

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2019. The information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of Hennepin County's CAFR dated December 31, 2019.

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

HENNEPIN COUNTY
MINNESOTA

2019 Comprehensive
Annual Financial Report

Year Ended December 31, 2019



**Hennepin County, Minnesota
Financial Highlights**

	2019	2018	Percent Change
Government-wide: Assets	\$ 4,439,720,869	\$ 4,191,183,974	5.9%
Deferred Outflows of Resources	133,660,717	253,734,592	-47.3%
Liabilities	(3,129,774,263)	(2,918,597,146)	7.2%
Deferred Inflows of Resources	(256,266,149)	(329,873,109)	-22.3%
Net Position	<u>\$ 1,187,341,174</u>	<u>\$ 1,196,448,311</u>	-0.8%
Government-wide: Program Expenses	\$ 3,139,982,395	\$ 2,891,427,084	8.6%
Program Revenues	1,983,663,173	1,941,047,329	2.2%
Net Program Expense	(1,156,319,222)	(950,379,755)	21.7%
General Revenues	1,147,212,085	1,068,643,232	7.4%
Change in Net Position	<u>\$ (9,107,137)</u>	<u>\$ 118,263,477</u>	-107.7%
Expense Per Capita	\$ 2,480.55	\$ 2,295.83	8.0%

Funds Available for Investment at December 31:			
General Investible Funds	\$ 976,330,781	\$ 973,180,933	0.3%
Bond Proceeds/Non-General Investible Funds	300,043,962	176,027,270	70.5%
Total Investible Funds	<u>\$ 1,276,374,743</u>	<u>\$ 1,149,208,203</u>	11.1%
Annual Daily Average of General Investible Funds	\$ 1,208,479,907	\$ 1,238,995,572	-2.5%
Average Investment Return for All Funds *	3.09%	1.83%	68.9%
Average Investment Yield for All Funds	1.91%	1.99%	-4.0%

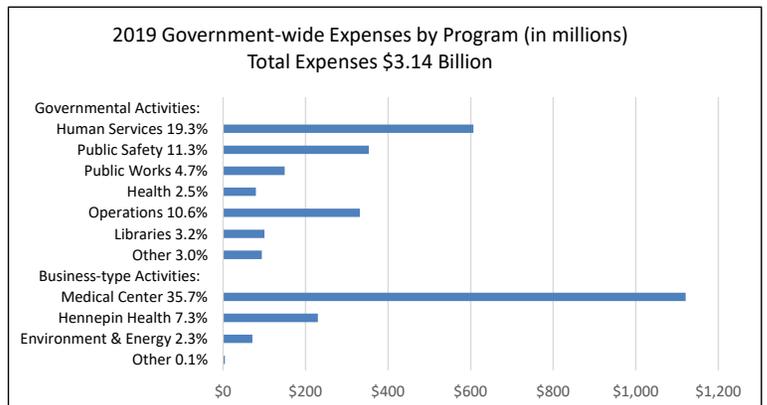
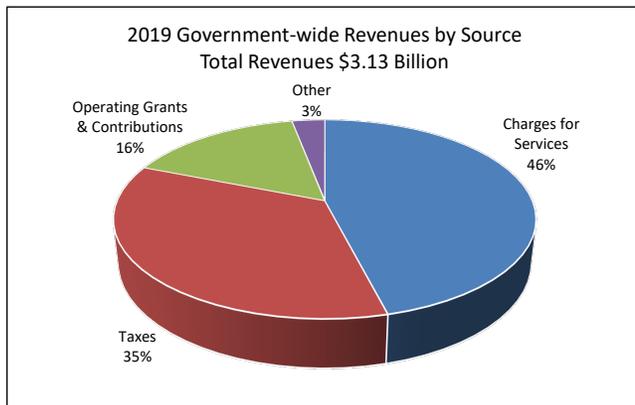
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2019 before recording the net change in fair value of investments was \$26,993,479 as compared to \$21,828,378 in 2018.

Total County Issued Bonds and Notes*	\$ 1,289,040,000	\$ 1,088,000,000	18.5%
Average Interest Rate on General Obligation Debt	4.31%	4.40%	-2.1%
Net General Obligation Debt Per Capita	\$ 994.95	\$ 938.17	6.1%
Ratio of Net General Obligation Debt to Property Market Value	0.667%	0.667%	0.0%
Long-term Bond Ratings:* Standard & Poor's	AAA	AAA	
Fitch Ratings	AAA	AAA	

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

Net Tax Capacity*	\$ 1,979,015,644	\$ 1,838,226,093	7.7%
Tax Capacity Rates:			
City of Minneapolis	41.578%	42.839%	-2.9%
Suburban	41.632%	42.878%	-2.9%
Estimated Market Value*	\$ 177,166,730,000	\$ 164,830,612,000	7.5%

* 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, 2019

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
2019 Comprehensive Annual Financial Report
Table of Contents

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Transmittal Letter	1
Organizational Chart	8
Principal Officials	9
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	32
Fund Financial Statements:	
Balance Sheets - Governmental Funds	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	36
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	40
Statements of Net Position - Proprietary Funds	41
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds	43
Statement of Fiduciary Net Position - Agency Fund	44
Notes to the Basic Financial Statements	45
Required Supplementary Information:	
Schedule of Changes in Total OPEB Liability and Related Ratios	93
Schedule of Defined Benefit Pension Plan Contributions	94
Schedule of County Proportionate Share of Defined Benefit Pension Plans	95
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Budgetary Comparisons by Department - General Fund	96
Human Services Fund	100
Library Fund	101
Ballpark Sales Tax Fund	102
Transportation Sales Tax Fund	103
Housing and Redevelopment Authority Fund	104
Regional Railroad Authority Fund	105
Notes to Required Supplementary Information	106
Supplementary Information – Governmental Funds:	
Balance Sheets -	
General Fund	113
Special Revenue Funds	114
RRA Debt Service Fund	116
General Debt Service Fund	117
General Capital Projects Fund	118

Hennepin County, Minnesota
 2019 Comprehensive Annual Financial Report
Table of Contents – Continued

<u>FINANCIAL SECTION (continued)</u>	<u>Page</u>
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	119
RRA Debt Service Fund	120
General Debt Service Fund	121
General Capital Projects Fund	122
Schedule of Changes in Long-term Debt	124
Supplementary Information - Enterprise Funds	
Combining Statement of Net Position – Nonmajor Enterprise Funds	127
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	128
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	129
Schedules of Net Position	130
Schedules of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual:	
Hennepin Health Fund	132
Solid Waste Fund	133
Medical Center Fund	134
Schedules of Cash Flows	136
Supplementary Information -Other	
Internal Service Funds:	
Combining Statement of Net Position	140
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	142
Combining Statement of Cash Flows	144
Schedules of Net Position	146
Schedules of Revenues, Expenses, and Changes in Fund Net Position	148
Statement of Changes in Assets and Liabilities – Agency Fund	150

STATISTICAL SECTION

<u>Table</u>	<u>Category</u>	
	Financial Trends – <i>This section provides information that shows how the County’s financial position has changed over time.</i>	
1	Government-wide Net Position	152
2	Government-wide Change in Net Position	154
3	Government-wide Expenses by Function	156
4	Government-wide Revenues.....	158
5	Fund Balances - Governmental Funds	160
6	Change in Fund Balances - Governmental Funds.....	162
7	Governmental Fund Expenditures by Function.....	164
8	Governmental Fund Revenues by Source.....	166

Hennepin County, Minnesota
 2019 Comprehensive Annual Financial Report
Table of Contents – Continued

<u>Table</u>	<u>Category</u>	<u>Page</u>
	Revenue Capacity – This section provides information that shows factors affecting the County's ability to generate its own-source revenues.	
9	Property Estimated Market Value	168
10	Property Tax Rates and Levies - Direct and Overlapping Governments	170
11	Principal Taxpayers	172
12	Tax Levies and Collections on Property Located Within the County	174
13	Net Tax Capacity and Taxable Market Value of Property	176
14	Tax Capacity of Taxable Property by Municipality	178
	Debt Capacity – This section provides information regarding the County's current level of outstanding debt and its ability to issue additional debt.	
15	Ratios of Outstanding Debt by Type	180
16	Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita	182
17	Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita	183
18	Direct, Overlapping, and Underlying Levy-supported General Obligation Debt	184
19	Direct, Overlapping, and Underlying Governmental Activities Debt.....	185
20	Legal Debt Margin Information	186
21	Sales Tax Revenue Bond Coverage	188
22	Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures.....	190
	Demographic and Economic Information – This section provides information regarding the County's socioeconomic environment and facilitates comparisons over time and among governments.	
23	Demographic and Economic Statistics.....	191
24	Labor Force Size and Unemployment Rate	192
25	Employment Information by Industry.....	193
26	Principal Employers.....	194
	Operating Information – This section provides information about the County's operations and resources.	
27	Employees by Function/Program	196
28	Operating Indicators	198
29	Capital Asset Statistics by Function/Program	200
30	Selected Per Capita Measures of Financial Condition.....	202
31	Selected Ratio Measures of Financial Condition	204



Introductory Section

HENNEPIN COUNTY

MINNESOTA

June 19, 2020

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, 2019.

