	4,188,255	66,863,657	40,415,732	280,965
Software	-	-	4,702,015	-
Construction in progress	-	2,448,746	-	-
Total capital assets	<u>4,188,255</u>	<u>69,312,403</u>	<u>45,117,747</u>	<u>48,507,388</u>
Less accumulated depreciation	<u>2,977,741</u>	<u>38,695,319</u>	<u>35,885,494</u>	<u>28,928,997</u>
Net Capital Assets	<u>1,210,514</u>	<u>30,617,084</u>	<u>9,232,253</u>	<u>19,578,391</u>
Total Assets	<u>1,716,247</u>	<u>55,567,566</u>	<u>72,818,466</u>	<u>23,208,437</u>
Deferred Outflows of Resources:				
Postemployment healthcare related	<u>77,969</u>	<u>45,404</u>	<u>307,232</u>	<u>566</u>
Total Assets and Deferred Outflows	<u>\$ 1,794,216</u>	<u>\$ 55,612,970</u>	<u>\$ 73,125,698</u>	<u>\$ 23,209,003</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current Liabilities:				
Interfund payable	\$ 2,200,000	\$ -	\$ -	\$ -
Accounts and contracts payable	90,798	1,293,655	1,918,408	460,303
Accrued expenses	170,295	83,805	1,218,401	4,517
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	1,130,420
Compensated absences	30,000	40,000	440,000	-
Total Current Liabilities	<u>2,491,093</u>	<u>1,417,460</u>	<u>3,576,809</u>	<u>1,595,240</u>
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	13,536,707
Postemployment healthcare benefits	452,186	190,468	2,174,887	8,596
Compensated absences	404,915	299,236	4,438,638	45,893
Total Noncurrent Liabilities	<u>857,101</u>	<u>489,704</u>	<u>6,613,525</u>	<u>13,591,196</u>
Total Liabilities	<u>3,348,194</u>	<u>1,907,164</u>	<u>10,190,334</u>	<u>15,186,436</u>
Deferred Inflows of Resources:				
Postemployment healthcare related	<u>47,128</u>	<u>17,641</u>	<u>229,100</u>	<u>850</u>
Net Position:				
Net investment in capital assets	1,210,514	30,617,084	9,232,253	4,911,264
Unrestricted (deficit)	<u>(2,811,620)</u>	<u>23,071,081</u>	<u>53,474,011</u>	<u>3,110,453</u>
Total Net Position	<u>(1,601,106)</u>	<u>53,688,165</u>	<u>62,706,264</u>	<u>8,021,717</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 1,794,216</u>	<u>\$ 55,612,970</u>	<u>\$ 73,125,698</u>	<u>\$ 23,209,003</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2020	2019
\$ 18,556,676	\$ 53,503,916	\$ 82,472,954	\$ 230,142,467	\$ 213,930,624
1,654,500	-	21,283,038	26,859,692	21,029,040
-	195,238	-	1,242,133	1,443,041
-	-	-	653,773	569,626
-	-	-	11,440,731	4,256,697
<u>20,211,176</u>	<u>53,699,154</u>	<u>103,755,992</u>	<u>270,338,796</u>	<u>241,229,028</u>
-	-	-	1,040,600	1,040,600
-	-	-	47,185,823	46,744,646
65,850	-	-	111,814,459	104,343,054
-	-	-	4,702,015	4,702,015
-	-	-	2,448,746	3,597,089
65,850	-	-	167,191,643	160,427,404
65,850	-	-	106,553,401	96,315,777
-	-	-	60,638,242	64,111,627
<u>20,211,176</u>	<u>53,699,154</u>	<u>103,755,992</u>	<u>330,977,038</u>	<u>305,340,655</u>
1,706	272	-	433,149	260,388
<u>\$ 20,212,882</u>	<u>\$ 53,699,426</u>	<u>\$ 103,755,992</u>	<u>\$ 331,410,187</u>	<u>\$ 305,601,043</u>
\$ -	\$ -	\$ 1,802,133	\$ 4,002,133	\$ 1,758,056
714,711	28,438	-	4,506,313	2,822,328
26,681	9,447,357	-	10,951,056	9,410,503
2,700,000	-	-	2,700,000	2,800,000
-	-	-	1,130,420	1,752,785
10,000	10,000	11,610,000	12,140,000	11,500,000
<u>3,451,392</u>	<u>9,485,795</u>	<u>13,412,133</u>	<u>35,429,922</u>	<u>30,043,672</u>
8,745,000	-	-	8,745,000	9,191,500
-	-	-	13,536,707	14,225,950
9,672	4,156	-	2,839,965	2,974,191
101,150	60,051	90,343,859	95,693,742	82,094,041
<u>8,855,822</u>	<u>64,207</u>	<u>90,343,859</u>	<u>120,815,414</u>	<u>108,485,682</u>
<u>12,307,214</u>	<u>9,550,002</u>	<u>103,755,992</u>	<u>156,245,336</u>	<u>138,529,354</u>
1,162	407	-	296,288	120,590
-	-	-	45,971,115	48,132,892
7,904,506	44,149,017	-	128,897,448	118,818,207
7,904,506	44,149,017	-	174,868,563	166,951,099
<u>\$ 20,212,882</u>	<u>\$ 53,699,426</u>	<u>\$ 103,755,992</u>	<u>\$ 331,410,187</u>	<u>\$ 305,601,043</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds**

For the Year Ended December 31, 2020
With Comparative Totals for December 31, 2019

	Central Services	Fleet Services	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services.....	\$ 8,512,264	\$ 17,588,982	\$ 82,251,463	\$ 9,218,257
Total Operating Revenues	<u>8,512,264</u>	<u>17,588,982</u>	<u>82,251,463</u>	<u>9,218,257</u>
OPERATING EXPENSES				
Personal services.....	5,306,730	2,634,776	39,512,588	140,287
Commodities.....	363,595	3,540,488	14,340,860	3,745,089
Contractual services.....	4,891,947	2,624,478	18,076,226	2,797,352
Depreciation.....	519,304	8,396,036	6,295,795	1,631,510
Other charges.....	490,279	365,457	2,271,335	95,431
Total Operating Expenses	<u>11,571,855</u>	<u>17,561,235</u>	<u>80,496,804</u>	<u>8,409,669</u>
Operating Income (Loss)	<u>(3,059,591)</u>	<u>27,747</u>	<u>1,754,659</u>	<u>808,588</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).....	-	-	-	-
Interest expense.....	-	-	-	(455,392)
Gain (Loss) on capital asset disposal.....	(2,164)	980,535	-	-
Pandemic relief funds.....	91,312	21,301	1,262,624	-
Total Nonoperating Revenues (Expenses)	<u>89,148</u>	<u>1,001,836</u>	<u>1,262,624</u>	<u>(455,392)</u>
Income (Loss) Before Contributions	<u>(2,970,443)</u>	<u>1,029,583</u>	<u>3,017,283</u>	<u>353,196</u>
Capital contributions.....	-	96,830	1,415,195	-
Change in Net Position	<u>(2,970,443)</u>	<u>1,126,413</u>	<u>4,432,478</u>	<u>353,196</u>
Total Net Position - Beginning	<u>1,369,337</u>	<u>52,561,752</u>	<u>58,273,786</u>	<u>7,668,521</u>
Total Net Position - Ending	<u>\$ (1,601,106)</u>	<u>\$ 53,688,165</u>	<u>\$ 62,706,264</u>	<u>\$ 8,021,717</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2020	2019
\$ 8,418,534	\$ 121,912,795	\$ 22,422,321	\$ 270,324,616	\$ 255,416,537
8,418,534	121,912,795	22,422,321	270,324,616	255,416,537
8,265,144	110,747,952	22,422,321	189,029,798	171,986,000
9,405	2,594	-	22,002,031	9,591,959
574,591	8,157,778	-	37,122,372	34,724,921
-	-	-	16,842,645	17,229,029
114,967	19,310	-	3,356,779	3,789,903
8,964,107	118,927,634	22,422,321	268,353,625	237,321,812
(545,573)	2,985,161	-	1,970,991	18,094,725
-	552,849	-	552,849	948,628
-	-	-	(455,392)	(506,799)
-	-	-	978,371	654,687
1,980,785	2,598	-	3,358,620	-
1,980,785	555,447	-	4,434,448	1,096,516
1,435,212	3,540,608	-	6,405,439	19,191,241
-	-	-	1,512,025	1,350,990
1,435,212	3,540,608	-	7,917,464	20,542,231
6,469,294	40,608,409	-	166,951,099	146,408,868
\$ 7,904,506	\$ 44,149,017	\$ -	\$ 174,868,563	\$ 166,951,099

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended December 31, 2020

	Central Services	Fleet Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.	\$ 8,529,242	\$ 17,494,645
Payments to suppliers for goods and services.	(5,359,476)	(5,698,596)
Payments to employees for services.	(5,229,214)	(2,520,467)
Other operating disbursements.	(490,279)	(365,457)
Net Cash Provided (Used) by Operating Activities	<u>(2,549,727)</u>	<u>8,910,125</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net interfund loans.	2,200,000	-
Pandemic relief funds.	91,312	21,301
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,291,312</u>	<u>21,301</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.	(210,532)	(6,921,242)
Interest paid.	-	-
Debt issuance cost and principal payments.	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(210,532)</u>	<u>(6,921,242)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.	-	-
Net Increase (Decrease) in Cash	(468,947)	2,010,184
Cash at Beginning of Year	469,160	21,878,528
Cash at End of Year	<u>\$ 213</u>	<u>\$ 23,888,712</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).	\$ (3,059,591)	\$ 27,747
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.	519,304	8,396,036
(Increase) decrease in:		
Receivables and prepaid items.	(35,883)	(119,297)
Inventories.	(54,063)	(17,688)
Increase (decrease) in:		
Accounts payable and accrued expenses.	87,608	650,996
Deferred outflows.	(35,157)	(39,710)
Deferred inflows.	28,055	12,041
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,549,727)</u>	<u>\$ 8,910,125</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets.	\$ -	\$ 96,830
Loss on disposal of capital assets.	(2,164)	-
Increase (decrease) in fair value of investments	-	-

Information Technology	Energy Center	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$ 80,181,886	\$ 9,141,867	\$ 8,515,749	\$ 123,498,730	\$ 18,873,306	\$ 266,235,425
(38,105,871)	(6,584,056)	(797,276)	(8,163,324)	-	(64,708,599)
(38,931,801)	(138,697)	(8,780,346)	(110,732,050)	(9,135,311)	(175,467,886)
(2,271,335)	(95,431)	(114,967)	(19,310)	-	(3,356,779)
872,879	2,323,683	(1,176,840)	4,584,046	9,737,995	22,702,161
-	-	-	-	44,077	2,244,077
1,262,624	-	1,980,785	2,598	-	3,358,620
1,262,624	-	1,980,785	2,598	44,077	5,602,697
(3,305,913)	-	-	-	-	(10,437,687)
-	(455,392)	-	-	-	(455,392)
-	(1,752,785)	-	-	-	(1,752,785)
(3,305,913)	(2,208,177)	-	-	-	(12,645,864)
-	-	-	552,849	-	552,849
(1,170,410)	115,506	803,945	5,139,493	9,782,072	16,211,843
50,800,079	1,974,821	17,752,731	48,364,423	72,690,882	213,930,624
\$ 49,629,669	\$ 2,090,327	\$ 18,556,676	\$ 53,503,916	\$ 82,472,954	\$ 230,142,467
\$ 1,754,659	\$ 808,588	\$ (545,573)	\$ 2,985,161	\$ -	\$ 1,970,991
6,295,795	1,631,510	-	-	-	16,842,645
(9,499,804)	(77,481)	90,965	376,737	(3,549,015)	(12,813,778)
-	(12,396)	-	-	-	(84,147)
2,284,696	(26,616)	(722,290)	1,222,109	13,287,010	16,783,513
(96,693)	(468)	(507)	(226)	-	(172,761)
134,226	546	565	265	-	175,698
\$ 872,879	\$ 2,323,683	\$ (1,176,840)	\$ 4,584,046	\$ 9,737,995	\$ 22,702,161
\$ 1,415,195	\$ -	\$ -	\$ -	\$ -	\$ 1,512,025
-	-	-	-	-	(2,164)
-	-	-	57,318	-	57,318

Schedules of Net Position - Internal Service Funds

For the Years Ended December 31, 2020 and 2019

	Central Services		Fleet Services		Information Technology	
	2020	2019	2020	2019	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash	\$ 213	\$ 469,160	\$ 23,888,712	\$ 21,878,528	\$ 49,629,669	\$ 50,800,079
Interfund receivable	60,012	61,705	743,248	724,415	2,286,161	-
Receivables from users	55,012	26,418	144,321	44,993	474,461	434,734
Inventories	147,350	93,287	172,538	154,850	-	-
Prepaid items	243,146	234,164	1,663	527	11,195,922	4,022,006
Total Current Assets	505,733	884,734	24,950,482	22,803,313	63,586,213	55,256,819
Capital Assets:						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	4,188,255	4,331,826	66,863,657	62,228,618	40,415,732	37,435,795
Software	-	-	-	-	4,702,015	4,702,015
Construction in progress	-	-	2,448,746	3,597,089	-	-
Total capital assets	4,188,255	4,331,826	69,312,403	65,825,707	45,117,747	42,137,810
Less accumulated depreciation	2,977,741	2,810,376	38,695,319	34,811,194	35,885,494	31,330,870
Net Capital Assets	1,210,514	1,521,450	30,617,084	31,014,513	9,232,253	10,806,940
Total Assets	1,716,247	2,406,184	55,567,566	53,817,826	72,818,466	66,063,759
Deferred Outflows of Resources						
Postemployment healthcare related	77,969	42,812	45,404	5,694	307,232	210,539
Total Assets and Deferred Outflows of Resources	\$ 1,794,216	\$ 2,448,996	\$ 55,612,970	\$ 53,823,520	\$ 73,125,698	\$ 66,274,298
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities:						
Interfund payable	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable	90,798	131,687	1,293,655	808,461	1,918,408	433,277
Accrued expenses	170,295	126,416	83,805	59,981	1,218,401	962,090
Current portion of:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Compensated absences	30,000	30,000	40,000	40,000	440,000	420,000
Total Current Liabilities	2,491,093	288,103	1,417,460	908,442	3,576,809	1,815,367
Noncurrent Liabilities, Net of Current Portion:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	452,186	476,139	190,468	113,426	2,174,887	2,358,137
Compensated absences	404,915	296,344	299,236	234,300	4,438,638	3,732,134
Total Noncurrent Liabilities	857,101	772,483	489,704	347,726	6,613,525	6,090,271
Total Liabilities	3,348,194	1,060,586	1,907,164	1,256,168	10,190,334	7,905,638
Deferred Inflows of Resources						
Postemployment healthcare related	47,128	19,073	17,641	5,600	229,100	94,874
Net Position:						
Net investment in capital assets	1,210,514	1,521,450	30,617,084	31,014,513	9,232,253	10,806,940
Unrestricted (deficit)	(2,811,620)	(152,113)	23,071,081	21,547,239	53,474,011	47,466,846
Total Net Position	(1,601,106)	1,369,337	53,688,165	52,561,752	62,706,264	58,273,786
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,794,216	\$ 2,448,996	\$ 55,612,970	\$ 53,823,520	\$ 73,125,698	\$ 66,274,298

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2020	2019	2020	2019	2020	2019	2020	2019
\$	2,090,327	\$ 1,974,821	\$ 18,556,676	\$ 17,752,731	\$ 53,503,916	\$ 48,364,423	\$ 82,472,954	\$ 72,690,882
	832,733	799,432	1,654,500	1,709,465	-	-	21,283,038	17,734,023
	373,101	328,921	-	36,000	195,238	571,975	-	-
	333,885	321,489	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	3,630,046	3,424,663	20,211,176	19,498,196	53,699,154	48,936,398	103,755,992	90,424,905
	1,040,600	1,040,600	-	-	-	-	-	-
	47,185,823	46,744,646	-	-	-	-	-	-
	280,965	280,965	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	48,507,388	48,066,211	65,850	65,850	-	-	-	-
	28,928,997	27,297,487	65,850	65,850	-	-	-	-
	19,578,391	20,768,724	-	-	-	-	-	-
	23,208,437	24,193,387	20,211,176	19,498,196	53,699,154	48,936,398	103,755,992	90,424,905
	566	98	1,706	1,199	272	46	-	-
\$	23,209,003	\$ 24,193,485	\$ 20,212,882	\$ 19,499,395	\$ 53,699,426	\$ 48,936,444	\$ 103,755,992	\$ 90,424,905
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,802,133	\$ 1,758,056
	460,303	489,522	714,711	927,991	28,438	31,390	-	-
	4,517	3,426	26,681	20,431	9,447,357	8,238,159	-	-
	-	-	2,700,000	2,800,000	-	-	-	-
	1,130,420	1,752,785	-	-	-	-	-	-
	-	-	10,000	10,000	10,000	10,000	11,610,000	10,990,000
	1,595,240	2,245,733	3,451,392	3,758,422	9,485,795	8,279,549	13,412,133	12,748,056
	-	-	8,745,000	9,191,500	-	-	-	-
	13,536,707	14,225,950	-	-	-	-	-	-
	8,596	7,755	9,672	15,127	4,156	3,607	-	-
	45,893	45,222	101,150	64,455	60,051	44,737	90,343,859	77,676,849
	13,591,196	14,278,927	8,855,822	9,271,082	64,207	48,344	90,343,859	77,676,849
	15,186,436	16,524,660	12,307,214	13,029,504	9,550,002	8,327,893	103,755,992	90,424,905
	850	304	1,162	597	407	142	-	-
	4,911,264	4,789,989	-	-	-	-	-	-
	3,110,453	2,878,532	7,904,506	6,469,294	44,149,017	40,608,409	-	-
	8,021,717	7,668,521	7,904,506	6,469,294	44,149,017	40,608,409	-	-
\$	23,209,003	\$ 24,193,485	\$ 20,212,882	\$ 19,499,395	\$ 53,699,426	\$ 48,936,444	\$ 103,755,992	\$ 90,424,905

**Schedules of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds**

For the Years Ended December 31, 2020 and 2019

	Central Services		Fleet Services		Information Technology	
	2020	2019	2020	2019	2020	2019
OPERATING REVENUES						
Charges for services.	\$ 8,512,264	\$ 10,496,255	\$ 17,588,982	\$ 18,248,860	\$ 82,251,463	\$ 82,410,448
Total Operating Revenues	8,512,264	10,496,255	17,588,982	18,248,860	82,251,463	82,410,448
OPERATING EXPENSES						
Personal services.	5,306,730	5,199,567	2,634,776	2,473,607	39,512,588	38,833,762
Commodities.	363,595	447,739	3,540,488	3,304,444	14,340,860	1,809,670
Contractual services.	4,891,947	4,769,490	2,624,478	2,170,501	18,076,226	16,382,598
Depreciation.	519,304	559,703	8,396,036	7,610,720	6,295,795	7,449,154
Other charges.	490,279	335,149	365,457	326,047	2,271,335	2,287,733
Total Operating Expenses	11,571,855	11,311,648	17,561,235	15,885,319	80,496,804	66,762,917
Operating Income (Loss)	(3,059,591)	(815,393)	27,747	2,363,541	1,754,659	15,647,531
NONOPERATING REVENUES (EXPENSES)						
Investment earnings (losses).	-	-	-	-	-	-
Interest expense.	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.	(2,164)	(14,758)	980,535	672,958	-	(3,513)
Pandemic relief funds.	91,312	-	21,301	-	1,262,624	-
Total Nonoperating Revenues (Expenses)	89,148	(14,758)	1,001,836	672,958	1,262,624	(3,513)
Income (Loss) Before Contributions	(2,970,443)	(830,151)	1,029,583	3,036,499	3,017,283	15,644,018
Capital contributions.	-	-	96,830	1,269,907	1,415,195	81,083
Change in Net Position	(2,970,443)	(830,151)	1,126,413	4,306,406	4,432,478	15,725,101
Total Net Position - Beginning	1,369,337	2,199,488	52,561,752	48,255,346	58,273,786	42,548,685
Total Net Position - Ending	\$ (1,601,106)	\$ 1,369,337	\$ 53,688,165	\$ 52,561,752	\$ 62,706,264	\$ 58,273,786