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, 2019. 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.

2019 Hennepin County Facts	
<i>Population</i>	1,265,843
<i>Estimated Per Capita Income (2018)</i>	74,698
<i>Number of Cities</i>	45
<i>2019 Approved Budget (Excluding the Medical Center)</i>	\$2.4 billion
<i>Taxable Property Estimated Market Value</i>	\$179.1 billion

County Services

At the end of 2019, 8,837 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2019 department operating indicators.

Libraries

Number of Employees – 784

- Circulation – 17.7 million (books, CDs and DVDs)
- Annual visits to library locations – 5.2 million
- Visits to library website – 12.0 million

The 41 Hennepin County Library (HCL) locations serve patrons by providing access to library buildings and resources including materials, technology and staff. About 60% 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 – 2,426

- County Attorney – Evaluated 16,264 adult and juvenile criminal cases and processed 2,864 civil actions
- Public Defender – Handled 36,529 adult criminal, juvenile delinquency and child protection cases
- Sheriff's Office – Answered 292,648 emergency 911 calls and an additional 399,785 non-emergency calls
- Community Corrections and Rehabilitation – 156,556 hours of Sentencing-to-Service hours completed (a sentencing alternative for low-risk adult and juvenile offenders)

The Public Safety program includes the County's activities in law enforcement, criminal prosecution, legal consulting for the indigent, as well as correctional programs. The County departments in this program are Public Safety and Justice, 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 – 3,274

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



- Serves approximately one in four Hennepin County residents
- Average number of visitors per month to the Human Services Centers – 31,000
- Children in out-of-home placement as of the end of December – 1,886
- Child protection screening calls in December – 1,361
- Emergency shelter housed in December - 212 families

Health

Number of Employees – 409

- Hennepin Health – 21,793 enrolled in prepaid Medical Assistance/Minnesota Care programs and 1,945 enrolled in the Special Needs Basic Care program
- NorthPoint Health & Wellness Center – 102,135 patient visits
- Total cases referred to the Medical Examiner's Office – 7,691

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 – 471

The County transportation system includes and maintains:

- 2,214 lane miles of road maintained
- 761 miles of bikeway
- 402 miles of sidewalk
- 174 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 2019, 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 – 1,473

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

Board of Commissioners	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
County Administration	Implements county board policies, promotes interests with other government agencies and partners, and provides direction to departments to achieve the County's overarching goals.
Budget & Finance	Ensures sound credit conditions, working capital, and overall financial health within Hennepin County by supporting strategic objectives through best practices in budgeting, accounting, payroll, purchasing, leveraging technology, and effective management of financial and human resource systems and services.
Facility Services	Operates and manages 6.5 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 106.

2019 Original Budget Focus

The 2019 original budget was committed to serving residents in a responsive and fiscally responsible way. It was grounded in our core values of continuous improvement, customer service, diversity and inclusion, employee engagement, and workforce development to address future needs of our residents in an effective manner. The budget totaled \$2.36 billion, a 1.1% decrease compared to the adjusted 2018 budget. Much of the decrease resulted from using less bond proceeds, offset by increased property tax. The budget included a net property tax levy of \$830 million. The net property tax levy's 5.3% increase supported the strong fiscal stewardship that the County is known for, as reflected in the County's AAA bond rating for over 30 years. The Operations portion of the total budget was \$343.0 million, which was a 2.7% increase over the 2018 budget. The 2019 budget included funding for a total of 8,404.6 full-time equivalent employees, representing a 2.4% decrease over 2018. The capital portion of the 2019 budget totaled \$470.6 million, a 7.5% increase over the adjusted 2018 capital budget of \$437.9 million.

Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 93. The comparison for enterprise funds is presented in the Supplementary Information – Enterprise Funds subsection of this report, which starts on page 127.

Major Initiatives and Achievements

The **Arvonne Fraser Library** underwent extensive renovations that included increased patron access to



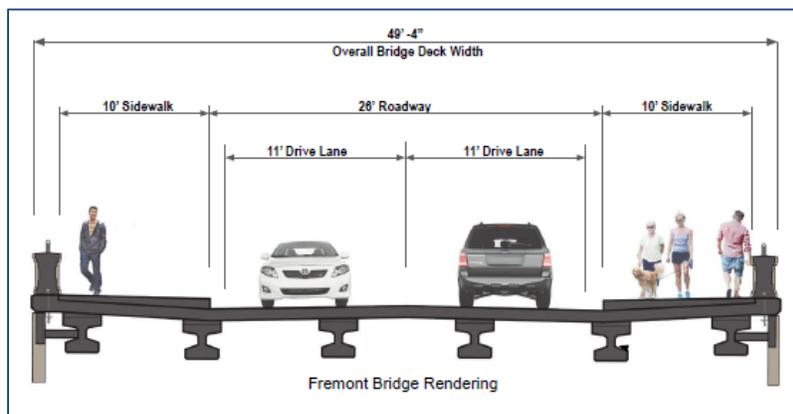
services, such as: study spaces, quiet seating, flexible meeting places and an area for youth and families. The library is located near the east bank campus of the University of Minnesota and serves residents of the University community. The library was previously known as Southeast Library. It was renamed in recognition of Arvonne Fraser, a women's rights leader and public library advocate.

The **Ridgedale Library** reopened after renovations were completed in 2019. The new improvements included enhancements to the children and teen areas, increased access to technology, a variety of new seating styles and reading areas, and additional meeting and study rooms. Other upgrades included replacement of mechanical and electrical systems, new lighting, and improvement to parking lot drainage.

Hennepin County is pursuing a **new affordable housing funding strategy** to help house people for whom housing instability leads to poor health and safety outcomes. A safe and affordable place to live is the foundation on which people build successful lives and contribute to their communities. However, this basic need is becoming increasingly difficult for many households to meet as housing disparities increase. Thirty percent of all households pay more than 30% of their income toward housing, putting them at risk of being unable to meet other basic needs.



Major Initiatives and Achievements - continued



Hennepin County, in partnership with the City of Minneapolis, began working on replacing the Fremont Avenue Bridge over the Midtown Greenway. Improvements include a new foundation and bridge deck, wider concrete sidewalks along both sides of the bridge, new pavement, and lighting underneath the bridge to improve the safety of people who are walking, biking, skateboarding, and rollerblading. The bridge will be completed in 2020.

Economic and Financial Condition

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

Local Economy

The economy of the County, for which Minneapolis is the county seat, has a longstanding characteristics of strength and diversity in comparison to outstate, regional and even the national economy, as shown in measurements of income and employment. Healthcare, medical device manufacturing, retail sales, financial services and insurance, high tech, and food processing are significant economic sectors providing a strong employment and wage base in the County. Many large international companies maintain their headquarters in the County. The County's average unemployment rate for 2019 was 2.8%, an increase from the 2018 average unemployment rate of 2.5%. The County's unemployment rate remained lower than the State of Minnesota 3.3% and the national 3.7% 12-month averages.

Long-term Financial Planning

The overall State of Minnesota economic budget and economic outlook has significantly worsened since the coronavirus pandemic. The May 2020 State budget and interim economic forecast predicted a \$2.43 billion deficit for the biennium ending on June 30, 2021, an unfavorable \$3.94 billion change compared to February's forecast of a \$1.51 billion surplus. This is due to the anticipated revenue decrease of \$3.61 billion and increases in expenses. The State's reserve balances are available to mitigate impact of the crisis on the general fund budget. The State expects an annual unemployment rate for the State of Minnesota to rise significantly from the 3.3% rate in 2019, but projections are subject to frequent updates due to the unpredictability of the pandemic's ultimate impact.

Excluding the Medical Center component unit, for 2020 the County budgeted \$2.44 billion to provide essential services and to make strategic investments for the future. Budget highlights include:

- The 2020 County budget of \$2.44 billion reflects an increase of 2.8% from the 2019 adjusted budget of \$2.37 billion. The 2020 capital budget decreased by 3.5% or \$16.8 million from the 2019 adjusted capital budget.
- Budgeted property tax revenues for 2020 of \$856.7 million are \$38.7 million or 4.7% more than the 2019 budgeted property tax revenue of \$818.0 million.
- The budget for intergovernmental revenues from the State of \$221.0 million is \$15.8 million lower than the previous year. This decrease is largely attributed to a decrease in expected programmed highway and bridge aid and funds programmed for human services.
- A majority of the County's budget relates to the Human Services, Public Safety and Operations (including debt) programs. For 2020, these programs account for nearly 57% of the appropriated expenditures and 78% of the FTE's.