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2020	2019	2020	2019	2020	2019	2020	2019
\$	9,218,257	\$ 9,416,806	\$ 8,418,534	\$ 8,772,865	\$ 121,912,795	\$ 117,204,710	\$ 22,422,321	\$ 8,866,593
	9,218,257	9,416,806	8,418,534	8,772,865	121,912,795	117,204,710	22,422,321	8,866,593
	140,287	136,861	8,265,144	6,004,248	110,747,952	110,471,362	22,422,321	8,866,593
	3,745,089	3,994,151	9,405	12,499	2,594	23,456	-	-
	2,797,352	2,480,831	574,591	561,634	8,157,778	8,359,867	-	-
	1,631,510	1,609,452	-	-	-	-	-	-
	95,431	94,040	114,967	732,860	19,310	14,074	-	-
	8,409,669	8,315,335	8,964,107	7,311,241	118,927,634	118,868,759	22,422,321	8,866,593
	808,588	1,101,471	(545,573)	1,461,624	2,985,161	(1,664,049)	-	-
	-	-	-	-	552,849	948,628	-	-
	(455,392)	(506,799)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	1,980,785	-	2,598	-	-	-
	(455,392)	(506,799)	1,980,785	-	555,447	948,628	-	-
	353,196	594,672	1,435,212	1,461,624	3,540,608	(715,421)	-	-
	-	-	-	-	-	-	-	-
	353,196	594,672	1,435,212	1,461,624	3,540,608	(715,421)	-	-
	7,668,521	7,073,849	6,469,294	5,007,670	40,608,409	41,323,830	-	-
\$	8,021,717	\$ 7,668,521	\$ 7,904,506	\$ 6,469,294	\$ 44,149,017	\$ 40,608,409	\$ -	\$ -



Statistical Section

Statistical Section

<u>Page</u>	<u>Table</u>
	Financial Trends – This section provides information that shows how the County’s financial position has changed over time.
154	1. Government-wide Net Position
156	2. Government-wide Change in Net Position
158	3. Government-wide Expenses by Function
160	4. Government-wide Revenues
162	5. Fund Balances - Governmental Funds
164	6. Change in Fund Balances - Governmental Funds
166	7. Governmental Fund Expenditures by Function
168	8. Governmental Fund Revenues by Source
	Revenue Capacity – This section provides information that shows factors affecting the County’s ability to generate its own-source revenues.
170	9. Property Estimated Market Value
172	10. Property Tax Rates and Levies - Direct and Overlapping Governments
174	11. Principal Taxpayers
176	12. Tax Levies and Collections on Property Located Within the County
178	13. Net Tax Capacity and Taxable Market Value of Property
180	14. Tax Capacity of Taxable Property by Municipality
	Debt Capacity – This section provides information regarding the County’s current level of outstanding debt and its ability to issue additional debt.
182	15. Ratios of Outstanding Debt by Type
184	16. Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
185	17. Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
186	18. Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
187	19. Direct, Overlapping, and Underlying Governmental Activities Debt
188	20. Legal Debt Margin Information
190	21. Sales Tax Revenue Bond Coverage
192	22. Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures
	Demographic and Economic Information – This section provides information regarding the County’s socioeconomic environment and facilitates comparisons over time and among governments.
193	23. Demographic and Economic Statistics
194	24. Labor Force Size and Unemployment Rate
195	25. Employment Information by Industry
196	26. Principal Employers
	Operating Information – This section provides information about the County’s operations and resources.
198	27. Employees by Function/Program
200	28. Operating Indicators
202	29. Capital Asset Statistics by Function/Program
204	30. Selected Per Capita Measures of Financial Condition
206	31. Selected Ratio Measures of Financial Condition

Government-wide Net Position

Last Ten Years

	Governmental Activities Net Position ¹				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
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	\$ 1,219,864,333 134.4 %	55,598,868 6.1	(367,758,308) (40.5)	\$ 907,704,893 100.0 %	\$ 395,059,037 154.8 %	100,921,673 39.6
2017	\$ 1,206,561,675 146.6 %	33,310,365 4.0	(416,536,711) (50.6)	\$ 823,335,329 100.0 %	\$ 384,924,769 151.0 %	110,665,578 43.4
2018	\$ 1,262,978,840 135.4 %	107,904,209 11.6	(438,421,345) (47.0)	\$ 932,461,704 100.0 %	\$ 357,743,028 135.5 %	113,076,467 42.8
2019	\$ 1,182,547,879 125.6 %	364,061,414 38.7	(605,345,730) (64.3)	\$ 941,263,563 100.0 %	\$ 340,520,315 138.3 %	113,845,957 46.3
2020 ²	\$ 1,140,681,933 148.0 %	272,838,103 35.4	(642,927,587) (83.4)	\$ 770,592,449 100.0 %	\$ 334,564,780 108.2 %	140,821,957 45.5

¹ 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.

The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit, eliminating the governmental activities' equity interest in component unit that had been reported since 2012. The governmental activities' and business-type activities' net positions were restated as of January 1, 2016. Net position in business-type activities increased \$75 million with the addition of the Medical Center and net position in governmental activities decreased by the same amount with the removal of the equity interest in component unit. Periods prior to 2016 were not restated because the information is not available.

The County adopted the provisions of GASB 75 in 2018, which changed the liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures relating to postemployment benefits. The governmental activities' and business-type activities' net positions were restated as of January 1, 2017, with net position in governmental activities decreasing \$49.5 million and business-type activities net position increasing \$14.4 million. Periods prior to 2017 were not restated because the information is not available.

² The 2020 decrease in governmental activities net position primarily related to County contributions to the Metropolitan Council for the Southwest Light Rail Transit project, along with pension expense reductions. The 2020 increase in business-type activities net position primarily related to pension expense reductions.

Unaudited

Activities Net Position ¹			Total Primary Government Net Position			
Unrestricted	Total		Net Investment in Capital Assets	Restricted	Unrestricted	Total
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 0.6	\$ 180,667,088 100.0 %		\$ 1,122,827,940 64.9 %	106,567,213 6.1	501,043,232 29.0	\$ 1,730,438,385 100.0 %
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 %
(240,873,069) (94.4)	\$ 255,107,641 100.0 %		\$ 1,614,923,370 138.8 %	156,520,541 13.5	(608,631,377) (52.3)	\$ 1,162,812,534 100.0 %
(240,740,842) (94.4)	\$ 254,849,505 100.0 %		\$ 1,591,486,444 147.6 %	143,975,943 13.4	(657,277,553) (61.0)	\$ 1,078,184,834 100.0 %
(206,832,888) (78.3)	\$ 263,986,607 100.0 %		1,620,721,868 135.5 %	220,980,676 18.4	(645,254,233) (53.9)	\$ 1,196,448,311 100.0 %
(208,288,661) (84.6)	\$ 246,077,611 100.0 %		1,523,068,194 128.2 %	477,907,371 40.3	(813,634,391) (68.5)	\$ 1,187,341,174 100.0 %
(166,177,272) (53.7)	\$ 309,209,465 100.0 %		1,475,246,713 136.6 %	413,660,060 38.3	(809,104,859) (74.9)	\$ 1,079,801,914 100.0 %

Government-wide Change in Net Position

Last Ten Years

	Governmental Activities Change in Net Position ¹			
	Net Program Expense	General Revenue	Transfers In (Out)	Total
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	\$ (860,383,897)	853,717,908	(17,323,096)	(23,989,085)
2017	\$ (939,947,496)	915,334,413	(8,396,008)	(33,009,091)
2018	\$ (943,600,045)	1,064,502,788	(11,776,368)	109,126,375
2019	\$ (1,119,662,343)	1,142,841,349	(14,377,147)	8,801,859
2020	\$ (1,296,728,088)	1,144,927,388	(18,870,414)	(170,671,114)

¹ 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.

The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. 2016 was restated for comparison purposes but data is not available for prior years.

The implementation of GASB 75 in 2018 changed the method for reporting expenses relating to postemployment benefits. 2017 was restated for comparison purposes but periods prior to 2017 were not restated because the information is not available.

Governmental Activities' 2018, 2019 and 2020 Net Program Expense amounts include \$63,434,153, \$168,904,341, and \$305,144,084, respectively, relating to contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit.

Unaudited

Table 2

Business-type Activities Change in Net Position ¹				
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Total	Total Change in Net Position
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
(45,026,903)	3,647,892	17,323,096	(24,055,915)	\$ (48,045,000)
(26,428,996)	3,743,368	8,396,008	(14,289,620)	\$ (47,298,711)
(6,779,710)	4,140,444	11,776,368	9,137,102	\$ 118,263,477
(36,656,879)	4,370,736	14,377,147	(17,908,996)	\$ (9,107,137)
39,540,810	4,720,630	18,870,414	63,131,854	\$ (107,539,260)

Government-wide Expenses by Function

Last Ten Years

Year	Governmental Activities						
	Operations ¹	Human Services	Health	Public Safety	Public Works	Libraries	Housing and Redevelopment Authority
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	7,551,223 0.5
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	9,604,847 0.7
2013	\$ 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	7,695,959 0.5
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	9,930,939 0.7
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	10,170,173 0.7
2016	\$ 180,740,603 6.8 %	578,786,579 22.0	66,712,310 2.5	348,219,386 13.2	95,340,184 3.6	89,976,637 3.4	11,037,512 0.4
2017	\$ 188,375,379 6.6 %	606,245,245 21.3	68,619,425 2.4	347,612,537 12.1	116,853,788 4.1	92,575,200 3.2	12,340,350 0.4
2018	\$ 225,045,000 7.8 %	611,146,772 21.2	78,387,060 2.7	319,194,885 11.0	125,680,478 4.3	93,545,971 3.2	11,282,225 0.4
2019	\$ 331,305,837 10.6 %	606,469,494 19.3	79,401,626 2.5	353,266,892 11.3	149,132,482 4.7	100,513,940 3.2	9,420,106 0.3
2020	\$ 518,352,508 14.9 %	620,995,687 17.7	71,311,173 2.1	345,693,745 10.0	218,469,994 6.3	92,225,491 2.7	18,731,951 0.5

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.

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.

The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit in business-type activities, rather than a discretely presented component unit. 2016 was restated for comparison purposes but data is not available for prior years.

The implementation of GASB 75 in 2018 changed the method for reporting expenses relating to postemployment benefits. 2017 was restated for comparison purposes but periods prior to 2017 were not restated because the information is not available.

The 2018, 2019 and 2020 Operations Expense amounts include \$63,434,153, \$168,904,341, and \$305,144,084, respectively, relating to contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit.

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Other Enterprises	Total
		Hennepin Health	Environmental Services	Medical Center			
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 %	
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 %	
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 %	
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 %	
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 %	
24,713,823 0.9	44,024,761 1.7	128,098,502 4.8	59,055,113 2.2	1,015,357,256 38.4	3,630,950 0.1	\$ 2,645,693,616 100.0 %	
54,407,297 1.9	48,127,742 1.7	227,311,006 7.9	68,754,823 2.4	1,026,701,749 35.9	3,964,905 0.1	\$ 2,861,889,446 100.0 %	
42,915,345 1.5	35,450,382 1.2	229,332,103 7.9	70,997,580 2.5	1,044,068,505 36.1	4,380,778 0.2	\$ 2,891,427,084 100.0 %	
43,898,191 1.4	40,630,769 1.3	229,885,013 7.3	70,825,616 2.3	1,120,652,913 35.7	4,579,516 0.1	\$ 3,139,982,395 100.0 %	
78,322,450 2.3	35,147,804 1.0	249,234,707 7.2	71,939,427 2.1	1,148,474,054 33.1	5,024,258 0.1	\$ 3,473,923,249 100.0 %	

Government-wide Revenues

Last Ten Years

Program Revenues								
Year	Charges for Services					Operating Grants and Contributions	Capital Grants and Contributions	
	Operations	Human Services	Hennepin Health	Environmental Services	Medical Center ²			Other
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	\$ 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 22.1	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 1.2 %	47,896,357 1.8	127,883,397 4.9	52,352,065 2.0	912,560,574 35.1	65,745,283 2.5	412,009,659 15.9	89,838,804 3.5
2017	\$ 32,495,916 1.2 %	52,685,114 1.9	231,003,831 8.2	53,834,305 1.9	939,043,280 33.3	67,759,787 2.4	439,130,074 15.6	79,560,647 2.8
2018	\$ 32,735,156 1.1 %	58,597,385 1.9	234,468,514 7.8	50,812,125 1.7	981,700,323 32.6	61,739,433 2.0	432,482,869 14.4	88,511,524 2.9
2019	\$ 38,733,451 1.2 %	57,141,476 1.8	213,812,696 6.8	58,364,153 1.9	1,021,757,979 32.7	63,569,218 2.0	463,496,099 14.8	66,788,101 2.1
2020 ³	\$ 33,455,173 1.0 %	55,734,790 1.7	256,562,245 7.6	60,138,047 1.8	955,633,560 28.4	53,626,143 1.6	745,244,593 22.1	56,341,420 1.7

¹ 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.

² The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. 2016 was restated for comparison purposes but data is not available for prior years.

³ The County's receipt of Federal grants increased more than \$263,000,000 in 2020 compared to 2019. The increase was primarily to mitigate some of the economic disruption caused by the COVID-19 pandemic. Sales tax revenues and investment earnings decreased due to economic impacts of the pandemic.

Unaudited

Table 4

General Revenues							
Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses) ¹	Change in Equity Interest in Component Unit ²	Total Revenues
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	\$ 1,611,861,940 100.0 %
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 29.6	36,468,191 1.4	9,918,363 0.4	7,161,937 0.3	32,451,058 1.2	6,167,796 0.2	- 0.0	\$ 2,597,648,616 100.0 %
800,979,263 28.5	57,266,835 2.0	9,973,509 0.4	7,088,190 0.3	31,242,476 1.1	12,527,508 0.4	- 0.0	\$ 2,814,590,735 100.0 %
829,362,438 27.6	170,834,314 5.7	10,468,350 0.3	7,654,965 0.3	32,605,262 1.1	17,717,903 0.6	- 0.0	\$ 3,009,690,561 100.0 %
885,201,195 28.3	177,893,004 5.7	10,678,140 0.3	7,894,285 0.3	31,702,806 1.0	33,842,655 1.1	- 0.0	\$ 3,130,875,258 100.0 %
915,936,953 27.2	158,887,776 4.7	19,305,219 0.6	8,388,333 0.2	35,914,968 1.1	11,214,769 0.3	- 0.0	\$ 3,366,383,989 100.0 %

Fund Balances - Governmental Funds

Last Ten Years

General Fund						
Year	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
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%
2017	\$ 3,711,556 1.7%	14,439,209 6.7%	- 0.0%	39,704,269 18.6%	156,228,977 73.0%	214,084,011 100.0%
2018	\$ 2,447,895 1.2%	15,051,095 7.4%	- 0.0%	37,305,151 18.3%	149,347,465 73.1%	204,151,606 100.0%
2019	\$ 2,442,985 1.1%	15,336,277 6.9%	- 0.0%	46,121,699 20.7%	158,941,880 71.3%	222,842,841 100.0%
2020	\$ 3,100,646 1.4%	16,040,900 7.3%	- 0.0%	61,861,604 28.3%	137,559,210 63.0%	218,562,360 100.0%

Unaudited

Table 5

All Other Governmental Funds				
Nonspendable	Restricted	Committed	Unassigned	Total
2,417,777 6.3%	147,127,578 40.5%	169,814,896 53.2%	-	\$ 319,360,251 100.0%
3,171,716 6.8%	103,313,359 31.8%	169,132,402 61.4%	-	\$ 275,617,477 100.0%
4,222,433 6.4%	144,182,010 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
3,739,660 4.4%	220,495,528 50.3%	185,971,038 45.3%	-	\$ 410,206,226 100.0%
9,807,491 6.9%	164,488,646 44.1%	167,233,245 49.0%	-	\$ 341,529,382 100.0%
10,772,803 2.7%	234,651,766 58.2%	157,639,040 39.1%	-	\$ 403,063,609 100.0%
3,784,193 1.1%	177,485,513 51.4%	164,038,954 47.5%	-	\$ 345,308,660 100.0%
3,612,832 0.9%	252,841,007 64.3%	136,894,323 34.8%	-	\$ 393,348,162 100.0%
3,906,490 0.6%	449,017,383 76.4%	134,809,172 22.9%	-	\$ 587,733,045 100.0%
3,704,937 0.7%	420,856,843 71.6%	162,847,915 27.7%	-	\$ 587,409,695 100.0%

Change in Fund Balances - Governmental Funds

Last Ten Years

	Excess (Deficiency) of Revenues Over Expenditures ¹	Other Financing Sources (Uses)			Sale of Capital Assets
		Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	
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	\$ (171,544,571)	160,908,146	62,603,156	(62,603,156)	483,806
2017	\$ (197,273,841)	52,254,866	78,973,598	(78,973,598)	9,316,350
2018	\$ (147,729,152)	157,452,035	107,969,676	(107,969,676)	10,502,804
2019	\$ (135,202,349)	265,415,000	126,781,860	(126,781,860)	-
2020	\$ (332,034,131)	239,955,000	97,711,411	(97,711,411)	398,640

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 The County's optional payments for early redemption of outstanding bond issues are included in the debt service amount used to calculate this percentage, including \$5,000,000 in 2011, \$10,000,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, \$22,000,000 in 2016, \$127,822,940 in 2017, \$15,000,000 in 2018, \$11,165,000 for 2019, and \$15,000,000 for 2020. The ratio would be lower if it was based only on required debt service expenditures. For example, 2018 would be 6.7%, 2019 would be 6.7%, and 2020 would be 6.1%.

Unaudited

Table 6

Bond and Note Premiums	Total	Net Change in Fund Balances	Debt Service as a Percentage of Noncapital Expenditures ²
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	\$ 226,617,667	\$ 55,073,096	8.0 %
42,409,439	\$ 103,980,655	\$ (93,293,186)	13.7 %
17,881,410	\$ 185,836,249	\$ 38,107,097	7.6 %
82,863,467	\$ 348,278,467	\$ 213,076,118	7.3 %
87,076,660	\$ 327,430,300	\$ (4,603,831)	6.8 %

Governmental Fund Expenditures by Function

Last Ten Years

Year	Operations ^{1,2}	Human Services	Health	Public Safety	Public Works	Libraries
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	\$ 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	\$ 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	\$ 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	\$ 181,340,867 11.1 %	553,443,954 33.6	62,204,105 3.8	285,755,221 17.4	71,479,236 4.4	78,033,098 4.8
2017 ⁴	\$ 180,404,375 9.9 %	590,273,036 32.5	70,618,049 3.9	304,342,954 16.8	69,273,932 3.8	81,405,835 4.5
2018	\$ 249,082,733 13.4 %	621,038,721 33.5	75,426,403 4.1	316,524,000 17.0	67,255,611 3.6	83,911,208 4.5
2019	\$ 366,444,830 19.3 %	604,984,913 32.0	74,255,063 3.9	327,864,150 17.3	75,470,618 4.0	81,895,814 4.3
2020	\$ 537,009,725 24.1 %	629,564,177 28.2	69,065,962 3.1	337,506,137 15.1	144,255,851 6.5	77,571,134 3.5

¹ Note that the General Fund presentation of Operations 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 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 to the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project. Light rail transit projects were contributed to the Metropolitan Council totaling \$63.4 million, \$168.9 million, and \$305.1 million in 2018, 2019 and 2020, respectively.

³ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. As described in footnote 2 in Table 2, 2016 was restated for comparison, which resulted in the restatement (reduction) of certain offsetting Capital Projects Fund operations expenditures and issuance of debt inflows in 2016.

⁴ The implementation of GASB 75 in 2018 changed the method for reporting expenses relating to postemployment benefits. 2017 was restated for comparison purposes but periods prior to 2017 were not restated because the information is not available. Debt Service Principal expenditures increased in 2017 due to two significant factors. The County optionally redeemed \$25.4 million of G.O. bonds. Additionally, the remaining \$83.6 million of outstanding G.O. debt relating to bonds that had been issued in 2010 to assist the CTIB joint venture were fully defeased in 2017 as a condition of the dissolution of CTIB. The revenue received from CTIB for the defeasance resulted in the elimination of the County's related note receivable from CTIB.