Economic and Financial Condition - continued

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

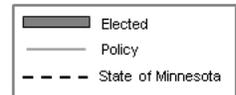
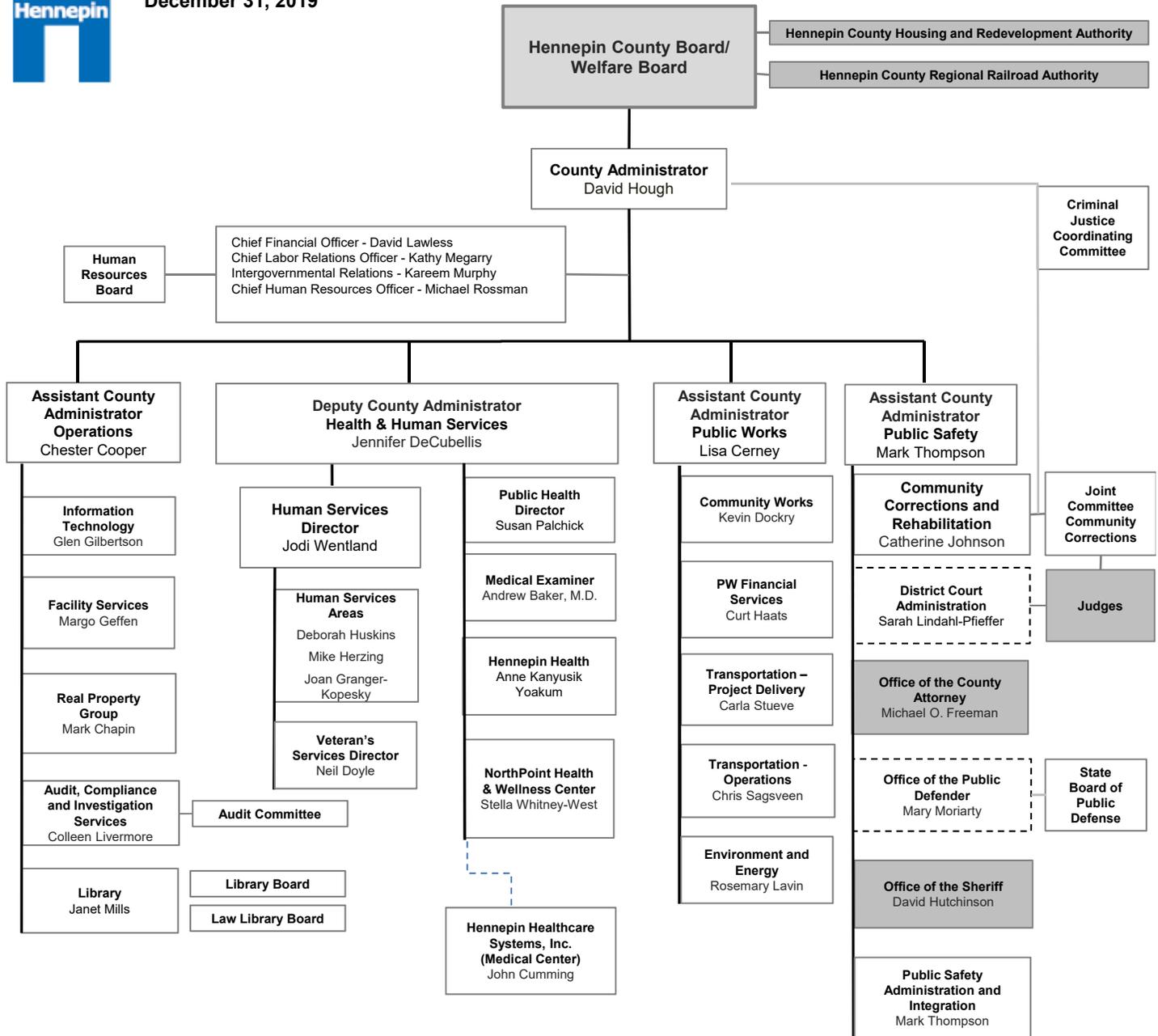
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's comprehensive annual financial reports for the years 1974 through 2018. In order to be awarded a Certificate of Achievement, a government 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



Hennepin County, Minnesota
Principal Officials
December 31, 2019



Commissioners:

District 1	Mike Opat
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

Deputy County Administrator – Health & Human Services

Jennifer DeCubellis

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

Chester Cooper

Governmental Activities Departments and Directors

Public Works:

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

Kevin Dockry
Curt Haats
Carla Stueve
Chris Sagsveen

Public Safety:

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

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

Janet Mills

Human Services:

Human Services Director
Public Health Director
Financial Services Director
Veteran's Services Director
Area Director
Area Director
Area Director

Jodi Wentlund
Susan Palchick
Betsy David
Neil Doyle
Deborah Huskins
Mike Herzing
Joan Granger-Kopesky

Operations:

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

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

Business-type Activities Departments and Directors

Hennepin Health
Environment and Energy
Medical Center

Anne Kanyusik Yoakum
Rosemary Lavin
John Cumming



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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 2019 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 2019 supplementary information is fairly stated, in all material respects, in relation to the 2019 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 2018 basic financial statements (not presented herein) and have issued our report dated June 18, 2019, 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, 2018, is presented for purposes of additional analysis and is not a required part of the 2019 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 2018 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 supplementary information is fairly stated, in all material respects, in relation to the 2018 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 19, 2020, 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 19, 2020



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, 2019. 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 46 to 91.

FINANCIAL HIGHLIGHTS

Government-Wide

At December 31, 2019, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1.19 billion. Of this amount, \$477.9 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.52 billion.

The County's net position decreased \$9.1 million during the year. The \$17.9 million net position decrease in business-type activities was offset by an \$8.8 million increase in governmental activities. The decrease in business-type activities was largely due to the \$14.4 million decrease in net position for Hennepin Health. The increase in governmental activities was primarily due to the \$48.4 million in unspent sales tax revenues that are restricted for transportation projects, offset by a \$17.7 million decrease due to the actuarial changes in pension amounts reported under the requirements of Governmental Accounting Standards Board Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, and increased expenses related to the County's contributions to Metropolitan Council for the Southwest Light Rail Transit (SWLRT) project.

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 \$898.3 million lower under the reporting requirements than net position would be without those requirements, resulting in the reporting of the \$813.6 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.

Governmental Funds

As reported in the governmental fund Balance Sheets on pages 34 and 35, at the end of 2019 the County's governmental funds reported total ending fund balances of \$810.6 million. The \$213.1 overall increase in fund balance during 2019 was related to the issuance of debt to provide financing for a portion of the costs of the SWLRT project, as well as to \$48.4 million of unspent sales tax revenues that are restricted for transportation projects. The unassigned fund balance for the **General Fund** was \$158.9 million, or approximately 24.4% of total General Fund expenditures for the year ended December 31, 2019, compared to \$149.3 million and 23.6% for 2018.

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. 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 46 to 50 of the Notes to the Basic Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS - CONTINUED

Fund Financial Statements - continued

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

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 46 to 91 of this report.

Required and Supplementary Information beginning on page 93 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 \$1.19 billion on December 31, 2019.

Summary of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$ 961.4	\$ 855.1	\$ 372.5	\$ 394.9	\$ 1,333.9	\$ 1,250.0
Noncurrent Assets						
Other assets	369.0	232.3	94.7	79.3	463.7	311.6
Net capital assets	2,084.1	2,059.8	557.9	569.7	2,642.0	2,629.5
Total Assets	3,414.5	3,147.2	1,025.1	1,043.9	4,439.6	4,191.1
Deferred Outflows of Resources	89.0	168.6	44.7	85.2	133.7	253.8
Current Liabilities	353.6	344.1	154.0	162.1	507.6	506.2
Noncurrent Liabilities	2,045.4	1,829.6	576.8	582.8	2,622.2	2,412.4
Total Liabilities	2,399.0	2,173.7	730.8	744.9	3,129.8	2,918.6
Deferred Inflows of Resources	163.2	209.6	93.0	120.3	256.2	329.9
Net Position						
Net investment in capital assets	1,182.5	1,263.0	340.5	357.7	1,523.0	1,620.7
Restricted	364.1	107.9	113.8	113.1	477.9	221.0
Unrestricted (deficit)	(605.3)	(438.4)	(208.3)	(206.9)	(813.6)	(645.3)
Total Net Position	\$ 941.3	\$ 932.5	\$ 246.0	\$ 263.9	\$ 1,187.3	\$ 1,196.4

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 \$9.1 million from the 2018 net position, a change from 2018 of 0.8%.