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
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 2.6	24,538,111 1.5	183,261,307 11.2	111,689,556 6.8	45,864,968 2.8	- -	\$ 1,640,834,621 100 %
36,471,605 2.0	54,902,255 3.0	172,583,098 9.5	185,409,020 10.2	55,981,166 3.1	13,738,566 0.8	\$ 1,815,403,891 100 %
13,393,100 0.7	39,825,242 2.1	246,422,060 13.2	79,790,449 4.3	46,174,808 2.5	21,307,332 1.1	\$ 1,860,151,667 100 %
8,711,659 0.5	43,710,690 2.3	158,190,495 8.4	80,125,800 4.2	51,531,000 2.7	21,098,166 1.1	\$ 1,894,283,198 100 %
41,887,215 1.9	81,257,409 3.6	144,239,058 6.5	89,001,244 4.0	56,595,823 2.5	21,650,626 1.0	\$ 2,229,604,361 100 %

Governmental Fund Revenues by Source

Last Ten Years

Year	Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Inter-governmental	Charges for Services
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
2017 ²	\$ 806,846,486 49.9 %	57,266,835 3.5	9,973,509 0.6	3,338,349 0.2	547,360,046 33.8	145,875,571 9.1
2018	\$ 842,488,555 49.2 %	170,834,314 10.0	10,468,350 0.6	3,514,521 0.2	484,719,090 28.3	147,901,689 8.5
2019	\$ 888,496,114 50.5 %	177,893,004 10.1	10,678,140 0.6	3,523,549 0.2	451,715,160 25.7	150,128,843 8.5
2020 ³	\$ 933,749,484 49.2 %	158,887,776 8.4	19,305,219 1.0	3,667,703 0.2	593,777,977 31.3	143,716,181 7.7

¹ See footnote 1 on Table 4 for information regarding the inclusion of unrealized gains and losses in investment earnings.

² Intergovernmental revenues increased \$89.9 million in 2017 when, as a condition of the dissolution of the CTIB joint venture, the County received revenues for the defeasance of the remaining outstanding G.O. debt relating to bonds that had been issued in 2010 to assist CTIB were fully defeased. This resulted in the elimination of the County's related note receivable from CTIB. A new transportation sales tax was effective beginning in late 2017.

³ Governmental Funds received significant intergovernmental revenues in 2020 to mitigate some of the economic disruption caused by the COVID-19 pandemic. Sales tax revenues and investment earnings decreased due to economic impacts of the pandemic.

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Investment Earnings ¹	Other	Total
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 %
1,471,221 0.1	8,112,225 0.5	12,954,847 0.8	24,930,961 1.5	\$ 1,618,130,050 100 %
1,075,264 0.1	8,310,952 0.5	18,146,864 1.1	24,962,916 1.5	\$ 1,712,422,515 100 %
1,179,249 0.1	8,590,254 0.5	35,930,504 2.0	30,946,032 1.8	\$ 1,759,080,849 100 %
369,143 0.0	6,630,582 0.3	12,022,313 0.6	25,443,852 1.3	\$ 1,897,570,230 100 %

Property Estimated Market Value (000s omitted) ¹

Last Ten Years

Real Estate

	Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous	Exempt
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
2017	\$ 112,595,483 60.5 %	16,998,612 9.1	32,745,319 17.6	625,310 0.4	40,490 0.0	21,249,594 11.4
2018	\$ 121,055,934 58.6 %	19,169,684 9.3	34,298,045 16.6	609,956 0.3	39,389 0.0	29,293,485 14.2
2019	\$ 128,325,438 58.8 %	21,698,642 9.9	36,083,870 16.5	667,926 0.3	41,859 0.0	29,293,485 13.4
2020	\$ 133,004,321 58.2 %	24,449,210 10.7	38,388,183 16.8	704,655 0.3	51,000 0.0	29,807,594 13.0

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 Rate ²</u>
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 %
184,254,808 99.0	1,825,398 1.0	\$ 186,080,206 100 %	\$ 164,830,612	43 %
204,466,493 99.0	1,993,722 1.0	\$ 206,460,215 100 %	\$ 177,166,730	42 %
216,111,220 99.0	2,103,357 1.0	\$ 218,214,577 100 %	\$ 188,921,092	41 %
226,404,963 99.0	2,187,136 1.0	\$ 228,592,099 100 %	\$ 198,784,505	38 %

Property Tax Rates and Levies - Direct and Overlapping Governments ¹

Last Ten Years

Payable Year	Hennepin County Direct Taxes				Tax Levies
	General Fund	G.O. Debt Service Rate	Other	Total Direct Rates	
2011	22.374 %	4.377 %	19.089 %	45.840 %	\$ 2,586,972,956
2012	23.370	5.169	19.131	47.670	2,578,977,362
2013	23.210	5.560	20.770	49.540	2,620,562,626
2014	21.510	5.400	19.335	46.245	2,692,058,025
2015	20.710	5.400	19.220	45.330	2,743,541,472
2016	20.144	5.016	20.570	45.730	2,869,712,621
2017	19.857	4.878	18.033	42.768	2,958,325,463
2018	19.640	4.523	17.643	41.806	3,109,776,988
2019	19.240	4.238	17.557	41.035	3,275,426,285
2020	21.750	3.959	12.480	38.189	3,403,480,198

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

Unaudited

Table 10

Metropolitan Transit Commission Tax		Metropolitan Council Tax		Metropolitan Mosquito Control District Tax	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.539 % \$	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
1.463	23,980,023	0.883	15,228,763	0.475	8,170,878
1.383	24,308,615	0.844	15,562,741	0.456	8,405,155
1.456	27,329,788	0.659	13,329,568	0.427	8,490,764
1.433	28,854,952	0.616	13,078,674	0.412	8,723,923

Principal Taxpayers ¹
 Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 16,799,250	1	0.74 %	\$ 10,856,810	1	0.78 %
Xcel Energy (NSP)	7,314,042	2	0.32	4,971,022	2	0.36
BRI 1855 IDS Center LLC	6,083,350	3	0.27			
WFM Office Owner LLC	5,536,650	4	0.24	3,313,250	5	0.24
SRI Eleven Mpls 225 LLC	5,045,250	5	0.22	3,433,250	4	0.25
City Center 33 So Prop LLC	4,929,350	6	0.22			
Wells REIT	3,999,250	7	0.18	2,749,250	6	0.20
US Bank Corp	3,953,550	8	0.17	2,747,250	7	0.20
South Sixth Office LLC	3,410,650	9	0.15			
BAM 701 LLC	3,174,750	10	0.14			
MB Minneapolis 8th St LLC				3,465,250	3	0.25
Best Buy Co Inc				2,369,250	8	0.17
Ridgedale Joint Venture				2,299,250	9	0.16
Eden Prairie Mall LLC				2,239,250	10	0.16
Total	\$ 60,246,092		2.65 %	\$ 38,443,832		2.77 %

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



Tax Levies and Collections on Property Located Within the County

Last Ten Years

Year	Current Tax Levy					Percent of Levy Collected
	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments ¹	Total	Current Tax Collections Net of Refunds	
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
2017	823,315,723	2,157,324,318	(22,314,578)	2,958,325,463	2,948,159,290	99.66
2018	856,817,660	2,265,626,291	(12,666,963)	3,109,776,988	3,090,563,442	99.38
2019	897,233,940	2,391,597,844	(13,405,499)	3,275,426,285	3,258,252,595	99.48
2020	934,876,350	2,482,052,643	(13,448,795)	3,403,480,198	3,393,176,814	99.70

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

² Refunds declined 2020, with a sharp decrease in tax court petitions received during the COVID-19 pandemic.

Unaudited

Table 12

Prior Year Collections Net of Refunds	Total Tax Collections	Uncollected Current Tax Levy	Percent of Current Tax Levy Uncollected
\$ 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
(4,870,907)	2,943,288,383	10,166,173	0.34
(851,579)	3,089,711,863	19,213,546	0.62
1,913,671	3,260,166,266	17,173,690	0.52
12,302,883 ²	3,405,479,697	10,303,384	0.30

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
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	100,627,634,030	454,641,259	38,952,721,161
2016	1,225,469,292	106,688,710,677	493,479,516	42,812,588,043
2017	1,304,690,419	113,730,370,808	533,535,674	46,774,230,040
2018	1,392,585,502	121,532,445,186	586,430,142	51,664,025,894
2019	1,487,545,247	129,895,715,054	625,162,153	55,348,967,846
2020	1,563,969,055	136,857,875,524	697,098,964	58,391,790,384

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
\$	1,397,609,366	\$ 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	139,580,355,191	1.1	71.6	28.4
	1,718,948,808	149,501,298,720	1.1	71.3	28.7
	1,838,226,093	160,504,600,848	1.1	71.0	29.0
	1,979,015,644	173,196,471,080	1.1	70.4	29.6
	2,112,707,400	185,244,682,900	1.1	70.4	29.6
	2,261,068,019	195,249,665,908	1.2	69.2	30.8