	Changes in Net Position					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for services	\$ 154.9	\$ 148.9	\$ 1,298.5	\$ 1,271.4	\$ 1,453.4	\$ 1,420.3
Operating grants and contributions	372.7	361.8	90.8	70.7	463.5	432.5
Capital grants and contributions	66.8	88.5	-	-	66.8	88.5
General Revenues:						
Property taxes	885.2	829.4	-	-	885.2	829.4
Sales tax	177.9	170.8	-	-	177.9	170.8
Wheelage tax	10.7	10.5	-	-	10.7	10.5
Other taxes	3.5	3.5	4.4	4.1	7.9	7.6
Grants and contributions	31.7	32.6	-	-	31.7	32.6
Investment earnings	33.8	17.7	-	-	33.8	17.7
Total Revenues	1,737.2	1,663.7	1,393.7	1,346.2	3,130.9	3,009.9
Expenses:						
Operations	331.3	225.1	-	-	331.3	225.1
Human Services	606.5	611.2	-	-	606.5	611.2
Health	79.4	78.4	-	-	79.4	78.4
Public Safety	353.3	319.2	-	-	353.3	319.2
Public Works	149.1	125.7	-	-	149.1	125.7
Libraries	100.5	93.5	-	-	100.5	93.5
Housing and Redevelopment Authority	9.4	11.3	-	-	9.4	11.3
Regional Railroad Authority	43.9	42.9	-	-	43.9	42.9
Interest on long-term debt	40.6	35.5	-	-	40.6	35.5
Hennepin Health Plan	-	-	229.9	229.3	229.9	229.3
Environment and Energy	-	-	70.8	71.0	70.8	71.0
Medical Center	-	-	1,120.7	1,044.1	1,120.7	1,044.1
Other enterprises	-	-	4.6	4.4	4.6	4.4
Total Expenses	1,714.0	1,542.8	1,426.0	1,348.8	3,140.0	2,891.6
Increase (Decrease) in Net Position Before Transfers	23.2	120.9	(32.3)	(2.6)	(9.1)	118.3
Transfers	(14.4)	(11.8)	14.4	11.8	-	-
Increase (Decrease) in Net Position	8.8	109.1	(17.9)	9.2	(9.1)	118.3
Net Position – Beginning	932.5	823.4	263.9	254.7	1,196.4	1,078.1
Net Position – Ending	\$ 941.3	\$ 932.5	\$ 246.0	\$ 263.9	\$ 1,187.3	\$ 1,196.4

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

Changes in Net Position - continued

The 2019 increase in government-wide net position included:

- An \$8.8 million increase in **governmental activities**, primarily due to the unspent \$48.4 million in the Transportation Sales Tax proceeds, which are restricted for future transportation projects, offset by a required inclusion of GASB 68 pension expenses totaling \$17.7 million, and increased expenses related to the County's contributions to Metropolitan Council for the SWLRT project.
- A \$17.9 million decrease in **business-type activities**, primarily due to the \$14.4 million decrease in the Hennepin Health as a result of lower than expected number of members and higher than anticipated medical claims, and the \$2.0 million decrease related to the activities of the Medical Center.

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 \$810.6 million, which is an increase of \$213.1 million from the prior year's ending balances. The 19.6% of total governmental fund balance, or \$158.9 million, is included in the unassigned (residual) classification for the General Fund, showing that it has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in nonspendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

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)					
	2019		2018		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Property taxes	\$ 888.5	50.6%	\$ 842.5	49.1%	\$ 46.0	5.5%
Sales tax	177.9	10.0%	170.8	10.0%	7.1	4.2%
Wheelage tax	10.7	0.6%	10.5	0.6%	0.2	1.9%
Other taxes	3.5	0.2%	3.5	0.2%	-	0.0%
Intergovernmental	451.7	25.7%	484.7	28.3%	(33.0)	-6.8%
Investment earnings (losses)	35.9	2.0%	18.1	1.1%	17.8	98.3%
Charges for services	150.1	8.5%	147.9	8.6%	2.2	1.5%
Fines and forfeits	1.2	0.1%	1.1	0.1%	0.1	9.1%
Licenses and permits	8.6	0.5%	8.3	0.5%	0.3	3.6%
Other	31.0	1.8%	25.0	1.5%	6.0	24.0%
Total Revenues	\$ 1,759.1	100%	\$ 1,712.4	100%	\$ 46.7	2.7%

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 \$46.0 million due to the 5.2% increase in the tax levy.
- **Intergovernmental revenue** decreased \$33.0 million primarily due to the \$16.7 million decrease in State Aid and \$7.8 million decrease in grant revenues in the Capital Projects Fund as a result of fewer transportation construction projects, and a \$2.7 million decrease in grant revenue in the General Fund.

Expenditures. The table below presents expenditures by function as well as increases or decreases from the prior year. In 2019, governmental fund expenditures increased \$34.2 million compared to 2018 expenditures.

Governmental Funds (in millions)							
	2019		2018		Increase (Decrease)		
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change	
Expenditures by Function:							
Operations	\$ 366.4	19.3%	\$ 249.1	13.4%	\$ 117.3	6.3%	
Human services	605.0	31.9%	621.0	33.5%	(16.0)	-0.9%	
Health	74.3	3.9%	75.4	4.1%	(1.1)	-0.1%	
Public safety	327.9	17.3%	316.5	17.0%	11.4	0.6%	
Public works	75.5	4.0%	67.3	3.6%	8.2	0.4%	
Libraries	81.9	4.3%	83.9	4.5%	(2.0)	-0.1%	
HRA	8.7	0.5%	13.4	0.7%	(4.7)	-0.3%	
RRA	43.7	2.3%	39.8	2.1%	3.9	0.2%	
Debt service							
Principal retirement	80.1	4.2%	79.8	4.3%	0.3	0.0%	
Interest and fiscal charges	51.5	2.7%	46.2	2.5%	5.3	0.3%	
Intergovernmental	21.1	1.1%	21.3	1.1%	(0.2)	0.0%	
Capital projects	158.2	8.5%	246.4	13.2%	(88.2)	-4.7%	
Total Expenditures	\$ 1,894.3	100%	\$ 1,860.1	100%	\$ 34.2	1.8%	

The governmental fund expenditures that changed significantly in 2019 from the prior year included those in the following functional categories:

- Expenditures for **Operations** increased \$117.3 million in 2019 largely due the \$105.5 million increase in contributions to the Metropolitan Council for the SWLRT and Bottineau Light Rail Transit projects.
- Expenditures for **Human Services** decreased \$16.0 million in 2019 largely due to the \$10.1 million decrease in personal service costs, and the \$7.8 million decrease in Public Assistance spending, largely related to the decrease in the out of home placement costs as a result of the decreasing number of children going into placement.
- **Capital Projects** expenditures decreased \$88.2 million, primarily due to the one-time acquisitions in 2018 of the 625 4th Avenue South building and the Northwest Family Center for \$55.1 and \$13.2, respectively, and the \$24.2 million decrease in transportation construction project activities in 2019.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Governmental Funds - continued

Fund Balances

The **General Fund** is the County's primary operating fund. At the end of 2019, total fund balance for the General Fund was \$222.8 million and unassigned fund balance was \$158.9 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 19.6% of the total governmental fund balances and represents 24.4% of the total General Fund expenditures. In 2018, the unassigned fund balance represented 25.0% of total governmental fund balances and 23.6% of General Fund expenditures. The General Fund ended the year with an increase of \$18.7 million in fund balance, primarily relating to:

- A \$6.0 million interfund transfer from the Library Fund to the General Fund
- A \$13.7 million increase in investment earnings

The **Human Services Fund** balance increased \$18.5 million, primarily due to the \$14.0 million interfund transfer from the Library Fund for social services activities and a \$7.8 million decrease in public assistance for out of home placement costs.

The **Library Fund** balance decreased \$18.1 million, primarily due to the \$14.0 million and \$6.0 million interfund transfer to the Human Services Fund and General Fund, respectively.

The **RRA Fund** balance increased \$89.4 million, primarily due the issuance of the General Obligation Limited Tax bonds totaling \$80.0 million to partially finance the SWLRT project.

The \$9.8 million decrease in fund balance in the **RRA Debt Service Fund** related to budgeted use of fund balance.

The **Transportation Sales Tax Fund** balance increased \$48.4 million, primarily due to the unspent sales tax proceeds that are restricted for designated transportation projects.

The **Capital Projects Fund** had a net fund balance increase of \$54.5 million due to the expected variances in timing between the debt issuance and project expenditures.

Fund balances in the **HRA Fund**, **General Debt Service Fund**, and **Ballpark Sales Tax Fund** did not change significantly in 2019.

General Fund Budgetary Highlights

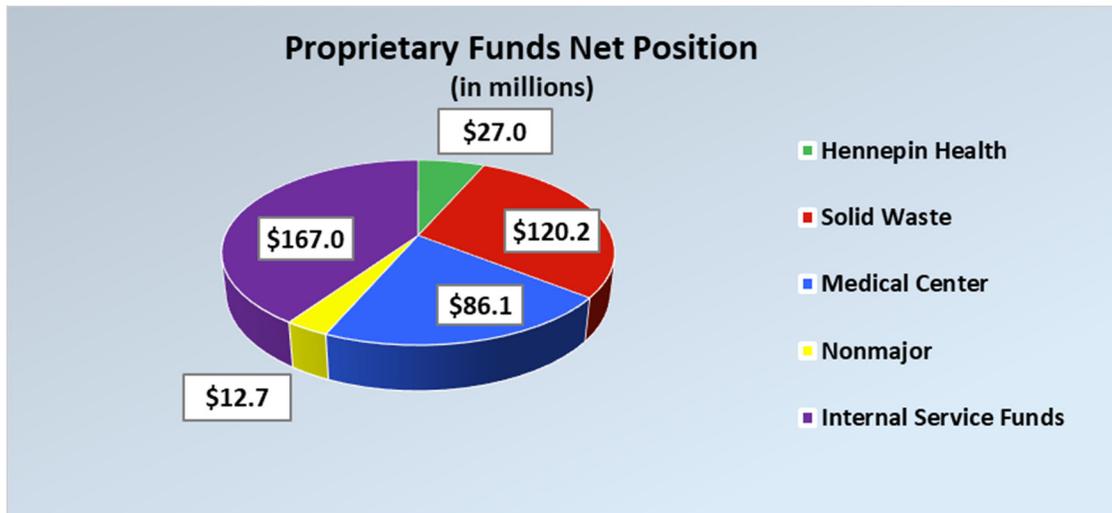
The General Fund 2019 budget did not change significantly between the time of original approval and the time the amended budget was finalized. The expenditure budget was decreased by \$3.3 million, primarily related to the \$3.8 million decrease in the expenditure budget for the Operations function.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Proprietary Funds

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

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



Enterprise Funds' total net position decreased \$17.9 million during 2019, primarily due to the \$14.4 million decrease in the Hennepin Health Fund as a result of lower than expected number of members and higher than anticipated medical claims, and the \$2.0 million decrease related to the activities of the Medical Center. The Solid Waste fund balance decreased \$2.5 million due to the increased costs associated with higher than anticipated landfill expenses resulting from a temporary Hennepin Energy Recovery Center (HERC) facility outage.

Internal Service Funds' total net position increased overall by \$20.5 million, primarily due to the \$15.7 million increase in the Information Technology Fund, resulting from deferred purchases of hardware and software, as well as the \$4.3 million increase in the Central Mobile Equipment Fund related to the unspent proceeds reserved for future provision of mobile equipment services to the County.

Fiduciary Fund

The County maintains one fiduciary fund, an agency fund used to account for assets that the County holds for others in an agency capacity, including client, inmate, and other governmental agency funds held in the custody of the County; and revenues collected on behalf of other governmental units related to property taxes.

Amounts held or due as agent at year-end totaled \$140.0 million, a 0.3% increase from the prior year. There were no significant changes in the amount maintained in the Fiduciary Fund at year-end.

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, 2019, totals approximately \$2.64 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 59 to 60 of this report.

Hennepin County's Capital Assets (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 111.3	\$ 103.0	\$ 37.8	\$ 37.8	\$ 149.1	\$ 140.8
Land improvements	33.9	33.5	1.9	1.9	35.8	35.4
Buildings	947.2	940.9	757.0	746.0	1,704.2	1,686.9
Equipment	174.8	180.3	351.8	330.2	526.6	510.5
Software	21.8	21.8	4.9	4.5	26.7	26.3
Library books and other media	49.6	50.0	-	-	49.6	50.0
Leasehold improvements	19.3	19.3	27.7	23.0	47.0	42.3
Arts & historical treasures	5.3	5.3	-	-	5.3	5.3
Infrastructure	1,685.5	1,603.1	-	-	1,685.5	1,603.1
Construction in progress	174.6	203.9	11.7	9.1	186.3	213.0
Total capital assets	3,223.3	3,161.1	1,192.8	1,152.5	4,416.1	4,313.6
Less: accumulated depreciation and amortizations	(1,139.2)	(1,101.3)	(634.9)	(582.8)	(1,774.1)	(1,684.1)
Total capital assets, net	\$ 2,084.1	\$ 2,059.8	\$ 557.9	\$ 569.7	\$ 2,642.0	\$ 2,629.5
<i>Percent change from prior year</i>	1.2%		-2.1%		0.5%	

Governmental activities' net capital assets increased \$24.3 million due to acquisitions. The significant governmental activities' net capital asset changes related to the following acquisitions, offset by depreciation:

- **Land** increased \$8.3 million due to the purchase of property with the intent to lease it to the Medical Center in the future.
- **Buildings** increased \$6.3 million due to the reconstruction of the interior of the Arvonne Fraser Library building (previously known as the Southeast Library).
- **Infrastructure** increased \$82.4 million, offset by \$29.3 million in accumulated depreciation, due to the completion of several large construction projects, including, the \$15.1 million reconstruction of the County Road 81 between 63rd Avenue and highway 169, and the \$58.3 million reconstruction of the County Road 53 between Xerxes Avenue S to Cedar Avenue South in Richfield. This also largely explains the \$29.3 million decrease in the **Construction in Progress** category.

Business-type activities' net capital assets decreased \$11.8 million, primarily related to the depreciation of the Medical Center buildings.

CAPITAL ASSET AND DEBT ADMINISTRATION - continued

Debt Administration

As shown in the table below, G.O. bonds and notes increased \$272.0 million during 2019. The change is mainly attributable to the following:

- In governmental activities, \$200.0 million of G.O. Sales Tax Revenue bonds were issued by the County to partially finance its share of the capital cost of the SWRLT project, and \$80.0 million of G.O. Limited Tax bonds were issued by the RRA to provide partial funding for its share of the capital cost of the SWLRT project.
- In business-type activities, \$9.1 million of G.O. bonds were transferred from the governmental activities to finance improvements for the HERC facility.

Hennepin County's Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
G.O bonds and notes	\$ 1,276.3	\$ 1,007.9	\$ 209.9	\$ 206.3	\$ 1,486.2	1,214.2
Revenue bonds	161.3	186.0	-	-	161.3	186.0
Notes payable	3.3	3.8	-	-	3.3	3.8
	<u>\$ 1,440.9</u>	<u>\$ 1,197.7</u>	<u>\$ 209.9</u>	<u>\$ 206.3</u>	<u>\$ 1,650.8</u>	<u>1,404.0</u>

Revenue bonds decreased \$24.7 million during 2019, primarily due to regularly scheduled principal payments and a \$5.0 million optional redemption of principal related to outstanding bonds secured by the Ballpark Sales Tax.

In 2019, the Debt Service Funds received \$90.2 million of \$90.4 million budgeted levy support. 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 \$5.37 billion statutory limit.

The County's credit ratings on long-term G.O. bonds as of December 31, 2019 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 64 to 67 of this report and on the Schedule of Changes in Long-term Debt, located on pages 124-125.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Excluding the Medical Center, the 2020 County budget of \$2.44 billion reflects an increase of 2.8% or \$66.3 million from the 2019 budget of \$2.37 billion, including a net property tax levy of \$869.0 million or an increase of 4.75% from the 2019 operating budget. The 2020 budget includes funding for a total of 8,462 full-time equivalent employees, representing a decrease of 53.4 full-time equivalent employees from the adjusted 2019 budget.

The budgeted property tax revenues for 2020 of \$856.7 million are \$38.7 million or 4.7% more than the 2019 budgeted property tax revenue of \$818.0 million. The 2019 budgeted revenues from the State of Minnesota (the State) decreased \$15.8 million from the 2018 adjusted budget of \$236.8 million. The majority of the decrease is attributed to changes in the funding mix based on the class of roads and bridges being constructed and a decrease in expected State Aid for County highways and bridges.

The 2020 \$462.1 million capital budget is 3.5% or \$16.8 million less than the 2019 adjusted capital budget due to planned changes to the mix of approved capital projects and the availability of funds for the projects.

In the 2020 budget, the use of fund balance, the difference between the anticipated revenues and expenditures, is budgeted at \$88.7 million, or \$38.9 million increase from the 2019 budget. The 2020 budget does not yet reflect potential fiscal consequences relating to the outbreak of a novel coronavirus (COVID-19). A Presidential National Emergency was declared by President Donald Trump on March 13, 2020.

The overall State of Minnesota economic budget and economic outlook has significantly worsened since the coronavirus pandemic began. The May 2020 State budget and interim economic forecast predicted a \$2.43 billion deficit for the biennium ending on June 30, 2021, an unfavorable \$3.94 billion change compared to February's forecast of a \$1.51 billion surplus. This is largely due to the anticipated revenue decrease of \$3.61 billion and increases in expenses. The State's reserve balances are available to help mitigate the impact of the crisis on the general fund budget.