Tax Capacity of Taxable Property by Municipality ¹

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	\$ 194,909,240	1,474,008	\$ 196,383,248	\$ (15,823,985)	(13,257,239)	\$ 167,302,024	111 %
Brooklyn Center	30,421,876	517,001	30,938,877	4,889,864	(5,089,788)	30,738,953	142
Brooklyn Park	97,323,284	1,179,608	98,502,892	5,242,007	(1,071,092)	102,673,807	114
Champlin	28,019,319	343,976	28,363,295	2,510,861	(495,531)	30,378,625	103
Chanhassen (part)	1,695,200	6,326	1,701,526	(639,895)	-	1,061,631	91
Corcoran	10,907,850	540,846	11,448,696	122,266	-	11,570,962	119
Crystal	23,305,762	312,208	23,617,970	3,369,935	(288,561)	26,699,344	122
Dayton (part)	11,053,186	506,500	11,559,686	(66,570)	(325,605)	11,167,511	121
Deephaven	16,505,429	51,224	16,556,653	(27,101)	-	16,529,552	86
Eden Prairie	138,701,984	2,051,756	140,753,740	(10,399,361)	(2,669,795)	127,684,584	102
Edina	163,719,930	996,624	164,716,554	(11,101,965)	(8,291,891)	145,322,698	103
Excelsior	7,639,419	71,660	7,711,079	(616,394)	(224,427)	6,870,258	98
Fort Snelling	-	150,714	150,714	-	-	150,714	78
Golden Valley	55,644,963	604,764	56,249,727	(5,328,676)	(1,184,458)	49,736,593	125
Greenfield	5,554,142	188,178	5,742,320	(7,453)	-	5,734,867	113
Greenwood	4,723,656	54,704	4,778,360	(109,128)	-	4,669,232	82
Hanover (part)	893,330	11,906	905,236	111,389	-	1,016,625	119
Hopkins	29,796,301	275,921	30,072,222	(321,007)	(3,054,153)	26,697,062	143
Independence	8,127,869	238,332	8,366,201	86,569	-	8,452,770	111
International Airport	-	12,875,486	12,875,486	-	-	12,875,486	46
Long Lake	3,766,405	44,148	3,810,553	(287,116)	(133,748)	3,389,689	106
Loretto	846,475	13,192	859,667	12,549	-	872,216	133
Maple Grove	123,707,875	1,967,977	125,675,852	(5,415,861)	(1,025,163)	119,234,828	104
Maple Plain	2,685,449	36,474	2,721,923	(94,552)	-	2,627,371	125
Medicine Lake	1,138,570	6,398	1,144,968	(8,333)	-	1,136,635	120
Medina	21,587,411	445,026	22,032,437	(854,358)	(602,442)	20,575,637	96
Minneapolis	738,874,123	10,615,123	749,489,246	(24,395,654)	(27,994,628)	697,098,964	118
Minnnetonka	131,415,043	1,044,129	132,459,172	(10,293,157)	(3,827,960)	118,338,055	108
Minnnetonka Beach	4,700,641	10,800	4,711,441	(16,965)	-	4,694,476	93
Minnetrista	20,705,553	395,544	21,101,097	398,763	-	21,499,860	97
Mound	16,417,029	123,252	16,540,281	749,224	(940,678)	16,348,827	105
New Hope	27,035,066	303,741	27,338,807	1,312,497	(1,565,751)	27,085,553	136
Orono	39,482,429	250,522	39,732,951	(229,927)	(98,738)	39,404,286	86
Osseo	3,840,794	62,473	3,903,267	(42,665)	(739,264)	3,121,338	127
Plymouth	165,695,868	2,131,629	167,827,497	(10,433,424)	(2,220,336)	155,173,737	99
Richfield	46,292,213	491,826	46,784,039	2,102,704	(4,529,130)	44,357,613	133
Robbinsdale	13,879,210	195,958	14,075,168	2,533,964	(920,585)	15,688,547	125
Rockford	345,739	139,416	485,155	13,828	-	498,983	124
Rogers	29,787,355	560,572	30,347,927	(3,770,834)	(605,880)	25,971,213	106
St. Anthony (part)	7,941,443	93,808	8,035,251	388,986	-	8,424,237	145
St. Bonifacius	2,605,015	37,404	2,642,419	215,317	-	2,857,736	104
St. Louis Park	101,379,851	777,794	102,157,645	(5,628,072)	(11,817,305)	84,712,268	119
Shorewood	21,514,374	188,284	21,702,658	121,723	(256,177)	21,568,204	95
Spring Park	4,043,331	27,711	4,071,042	(117,304)	(158,800)	3,794,938	95
Tonka Bay	7,398,164	23,277	7,421,441	(51,193)	-	7,370,248	85
Wayzata	30,735,021	160,398	30,895,419	(3,008,327)	(3,995,881)	23,891,211	93
Woodland	3,990,043	8,008	3,998,051	-	-	3,998,051	78
Total	\$ 2,400,753,230	\$ 42,606,626	\$ 2,443,359,856	\$ (84,906,831)	\$ (97,385,006)	\$ 2,261,068,019	

¹ Tax capacity is for the 2020 assessment year, for taxes payable in 2021. 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.



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
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 ⁴	984,173,168	6,525,000	236,295,534	-	4,862,828
2017 ³	912,827,483	3,320,000	204,901,559	-	4,344,736
2018	1,005,692,157	2,240,000	185,985,139	-	3,826,644
2019	1,275,208,578	1,130,000	161,313,719	-	3,308,552
2020	1,512,635,323	-	135,837,299	-	2,790,460

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 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. In 2017, CTIB repaid the County in full, which allowed the County to defease the bonds.

⁴ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. 2016 was restated for comparison purposes, but data is not available for prior years due to the Medical Center's own implementation of GASB 80 that added two blended component units to Medical Center financial statements in 2016.

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
\$ 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
73,356,771	-	1,305,213,301	1.64%	1,067
162,455,247	-	1,287,849,025	1.55%	1,045
206,307,769	-	1,404,051,709	1.58%	1,121
209,942,201	-	1,650,903,050	1.75%	1,311
209,267,473	-	1,860,530,555	1.92%	1,470

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 ^{1,4}			Net	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					
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
2017	1,078,602,730	11,630,000	18,219,325	1,048,753,405	164,830,612,000	1,252,024	0.64	837.65
2018	1,214,239,926	10,965,000	21,718,920	1,181,556,006	177,166,730,000	1,259,428	0.67	938.17
2019	1,486,280,779	210,275,000	16,559,894	1,259,445,885	188,921,092,000	1,265,843	0.67	994.95
2020	1,721,902,796	352,475,000	19,795,307	1,349,632,489	198,784,505,000	1,265,843	0.68	1,066.19

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. 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 Source: U.S. Census Bureau.

⁴ 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 ^{1,4}			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				
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
2017	1,078,602,730	18,219,325	1,060,383,405	164,830,612,000	1,252,024	0.64	846.94
2018	1,214,239,926	21,718,920	1,192,521,006	177,166,730,000	1,259,428	0.67	946.88
2019	1,486,280,779	16,559,894	1,469,720,885	188,921,092,000	1,265,843	0.78	1,161.06
2020	1,721,902,796	19,795,307	1,702,107,489	198,784,505,000	1,265,843	0.86	1,344.64

¹ See Table 16 for similar information that is only for levy-supported G.O. debt. 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 Source: U.S. Census Bureau.

⁴ 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, 2020

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 1,008,905,000	\$ 992,041,852	100.00 %	\$ 992,041,852
Hennepin County Regional Railroad	94,705,000	93,859,422	100.00	93,859,422
Total Direct Debt	<u>1,103,610,000</u>	<u>1,085,901,274</u>		<u>1,085,901,274</u>
Overlapping:				
Metropolitan Council ³	1,688,625,662	103,225,628	47.30	48,825,722
Metropolitan Airport Commission	1,407,875,000	-	-	-
Total Overlapping Debt	<u>3,096,500,662</u>	<u>103,225,628</u>		<u>48,825,722</u>
Underlying:				
School Districts	2,522,994,000	2,212,297,581	100.00	2,212,297,581
Municipalities	1,990,110,235	663,522,244	100.00	663,522,244
Three Rivers Park District	58,525,000	42,954,642	100.00	42,954,642
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	1,718,405,662	117,777,964	100.00	117,777,964
Total Underlying Debt	<u>6,290,034,897</u>	<u>3,036,552,431</u>		<u>3,036,552,431</u>
Total	\$ <u>10,490,145,559</u>	\$ <u>4,225,679,333</u>		\$ <u>4,171,279,427</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.

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, 2020

Governmental Unit	Debt Outstanding ¹	Estimated Percentage Applicable	Amount Applicable to County
Direct:			
Hennepin County	\$ 1,556,558,082	100.00 %	\$ 1,556,558,082
Hennepin County Regional Railroad	94,705,000	100.00	94,705,000
Total Direct Debt	1,651,263,082		1,651,263,082
Overlapping:			
Metropolitan Council	1,688,625,662	47.30	798,719,938
Metropolitan Airport Commission	1,407,875,000	47.30	665,924,875
Total Overlapping Debt	3,096,500,662		1,464,644,813
Total Direct and Overlapping Debt	\$ 4,747,763,744		\$ 3,115,907,895
Underlying:			
School Districts	2,522,994,000	100.00	2,522,994,000
Municipalities	1,990,110,235	100.00	1,990,110,235
Three Rivers Park District	58,525,000	100.00	58,525,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	1,718,405,662	100.00	1,718,405,662
Total Underlying Debt	\$ 6,290,034,897		\$ 6,290,034,897

¹ See Table 18 for similar information that is only for levy-supported G.O. debt.

Unaudited

Legal Debt Margin Information

Last Ten Years

	Debt Limit ¹	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
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%
2017	4,944,918,369	1,048,753,405	3,896,164,964	21.21%
2018	5,315,001,888	1,181,556,006	4,133,445,882	22.23%
2019	5,667,632,760	1,259,445,885	4,408,186,875	22.22%
2020	5,963,535,150	1,349,632,489	4,613,902,661	22.63%

Computation of 2020 Legal Debt Margin	
2020 estimated market value of taxable property	<u>\$ 198,784,505,000</u>
Debt limit, 3% of estimated market value	\$ 5,963,535,150
Amount of levy supported debt	\$ 1,369,427,796
Less amount available for debt service	<u>19,795,307</u>
Legal Debt Margin	<u>\$ 4,613,902,661</u>

¹ See MN Statute 475.53.

Unaudited



Sales Tax Revenue Bond and Note CoverageLast Ten Years ¹

	2011	2012	2013	2014
Net Revenues ²	<u>\$ 29,589,411</u>	<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>
First Lien Revenue Bond Coverage:				
First lien principal	\$ 900,000	\$ 1,050,000	\$ 1,150,000	\$ 1,300,000
First lien interest	7,154,875	7,109,875	7,057,375	6,999,875
Total first lien debt service	<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>
First lien coverage	3.67	3.81	4.01	4.07
<i>First lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Second Lien Revenue Bond Coverage:				
Total first lien debt service	\$ 8,054,875	\$ 8,159,875	\$ 8,207,375	\$ 8,299,875
Second lien principal	2,720,000	3,450,000	3,280,000	3,590,000
Second lien interest	5,212,175	5,087,025	4,949,025	4,789,925
Total second lien debt service	<u>7,932,175</u>	<u>8,537,025</u>	<u>8,229,025</u>	<u>8,379,925</u>
Total first and second lien debt service	<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>
Second lien coverage	1.85	1.86	2.00	2.02
<i>Second lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Third Lien Revenue Bond and Note Coverage:				
Total first and second lien debt service	\$ 15,987,050	\$ 16,696,900	\$ 16,436,400	\$ 16,679,800
Third lien principal	800,000	400,000	800,000	800,000
Third lien interest	123,963	87,976	42,312	16,375
Third lien remarketing and liquidity provider fees	264,128	271,463	238,964	132,514
Total third lien debt service	<u>1,188,091</u>	<u>759,439</u>	<u>1,081,276</u>	<u>948,889</u>
Total first, second and third lien debt service	<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>
Third lien coverage	1.72	1.78	1.88	1.92
<i>Third lien principal optionally redeemed using sales tax revenues</i>	\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000
Total Sales Tax Revenue Bond and Note Coverage:				
Sales tax revenue bond and note principal	\$ 4,420,000	\$ 4,900,000	\$ 5,230,000	\$ 5,690,000
Sales tax revenue bond and note interest	12,491,013	12,284,876	12,048,712	11,806,175
Remarketing and liquidity provider fees	264,128	271,463	238,964	132,514
Total sales tax revenue bond and note debt service	<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>
Total coverage	1.72	1.78	1.88	1.92
<i>Total principal optionally redeemed using sales tax revenues</i>	\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000

¹ Initial first lien sales tax revenue bonds were issued in 2007, and refunded in 2017 with first lien sales tax refunding revenue bonds. Initial third lien sales tax revenue bonds were issued in 2008 and prepaid in 2016. Second lien sales tax revenue notes were issued in 2008 and refunded in 2017. The second lien bonds were reissued as third lien sales tax revenue bonds in December 2017. There are currently no second lien bonds.

² Net revenues equals revenues received from the State less administrative 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

2015	2016	2017	2018	2019	2020
<u>\$ 35,294,545</u>	<u>\$ 36,013,974</u>	<u>\$ 36,444,848</u>	<u>\$ 37,696,559</u>	<u>\$ 39,296,388</u>	<u>\$ 35,200,993</u>
\$ 1,400,000	\$ 1,550,000	\$ 4,370,000	\$ 3,975,000	\$ 4,230,000	\$ 4,535,000
6,934,875	6,864,875	5,113,719	5,625,750	5,427,000	5,215,500
<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>	<u>\$ 9,483,719</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>
4.23	4.28	3.84	3.93	4.07	3.61
\$ -	\$ -	\$ 9,019,206	\$ -	\$ -	
<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>	<u>\$ 9,483,719</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>
3,930,000	4,280,000	4,655,000	-	-	-
4,616,925	4,454,725	4,267,725	-	-	-
8,546,925	8,734,725	8,922,725	-	-	-
<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>	<u>\$ 18,406,444</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>
2.09	2.10	1.98	N/A	N/A	N/A
\$ -	\$ -	\$ 18,822,940	\$ -	\$ -	
<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>	<u>\$ 18,406,444</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>
800,000	-	-	13,600,000	14,100,000	14,600,000
6,676	21,289	-	1,412,272	1,294,401	377,950
93,937	49,715	-	-	-	3,900
900,613	71,004	-	15,012,272	15,394,401	14,981,850
<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>	<u>\$ 25,051,401</u>	<u>\$ 24,732,350</u>
1.98	2.09	1.98	1.53	1.57	1.42
\$ 10,900,000	\$ 7,000,000	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
\$ 6,130,000	\$ 5,830,000	\$ 9,025,000	\$ 17,575,000	\$ 18,330,000	\$ 19,135,000
11,558,476	11,340,889	9,381,444	7,038,022	6,721,401	5,593,450
93,937	49,715	-	-	-	3,900
<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>	<u>\$ 25,051,401</u>	<u>\$ 24,732,350</u>
1.98	2.09	1.98	1.53	1.57	1.42
\$ 10,900,000	\$ 7,000,000	\$ 27,842,146	\$ -	\$ 5,000,000	\$ 5,000,000

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		
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 ³	56,414,556	30,857,794	87,272,350	1,640,834,621	5.32
2017	71,920,587	38,354,557	110,275,144	1,815,403,891	6.07
2018	62,215,449	39,136,786	101,352,235	1,860,151,667	5.45
2019	56,795,800	44,809,599	101,605,399	1,894,283,198	5.36
2020	64,866,244	51,002,373	115,868,617	2,229,604,361	5.20

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 property tax supported bond issues, including \$5,000,000 in 2011, \$10,000,000 in 2012, \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, \$15,000,000 in 2018, \$6,165,000 in 2019, and \$10,000,000 in 2020 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, 2018 would be 4.64%, 2019 would be 5.04%, and 2020 would be 4.75%.

³ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. As described in footnote 2 in Table 2, 2016 was restated for comparison, which resulted in the restatement (reduction) of certain offsetting Capital Projects Fund operations expenditures and issuance of debt inflows in 2016. Debt service expenditures for principal were updated to exclude the \$38,125,000 current refunding.

Unaudited

Hennepin County, Minnesota

Demographic and Economic Statistics

Last Ten Years

Year	Population ¹	Per Capita Income ²	Total Income	Median Age ³	Persons 25 years and older who are high school graduates ¹	PK - 12 School Enrollment ⁴	Unemployment Rate 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	36.0	92.2	162,827	4.7
2014	1,212,064	65,033	78,824,158,112	36.1	92.3	164,151	3.7
2015	1,223,149	65,231	79,787,232,419	36.1	92.7	166,106	3.3
2016	1,232,483	67,427	83,102,631,241	36.2	92.6	168,629	3.4
2017	1,252,024	71,067	88,977,589,608	36.5	92.8	170,683	3.2
2018	1,259,428	74,698	94,076,752,744	36.5	93.0	177,653	2.5
2019	1,265,843	76,552	96,902,813,336	36.8	93.2	178,657	2.8
2020	1,265,843 ⁵	76,552 ⁵	96,902,813,336 ⁵	36.8 ⁵	93.2 ⁵	173,481	6.2

Sources:

¹ U.S. Census Bureau² Bureau of Economic Analysis, County Table³ U.S. Census Bureau, U.S. Community Survey Estimates⁴ Fall registration for public schools - Minnesota State Department of Education⁵ Information not available at time of publication. Prior year data is shown.⁶ Minnesota Department Of Employment And Economic Development (12-month average of figures not seasonally adjusted)

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
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
2017	694,060	3.2	1,979,780	3.3	3,046,697	3.6	160,319,750	4.4
2018	707,209	2.5	2,016,208	2.7	3,099,006	2.9	162,075,000	3.9
2019	711,530	2.8	2,023,566	3.0	3,113,673	3.3	163,538,667	3.7
2020 ²	706,189	6.2	2,005,559	6.0	3,075,445	5.8	160,742,333	8.1

Source: Minnesota Department Of Employment And Economic Development (12-month average of figures not seasonally adjusted)

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

² Unemployment rates reflect adverse impacts of the COVID-19 pandemic.

Unaudited

Hennepin County, Minnesota

Employment Information by Industry

Last Ten Years

Industry	Hennepin County Industry Ranking									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	2	2	2	2	2	2	2	2	2	2
Finance and insurance	4	4	4	4	4	4	4	4	4	3
Government and government enterprises	3	3	3	3	3	3	3	3	3	4
Retail trade	5	5	5	5	5	5	5	5	5	5
Manufacturing	6	6	6	6	6	6	6	6	6	6
Accommodation and food services	8	8	8	8	8	8	8	7	7	7
Administrative and waste services	7	7	7	7	7	7	7	8	8	8
Management of companies and enterprises	12	12	12	11	11	11	12	12	13	9
Real estate	11	10	11	12	12	12	11	11	10	10
Other services, except public administration	10	11	10	10	10	10	10	10	11	11
Transportation and warehousing	13	13	13	14	13	13	13	13	12	12
Wholesale trade	9	9	9	9	9	9	9	9	9	13
Construction	14	14	14	13	14	14	14	14	14	14
Arts, entertainment, and recreation	15	16	15	15	15	15	15	15	15	15
Educational services	16	15	16	16	16	16	16	16	16	16
Information	17	17	17	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: 2020 information was not available at the time of publication.

Source: Bureau of Economic Analysis

Unaudited

Hennepin County, Minnesota

Principal Employers

Current Year and Nine Years Ago

<u>State of Minnesota Principal Employers</u>	2020 ²			2011 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	45,000	1	1.46%			
State of Minnesota	40,000	2	1.30%			
United States Federal Government	35,000	3	1.14%			
Fairview Health Services	33,000	4	1.07%	8,000	3	1.21%
Target Corporation	31,000	5	1.01%			
Allina Health	29,000	6	0.94%			
University of Minnesota	27,000	7	0.88%	17,000	1	2.56%
HealthPartners	25,000	8	0.81%			
UnitedHealth Group, Inc.	18,000	9	0.59%			
Wells Fargo Bank Minnesota	18,000	10	0.59%			
Tyco Electronics						
Hennepin County				8,000	4	1.21%
Ameriprise Financial				7,000	5	1.05%
Methodist Hospital				8,000	2	1.21%
Best Buy Co Inc				6,000	7	0.90%
Park Nicollet Health Systems				6,000	8	0.90%
Abbott Northwestern Hospital						
Fairview University Medical Center						
U of M Amplatz Children's Hospital				7,000	6	1.05%
General Mills				5,000	10	0.75%
Fairview Southdale Hospital				5,000	9	0.75%
	<u>301,000</u>		<u>9.79%</u>	<u>77,000</u>		<u>11.59%</u>

¹ Source for 2011: ACINT.ORG and Hennepin County Office of Budget and Finance.

² 2020 data specific to Hennepin County is not available, so statewide information is shown. Statewide information is from the Minnesota Department of Employment and Economic Development.

Unaudited



Employees by Function/Program

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Employees by Function/Program*</u>				
Operations	1,034	1,078	1,122	1,263
Human Services	2,878	2,896	2,955	3,084
Health ¹	311	320	335	341
Public Safety	2,224	2,224	2,203	2,249
Public Works	427	427	441	428
Libraries	735	727	722	742
	<u>7,609</u>	<u>7,672</u>	<u>7,778</u>	<u>8,107</u>
 Unionized Employees	 5,242	 5,237	 5,315	 5,315
 Full-Time Equivalents	 7,197	 7,256	 7,379	 7,608

¹ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit, and employee information was restated for 2016 for comparison. Periods prior to 2016 were not restated because the information is not available due to the Medical Center's own implementation of GASB 80 that added two blended component units to Medical Center financial statements in 2016.