Due to the uncertainty of potential impact of the pandemic on the economy, the economic outlook will remain volatile for some time. Economic outcomes will largely depend on the pandemic's course and the prospects for an effective treatment and vaccine for COVID-19. There is a significant uncertainty regarding what the ultimate impact of the pandemic will be on the State and the County. The State expects an annual unemployment rate for the State to rise significantly from the 3.3% in 2019, but projections are subject to frequent updates due to the unpredictability of the pandemic's ultimate impact. In a May 2020 interim budget projection report, the State indicated that since March 2020, an unprecedented 590,000 Minnesotans have applied for unemployment benefits, indicating a dramatic increase in layoffs by the State's employers.

The State predicts that total Minnesota wage and salary income will decline 5.9% in 2020, an unfavorable change from the anticipated 3.9% percent growth in the February 2020 forecast. The County's average unemployment rate for 2019 was 2.8%, an increase from the 2018 average unemployment rate of 2.5%. However, the County's unemployment rate remained lower than the State of Minnesota 3.3% and the national 3.7% 12-month averages.

The County has incurred some costs and received intergovernmental revenues specifically related to the pandemic, including the \$220.9 million advance from the Federal CARES Act Coronavirus Relief Fund. The advance from the CARES Act Coronavirus Relief Fund can only be spent during the period of March 1, 2020 to December 30, 2020 on pandemic-related expenses within the restrictions imposed by the CARES Act legislature.

As part of the response to the coronavirus pandemic, the County Board waived tax penalties for certain taxpayers who will make the May property tax payment on or before July 15, 2020. As of May 31, 2020, the County's property tax collections were not materially impacted, and 95% of the anticipated property tax revenues were received on time.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET - continued

While management believes that the financial disruptions caused by the pandemic could be temporary, and although the disaster plans are in place and operations are pursuant to infectious disease protocols, 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/cafr.



Basic Financial Statements



Hennepin County, Minnesota
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and investments	\$ 819,574,055	\$ 96,918,691	\$ 916,492,746
Receivables, net	134,988,964	248,953,357	383,942,321
Internal balances	(3,689,692)	3,689,692	-
Prepaid items	6,689,517	10,357,601	17,047,118
Inventories	2,465,401	12,622,528	15,087,929
Land held for resale	1,420,000	-	1,420,000
Total Current Assets	961,448,245	372,541,869	1,333,990,114
Noncurrent Assets:			
Cash and investments	18,124,428	15,209,000	33,333,428
Restricted cash and investments	333,442,117	66,986,202	400,428,319
Land held for resale	3,933,789	-	3,933,789
Notes receivable and other	13,514,113	12,566,540	26,080,653
Capital assets:			
Land	111,265,993	37,768,072	149,034,065
Land improvements	33,863,093	1,893,908	35,757,001
Buildings	947,193,615	757,028,419	1,704,222,034
Equipment	174,769,999	351,792,015	526,562,014
Software	21,796,580	4,911,155	26,707,735
Library books and other media	49,630,155	-	49,630,155
Leasehold improvements	19,307,925	27,666,907	46,974,832
Art and historical treasures	5,301,244	-	5,301,244
Infrastructure	1,685,518,240	-	1,685,518,240
Construction in progress	174,623,321	11,746,693	186,370,014
Total capital assets	3,223,270,165	1,192,807,169	4,416,077,334
Less accumulated depreciation and amortization	(1,139,188,125)	(634,934,643)	(1,774,122,768)
Net Capital Assets	2,084,082,040	557,872,526	2,641,954,566
Total Noncurrent Assets	2,453,096,487	652,634,268	3,105,730,755
Total Assets	3,414,544,732	1,025,176,137	4,439,720,869
Deferred Outflows of Resources:			
Pension-related	75,044,120	41,256,346	116,300,466
Postemployment healthcare related	10,089,630	3,403,817	13,493,447
Deferred charge on debt refunding	3,866,804	-	3,866,804
Total Deferred Outflows of Resources	89,000,554	44,660,163	133,660,717
Total Assets and Deferred Outflows	\$ 3,503,545,286	\$ 1,069,836,300	\$ 4,573,381,586

Continued on next page

Hennepin County, Minnesota
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current Liabilities:			
Accounts and contracts payable	\$ 94,696,154	\$ 47,382,839	\$ 142,078,993
Accrued interest payable	4,559,978	-	4,559,978
Accrued liabilities	35,172,091	94,919,619	130,091,710
Commercial paper	125,000,000	-	125,000,000
Unearned revenue	3,692,620	8,118	3,700,738
Workers' compensation claims	2,800,000	3,418,000	6,218,000
Revenue bonds	19,135,000	-	19,135,000
General obligation bonds and notes	56,619,028	6,290,972	62,910,000
Notes payable	518,092	-	518,092
Compensated absences	11,500,000	2,020,000	13,520,000
Total Current Liabilities	353,692,963	154,039,548	507,732,511
Noncurrent Liabilities:			
Workers' compensation claims	9,191,500	10,282,000	19,473,500
Revenue bonds	142,178,719	-	142,178,719
General obligation bonds and notes	1,219,719,550	203,651,229	1,423,370,779
Notes payable	2,790,460	-	2,790,460
Net pension	469,828,715	294,652,600	764,481,315
Postemployment healthcare benefits	119,568,829	29,906,004	149,474,833
Compensated absences	82,094,041	38,178,105	120,272,146
Total Noncurrent Liabilities	2,045,371,814	576,669,938	2,622,041,752
Total Liabilities	2,399,064,777	730,709,486	3,129,774,263
Deferred Inflows of Resources:			
Pension-related	158,431,782	91,652,886	250,084,668
Postemployment healthcare related	4,785,164	1,396,317	6,181,481
Total Deferred Inflows of Resources	163,216,946	93,049,203	256,266,149
Net Position:			
Net investment in capital assets	1,182,547,879	340,520,315	1,523,068,194
Restricted for:			
Grant and donor restrictions	1,056,105	87,973	1,144,078
Capital projects	113,653,334	-	113,653,334
Debt service	29,313,397	-	29,313,397
Statutory requirements relating to:			
Housing and redevelopment	23,611,521	-	23,611,521
Regional Railroad Authority	76,255,547	-	76,255,547
Metropolitan health plan	-	25,190,402	25,190,402
Solid waste management	-	29,458,081	29,458,081
Transportation	102,838,878	-	102,838,878
Youth sports	5,369,569	-	5,369,569
County Recorder technology and other	11,963,063	-	11,963,063
Medical Center expendable	-	37,127,824	37,127,824
Medical Center nonexpendable	-	21,981,677	21,981,677
Unrestricted (deficit)	(605,345,730)	(208,288,661)	(813,634,391)
Total Net Position	941,263,563	246,077,611	1,187,341,174
Total Liabilities, Deferred Inflows and Net Position	\$ 3,503,545,286	\$ 1,069,836,300	\$ 4,573,381,586

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

Hennepin County, Minnesota
Statement of Activities
For the Year Ended December 31, 2019

	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
Operations	\$ 363,002,346	\$ 9,956,394	\$ 372,958,740	\$ (41,652,903)
Human Services	583,491,685	5,392,360	588,884,045	17,585,449
Health	76,063,384	1,268,150	77,331,534	2,070,092
Public Safety	331,183,166	8,079,070	339,262,236	14,004,656
Public Works	116,345,356	29,439,947	145,785,303	3,347,179
Libraries	80,140,199	15,969,227	96,109,426	4,404,514
Housing and Redevelopment Authority	8,711,659	632,729	9,344,388	75,718
Regional Railroad Authority	43,710,690	22,206	43,732,896	165,295
Interest on Long-term Debt	40,630,769	-	40,630,769	-
Total Governmental Activities	1,643,279,254	70,760,083	1,714,039,337	-
Business-type Activities:				
Hennepin Health Plan	229,665,346	219,667	229,885,013	-
Environment and Energy	62,165,094	8,660,522	70,825,616	-
Medical Center	1,077,030,428	43,622,485	1,120,652,913	-
Other Enterprises	3,038,421	1,541,095	4,579,516	-
Total Business-type Activities	1,371,899,289	54,043,769	1,425,943,058	-
Total	\$ 3,015,178,543	\$ 124,803,852	\$ 3,139,982,395	\$ -