Unaudited

Table 27

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1,313	1,364	1,512	1,474	1,473	1,557
3,264	3,482	3,586	3,506	3,274	3,260
350	7,658	7,542	7,690	7,655	7,715
2,245	2,313	2,369	2,386	2,426	2,410
457	467	460	471	471	453
760	774	777	777	784	627
<u>8,389</u>	<u>16,058</u>	<u>16,246</u>	<u>16,304</u>	<u>16,083</u>	<u>16,022</u>
5,504	10,275	10,404	10,507	10,395	10,398
7,890	14,305	14,450	14,497	14,330	14,267

Operating Indicators

Last Ten Years

	2011	2012	2013
<u>Governmental Activities Operating Indicators by Function/Program</u>			
<u>Human Services</u>			
Cash assistance programs use	N/A	N/A	N/A
Children, custodial and non-custodial parents in child support system	N/A	N/A	N/A
Emergency assistance programs use	N/A	N/A	N/A
Food support or MFIP food portion use	N/A	N/A	N/A
<u>Health</u>			
NorthPoint Health & Wellness Center patient statistics:			
Medical, Behavioral & Dental Visits	77,026	84,412	82,069
Medical Examiner			
Number of Autopsies Performed	N/A	N/A	N/A
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	4,957	4,132	2,596
Number of jail bookings	34,503	35,857	35,910
Community Corrections:			
Percent of adult client recidivism	23.4%	23.5%	28.8%
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	53%	61%	62%
Engineering costs as a percent of actual capital project costs	N/A	N/A	22%
<u>Libraries</u>			
Items circulated (millions)	18.4	16.6	15.8
eLibrary visits (millions)	21.5	21.1	19.5
Number of volunteer hours supplementing service	99,862	101,924	92,773
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Hennepin Health</u>			
Administrative Cost Ratio	13.6%	15.4%	14.8%
Enrollment ¹	19,009	3,981	11,888
<u>Medical Center</u>			
Number of clinic visits	N/A	N/A	N/A
Number of Medical Center inpatient discharges	N/A	N/A	N/A
<u>Environment and Energy</u>			
Recycling rate	N/A	N/A	41.0%

¹ Effective 2012, Hennepin Health no longer offering Medical Assistance or Minnesota Care. Effective 2013, Hennepin Health new program enrollments are included.

² Responses to the COVID-19 pandemic resulted in temporary library closures that decreased library indicators, increased Hennepin Health enrollments, and decreased Medical Center visits for medical concerns that were unrelated to the pandemic.

Sources: Various County departments

Unaudited

Table 28

2014	2015	2016	2017	2018	2019	2020 ²
N/A	N/A	52,273	51,609	50,390	47,440	51,279
N/A	N/A	145,080	132,602	138,088	135,920	136,104
N/A	N/A	1,437	1,179	1,276	1,498	954
N/A	N/A	117,026	111,901	108,064	103,003	116,846
85,358	96,962	95,345	104,054	105,059	101,987	121,786
1,060	1,100	1,288	1,310	1,196	1,256	1,281
1,752	1,545	1,054	809	630	494	500
34,116	34,343	31,554	32,154	32,154	30,950	31,000
22.9%	20.0%	24.3%	20.4%	22.0%	23.0%	23.0%
59%	60%	66%	63%	65%	61%	65%
18%	18%	18%	24%	23%	22%	22%
16.0	16.0	16.0	15.1	18.3	17.7	9.0
20.0	20.0	20.0	12.8	12.2	12.0	8.6
100,000	100,000	100,000	75,076	72,045	62,774	11,523
14.0%	15.5%	15.0%	10.4%	12.0%	11.6%	12.6%
13,290	13,734	12,144	25,529	27,500	24,097	27,800
N/A	N/A	620,781	628,037	628,735	643,739	585,180
N/A	N/A	23,051	22,050	21,718	21,349	19,282
41.0%	45.0%	51.0%	50.0%	49.0%	50.0%	63.0%

Capital Asset Statistics by Function/Program

Last Ten Years

	2011	2012	2013
<u>Operations</u>			
Building square footage occupied by Operations	232,709	233,053	187,821
<u>Human Services</u> ¹			
Building square footage occupied by Human Services	452,108	452,108	452,108
<u>Health</u>			
Building square footage - NorthPoint Health & Wellness	39,964	39,964	39,964
Building square footage - Medical Examiner	29,430	29,430	29,430
Building square footage - Hennepin County Medical Center	N/A	N/A	N/A
<u>Public Safety</u>			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	360,510	359,083	359,083
Building square footage occupied by the Corrections Department	605,225	605,225	562,480
Building square footage occupied by the Sheriff's Office (w/o Jail)	152,621	152,621	153,437
<u>Public Works</u>			
County roads and highways (center line miles)	570	570	570
Number of bridges	139	143	143
<u>Libraries</u>			
Building square footage occupied by the Libraries	997,735	1,006,021	1,005,367
Size of Library collection (copies)	4,910,846	4,910,846	4,670,388
<u>Hennepin Health</u>			
Building square footage occupied by Hennepin Health	59,106	32,957	32,957

¹ 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.

Sources: Various County departments

Unaudited

Table 29

2014	2015	2016	2017	2018	2019	2020
190,343	233,684	246,979	254,889	257,319	261,606	271,086
422,338	421,624	337,666	288,858	397,514	397,304	372,274
39,964	39,964	43,422	43,422	43,422	52,083	52,083
29,430	29,430	29,430	29,430	29,311	29,311	29,311
N/A	N/A	3,301,101	3,314,481	3,761,310	3,801,977	3,778,628
359,083	383,128	383,128	385,312	409,101	409,101	399,288
571,792	571,792	571,879	571,878	565,448	581,635	578,249
174,229	174,229	174,305	174,108	174,723	168,435	168,048
570	570	570	570	570	570	570
145	146	147	147	147	147	148
1,017,502	1,017,502	1,041,136	1,074,505	1,072,901	1,075,285	1,059,260
4,815,158	4,995,316	4,995,316	4,943,703	4,979,909	4,984,797	5,201,785
32,957	32,957	32,957	25,574	25,574	25,574	25,574

Selected Per Capita Measures of Financial Condition

Last Ten Years

	2011	2012	2013	2014
PROPERTY TAX LEVY				
County ¹	\$ 622	595	596	608
% Change	(1.3)	(4.3)	0.1	2.0
County and other ²	\$ 2,207	2,154	2,171	2,221
% Change	1.6	(2.4)	0.8	2.3
REVENUES				
Total governmental funds ³	\$ 1,106	1,077	1,100	1,187
% Change	0.3	(2.6)	2.1	7.9
Intergovernmental	\$ 341	317	339	414
% Change	(1.2)	(7.0)	7.0	22.2
EXPENDITURES				
Total governmental funds ³	\$ 1,149	1,099	1,188	1,195
% Change	(11.5)	(4.4)	8.1	0.5
Capital projects	\$ 125	88	121	113
% Change	9.6	(29.6)	37.0	(6.4)
LEVY-SUPPORTED GENERAL OBLIGATION DEBT				
Net direct ⁴	\$ 664	619	656	683
% Change	1.0	(6.7)	5.9	4.1
Net direct, overlapping, and underlying G.O.	\$ 2,397	2,179	2,157	2,238
% Change	(3.1)	(9.1)	(1.0)	3.7
PROPERTY ESTIMATED MARKET VALUE	\$ 109,641	104,347	103,862	111,126
% Change	(4.6)	(4.8)	(0.5)	7.0
EMPLOYEES PER 10,000 CAPITA ⁵	62.5	61.3	61.6	62.8
% Change	(1.6)	(1.9)	0.4	1.9

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 2017 revenues and expenditures include the \$83.6 million received upon the dissolution of the Counties Transit Improvement Board (CTIB) joint venture. The revenues were used for the early defeasance of bonds the County had issued in 2010 to assist the CTIB in obtaining more favorable financing terms.

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. The employee count was restated in 2016 to include Medical Center employees due to the blending of the Medical Center, which had been a discretely presented component unit previously.

Unaudited

Table 30

2015	2016	2017	2018	2019	2020
617	640	658	680	709	739
1.5	3.7	2.7	3.5	4.2	4.2
2,243	2,328	2,363	2,469	2,588	2,689
1.0	3.8	1.5	4.5	4.8	3.9
1,162	1,192	1,292	1,360	1,390	1,499
(2.1)	2.6	8.4	5.2	2.2	7.9
364	383	437	385	357	469
(12.1)	5.2	14.1	(12.0)	(7.3)	31.4
1,222	1,331	1,450	1,477	1,496	1,761
2.2	8.9	8.9	1.9	1.3	17.7
123	149	138	196	125	114
9.1	20.9	(7.3)	41.9	(36.2)	(8.8)
621	764	838	938	995	1,066
(9.1)	23.0	9.6	12.0	6.1	7.2
2,240	2,507	2,622	2,944	3,089	3,295
0.1	11.9	4.6	12.3	4.9	6.7
118,064	125,049	131,651	140,672	149,245	157,037
6.2	5.9	5.3	6.9	6.1	5.2
64.5	114.3	115.4	115.1	113.2	112.7
2.7	77.1	1.0	(0.3)	(1.6)	(0.4)

Selected Ratio Measures of Financial Condition

Last Ten Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt service expenditures for property tax supported bonds to: ¹				
County property tax levy	11.2 %	12.5 %	11.8 %	11.2 %
Governmental fund expenditures	6.1	6.8	5.9	5.7
Net general obligation debt to:				
Property taxable market value	0.63	0.62	0.66	0.64
Legal debt margin	26.6	25.9	28.2	27.0
Direct, overlapping, and underlying net G.O. debt	27.6	27.9	30.4	30.5
Governmental fund revenues	60.9	57.5	59.6	57.5
General obligation debt due within ten years				
To total general obligation debt	56.5	58.5	59.3	58.5
Unassigned General Fund fund balance ²				
To general fund expenditures	20.3	32.8	25.8	23.4

¹ 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.

Unaudited

Table 31

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
12.4 %	15.9 %	13.4 %	11.8 %	11.3 %	12.4 %
6.3	7.4	6.1	5.4	5.4	5.2
0.53	0.61	0.64	0.67	0.68	0.69
21.3	25.6	26.9	28.6	28.6	29.3
27.7	30.5	31.9	31.9	32.2	32.4
53.5	64.1	64.8	69.0	71.6	71.1
61.7	55.0	58.0	58.0	58.0	51.3
24.6	22.1	25.6	23.6	24.4	17.9



Mission

The mission of Hennepin County is to enhance the health, safety and quality of life of our residents and communities in a respectful, efficient and fiscally responsible way.



Hennepin County does not discriminate and provides equal access to employment, programs and services without regard to race, color, creed, religion, age, sex (except when sex is a bona fide occupational qualification), disability, marital status, sexual orientation, public assistance status, socio-economic status, education, ethnicity and/or national origin. If you believe you have been discriminated against, contact the Human Resources Department, A-400 Government Center, 300 S. Sixth St., Minneapolis MN 55487, or call 612-348-2163. (9/09)

www.hennepin.us/financial-reports

This material can be provided in alternative forms. For further information, please call 612-348-5125.



Printed on 30% recycled post-consumer fiber.