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
\$ 38,733,451	\$ 11,878,121	\$ -	\$ (280,694,265)	\$ -	\$ (280,694,265)
57,141,476	276,331,475	-	(272,996,543)	-	(272,996,543)
25,264,511	5,364,946	-	(48,772,169)	-	(48,772,169)
18,880,557	37,404,157	-	(296,982,178)	-	(296,982,178)
9,305,077	38,591,342	64,700,252	(36,535,811)	-	(36,535,811)
3,472,449	2,050,504	-	(94,990,987)	-	(94,990,987)
1,528,593	792,789	-	(7,098,724)	-	(7,098,724)
547,719	301,726	2,087,849	(40,960,897)	-	(40,960,897)
-	-	-	(40,630,769)	-	(40,630,769)
<u>154,873,833</u>	<u>372,715,060</u>	<u>66,788,101</u>	<u>(1,119,662,343)</u>	<u>-</u>	<u>(1,119,662,343)</u>
213,812,696	1,656,740	-	-	(14,415,577)	(14,415,577)
58,364,153	5,893,560	-	-	(6,567,903)	(6,567,903)
1,021,757,979	83,230,739	-	-	(15,664,195)	(15,664,195)
4,570,312	-	-	-	(9,204)	(9,204)
<u>1,298,505,140</u>	<u>90,781,039</u>	<u>-</u>	<u>-</u>	<u>(36,656,879)</u>	<u>(36,656,879)</u>
<u>\$ 1,453,378,973</u>	<u>\$ 463,496,099</u>	<u>\$ 66,788,101</u>	<u>(1,119,662,343)</u>	<u>(36,656,879)</u>	<u>(1,156,319,222)</u>
General Revenues:					
Property taxes			885,201,195	-	885,201,195
Sales tax			177,893,004	-	177,893,004
Wheelage tax			10,678,140	-	10,678,140
Other taxes			3,523,549	4,370,736	7,894,285
Grants & contributions not restricted to specific programs			31,702,806	-	31,702,806
Unrestricted investment earnings			33,842,655	-	33,842,655
Transfers			(14,377,147)	14,377,147	-
Total General Revenues and Transfers			<u>1,128,464,202</u>	<u>18,747,883</u>	<u>1,147,212,085</u>
Change in Net Position			8,801,859	(17,908,996)	(9,107,137)
Net Position - Beginning			<u>932,461,704</u>	<u>263,986,607</u>	<u>1,196,448,311</u>
Net Position - Ending			<u>\$ 941,263,563</u>	<u>\$ 246,077,611</u>	<u>\$ 1,187,341,174</u>

Hennepin County, Minnesota
Balance Sheets
Governmental Funds
December 31, 2019
With Comparative Totals for December 31, 2018

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
ASSETS					
Cash and investments	\$ 384,649,577	\$ 109,694,951	\$ 16,935,446	\$ -	\$ -
Delinquent taxes receivable	4,153,327	1,781,551	474,151	-	-
Due from other governmental agencies	7,635,276	58,490,461	-	6,705,772	11,777,559
Accrued investment interest	4,147,067	-	-	-	-
Interfund receivable	499,146	50,590	1,758,056	-	-
Other receivable	11,541,901	338,074	149,834	-	-
Prepaid items	547,217	209,601	1,425,902	-	-
Inventories	1,895,775	-	-	-	-
Land held for resale	-	-	-	-	-
Notes receivable	85,585	-	-	-	-
Restricted cash and investments	-	-	5,968,210	9,538,625	91,180,178
Total Assets	\$ 415,154,871	\$ 170,565,228	\$ 26,711,599	\$ 16,244,397	\$ 102,957,737
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 21,403,426	\$ 27,659,501	\$ 1,074,202	\$ 69,358	\$ 118,859
Accrued liabilities	17,408,378	7,279,286	1,073,924	-	-
Interfund payable	21,409,281	3,296,817	-	-	-
Commercial paper payable	125,000,000	-	-	-	-
Unearned revenue	1,165,331	192,227	53,980	-	-
Total Liabilities	186,386,416	38,427,831	2,202,106	69,358	118,859
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,362,627	1,471,951	391,552	-	-
Unavailable revenue - intergovernmental	2,562,987	7,667,424	-	-	-
Total Deferred Inflows of Resources	5,925,614	9,139,375	391,552	-	-
Fund Balances:					
Nonspendable	2,442,985	209,602	3,446,788	-	-
Restricted	15,336,277	3,052,466	5,597,935	16,175,039	102,838,878
Committed	-	119,735,954	15,073,218	-	-
Assigned	46,121,699	-	-	-	-
Unassigned	158,941,880	-	-	-	-
Total Fund Balances	222,842,841	122,998,022	24,117,941	16,175,039	102,838,878
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 415,154,871	\$ 170,565,228	\$ 26,711,599	\$ 16,244,397	\$ 102,957,737

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	
					2019	2018
\$ 16,520,635	\$ 62,616,992	\$ 11,628	\$ 14,649,182	\$ 13,590,703	\$ 618,669,114	\$ 693,028,565
62,784	230,546	-	601,742	28,887	7,332,988	7,050,987
93,648	49,883	-	-	24,505,106	109,257,705	94,553,655
-	28,496	-	-	217,055	4,392,618	3,721,547
-	-	-	-	-	2,307,792	3,784,284
355,353	152,631	-	-	24,819	12,562,612	7,046,179
250,100	-	-	-	-	2,432,820	2,245,264
-	-	-	-	-	1,895,775	1,845,838
5,353,789	-	-	-	-	5,353,789	5,353,789
3,153,528	-	-	10,275,000	-	13,514,113	14,583,458
1,014,994	42,370,652	-	2,594,757	185,873,446	338,540,862	59,151,383
<u>\$ 26,804,831</u>	<u>\$ 105,449,200</u>	<u>\$ 11,628</u>	<u>\$ 28,120,681</u>	<u>\$ 224,240,016</u>	<u>\$ 1,116,260,188</u>	<u>\$ 892,364,949</u>
\$ 1,062,653	\$ 4,784,702	\$ -	\$ 798,173	\$ 34,902,952	\$ 91,873,826	\$ 133,936,749
-	-	-	-	-	25,761,588	21,373,070
-	-	-	-	562,370	25,268,468	30,361,832
-	-	-	-	-	125,000,000	75,000,000
-	-	-	-	2,281,082	3,692,620	13,943,322
<u>1,062,653</u>	<u>4,784,702</u>	<u>-</u>	<u>798,173</u>	<u>37,746,404</u>	<u>271,596,502</u>	<u>274,614,973</u>
50,784	189,846	-	499,242	24,287	5,990,289	6,543,390
80,000	49,883	-	10,275,000	7,462,217	28,097,511	13,706,818
<u>130,784</u>	<u>239,729</u>	<u>-</u>	<u>10,774,242</u>	<u>7,486,504</u>	<u>34,087,800</u>	<u>20,250,208</u>
250,100	-	-	-	-	6,349,475	6,060,727
25,361,294	100,424,769	11,628	16,548,266	179,007,108	464,353,660	267,892,102
-	-	-	-	-	134,809,172	136,894,323
-	-	-	-	-	46,121,699	37,305,151
-	-	-	-	-	158,941,880	149,347,465
<u>25,611,394</u>	<u>100,424,769</u>	<u>11,628</u>	<u>16,548,266</u>	<u>179,007,108</u>	<u>810,575,886</u>	<u>597,499,768</u>
<u>\$ 26,804,831</u>	<u>\$ 105,449,200</u>	<u>\$ 11,628</u>	<u>\$ 28,120,681</u>	<u>\$ 224,240,016</u>	<u>\$ 1,116,260,188</u>	<u>\$ 892,364,949</u>

Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2019

Total governmental fund balances (page 35)	\$	810,575,886
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.)		2,019,970,413
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.		34,087,800
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.		182,929,834
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.		(664,646,347)
Long-term liabilities and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		<u>(1,441,654,023)</u>
Net position of governmental activities (page 31)	\$	<u><u>941,263,563</u></u>

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



Hennepin County, Minnesota
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
REVENUES					
Property taxes	\$ 403,171,827	\$ 272,122,148	\$ 72,556,881	\$ -	\$ -
Sales tax	-	-	-	39,727,752	138,165,252
Wheelage tax	10,678,140	-	-	-	-
Other taxes	3,236,335	164,867	44,001	-	-
Intergovernmental	94,031,183	280,977,722	5,261,260	-	2,961,989
Investment earnings (losses)	28,753,579	-	181,752	170,607	-
Charges for services	97,019,668	50,645,702	1,031,361	-	-
Fines and forfeits	641,103	-	538,146	-	-
Licenses and permits	6,665,534	1,924,720	-	-	-
Other	18,785,004	3,647,426	1,877,216	-	-
Total Revenues	662,982,373	609,482,585	81,490,617	39,898,359	141,127,241
EXPENDITURES					
Current:					
Operations	175,410,573	-	-	2,400,573	-
Human services	-	604,984,913	-	-	-
Health	74,255,063	-	-	-	-
Public safety	327,864,150	-	-	-	-
Public works	74,732,880	-	-	-	737,738
Libraries	-	-	81,895,814	-	-
Housing and Redevelopment Authority	-	-	-	-	-
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Intergovernmental	-	-	-	-	21,098,166
Capital projects	-	-	-	-	-
Total Expenditures	652,262,666	604,984,913	81,895,814	2,400,573	21,835,904
Excess (Deficiency) of Revenues Over Expenditures	10,719,707	4,497,672	(405,197)	37,497,786	119,291,337
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	8,471,528	14,000,000	2,334,500	-	-
Transfers out	(500,000)	-	(20,000,000)	(34,471,388)	(70,872,078)
Sale of capital assets	-	-	-	-	-
Debt premiums	-	-	-	-	-
Total Other Financing Sources (Uses)	7,971,528	14,000,000	(17,665,500)	(34,471,388)	(70,872,078)
Net Change in Fund Balances	18,691,235	18,497,672	(18,070,697)	3,026,398	48,419,259
Fund Balances - Beginning	204,151,606	104,500,350	42,188,638	13,148,641	54,419,619
Fund Balances - Ending	<u>\$ 222,842,841</u>	<u>\$ 122,998,022</u>	<u>\$ 24,117,941</u>	<u>\$ 16,175,039</u>	<u>\$ 102,838,878</u>

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	
						2019	2018
\$	10,405,717	\$ 36,118,567	\$ 2,832	\$ 90,208,812	\$ 3,909,330	\$ 888,496,114	\$ 842,488,555
	-	-	-	-	-	177,893,004	170,834,314
	-	-	-	-	-	10,678,140	10,468,350
	-	21,653	-	9,286	47,407	3,523,549	3,514,521
	274,697	306,479	-	3,201,578	64,700,252	451,715,160	484,719,090
	389,613	2,087,849	-	210,586	4,136,518	35,930,504	18,146,864
	938,669	493,443	-	-	-	150,128,843	147,901,689
	-	-	-	-	-	1,179,249	1,075,264
	-	-	-	-	-	8,590,254	8,310,952
	509,924	4,392	-	-	6,122,070	30,946,032	24,962,916
	<u>12,518,620</u>	<u>39,032,383</u>	<u>2,832</u>	<u>93,630,262</u>	<u>78,915,577</u>	<u>1,759,080,849</u>	<u>1,712,422,515</u>
	-	-	-	-	188,633,684	366,444,830	249,082,733
	-	-	-	-	-	604,984,913	621,038,721
	-	-	-	-	-	74,255,063	75,426,403
	-	-	-	-	-	327,864,150	316,524,000
	-	-	-	-	-	75,470,618	67,255,611
	-	-	-	-	-	81,895,814	83,911,208
	8,711,659	-	-	-	-	8,711,659	13,393,100
	-	43,710,690	-	-	-	43,710,690	39,825,242
	-	-	5,690,000	74,435,800	-	80,125,800	79,790,449
	-	-	4,253,792	47,277,208	-	51,531,000	46,174,808
	-	-	-	-	-	21,098,166	21,307,332
	-	-	-	-	158,190,495	158,190,495	246,422,060
	<u>8,711,659</u>	<u>43,710,690</u>	<u>9,943,792</u>	<u>121,713,008</u>	<u>346,824,179</u>	<u>1,894,283,198</u>	<u>1,860,151,667</u>
	<u>3,806,961</u>	<u>(4,678,307)</u>	<u>(9,940,960)</u>	<u>(28,082,746)</u>	<u>(267,908,602)</u>	<u>(135,202,349)</u>	<u>(147,729,152)</u>
	-	80,000,000	22,345,000	39,265,000	200,000,000	341,610,000	220,937,035
	-	-	(28,135,000)	(48,060,000)	-	(76,195,000)	(63,485,000)
	35,172	-	-	32,580,166	69,360,494	126,781,860	107,969,676
	-	(903,222)	-	-	(35,172)	(126,781,860)	(107,969,676)
	-	-	-	-	-	-	10,502,804
	-	14,932,032	5,885,514	8,984,000	53,061,921	82,863,467	17,881,410
	<u>35,172</u>	<u>94,028,810</u>	<u>95,514</u>	<u>32,769,166</u>	<u>322,387,243</u>	<u>348,278,467</u>	<u>185,836,249</u>
	3,842,133	89,350,503	(9,845,446)	4,686,420	54,478,641	213,076,118	38,107,097
	21,769,261	11,074,266	9,857,074	11,861,846	124,528,467	597,499,768	559,392,671
\$	<u>25,611,394</u>	<u>100,424,769</u>	<u>11,628</u>	<u>16,548,266</u>	<u>179,007,108</u>	<u>810,575,886</u>	<u>597,499,768</u>

Hennepin County, Minnesota
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 For the Year Ended December 31, 2019

Net change in governmental fund balances (page 39) \$ 213,076,118

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. 29,301,030

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. (2,583,488)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. 13,837,592

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. (256,420,943)

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). (7,121,375)

The net revenue of certain activities of **internal service funds** is reported with governmental activities. 18,712,925

Change in net position of governmental activities (page 33) \$ 8,801,859

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

Hennepin County, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2019
With Comparative Totals for December 31, 2018

	Business-type Activities - Enterprise Funds						2019 Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals		
					2019	2018	
ASSETS & DEFERRED OUTFLOWS							
Current Assets:							
Cash	\$ 41,904,131	\$ 21,060,931	\$ 31,494,080	\$ 2,459,549	\$ 96,918,691	\$ 144,144,130	\$ 213,930,624
Interfund receivable	-	-	7,534,445	38,536	7,572,981	5,272,649	21,029,040
Other receivable	17,150,789	5,848,973	225,709,452	244,143	248,953,357	232,357,546	1,443,041
Inventories	-	3,296,945	9,321,532	4,051	12,622,528	10,211,668	569,626
Prepaid items	13,354	4,933	10,338,349	965	10,357,601	9,155,934	4,256,697
Total Current Assets	59,068,274	30,211,782	284,397,858	2,747,244	376,425,158	401,141,927	241,229,028
Noncurrent Assets:							
Cash and investments	-	-	15,209,000	-	15,209,000	12,608,596	-
Restricted cash and investments	500,000	13,305,701	53,180,501	-	66,986,202	57,505,681	-
Notes receivable and other	-	783,445	11,783,095	-	12,566,540	9,231,950	-
Capital assets:							
Land	-	8,179,432	28,603,548	985,092	37,768,072	37,768,072	1,040,600
Land improvements	-	-	-	1,893,908	1,893,908	1,893,908	-
Buildings	-	165,533,871	590,651,381	843,167	757,028,419	745,951,631	46,744,646
Equipment	746,004	45,030,689	290,275,310	15,740,012	351,792,015	330,292,289	104,343,054
Software	392,455	-	4,518,700	-	4,911,155	4,501,081	4,702,015
Leasehold improvements	1,301,599	-	26,365,308	-	27,666,907	23,048,215	-
Construction in progress	-	2,063,617	9,683,076	-	11,746,693	9,101,200	3,597,089
Total capital assets	2,440,058	220,807,609	950,097,323	19,462,179	1,192,807,169	1,152,556,396	160,427,404
Less accumulated depreciation and amortization	637,394	103,129,196	522,048,168	9,119,885	634,934,643	582,842,599	96,315,777
Net Capital Assets	1,802,664	117,678,413	428,049,155	10,342,294	557,872,526	569,713,797	64,111,627
Total Noncurrent Assets	2,302,664	131,767,559	508,221,751	10,342,294	652,634,268	649,060,024	64,111,627
Total Assets	61,370,938	161,979,341	792,619,609	13,089,538	1,029,059,426	1,050,201,951	305,340,655
Deferred Outflows of Resources:							
Pension related	612,190	470,541	40,173,615	-	41,256,346	81,691,585	-
Postemployment healthcare related	60,285	41,314	3,302,218	-	3,403,817	3,468,691	260,388
Total Deferred Outflows of Resources	672,475	511,855	43,475,833	-	44,660,163	85,160,276	260,388
Total Assets and Deferred Outflows	\$ 62,043,413	\$ 162,491,196	\$ 836,095,442	\$ 13,089,538	\$ 1,073,719,589	\$ 1,135,362,227	\$ 305,601,043
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Interfund payable	\$ -	\$ -	\$ 3,817,289	\$ 66,000	\$ 3,883,289	\$ 6,194,355	\$ 1,758,056
Accounts and contracts payable	6,783,325	7,434,148	33,048,643	116,723	47,382,839	39,887,895	2,822,328
Accrued expenses	20,332,733	199,830	74,387,056	-	94,919,619	97,773,990	9,410,503
Unearned revenue	8,118	-	-	-	8,118	13,699,223	-
Current portion of:							
Workers' compensation claims	-	-	3,418,000	-	3,418,000	3,358,000	2,800,000
General obligation bonds and notes	-	1,108,137	5,007,835	175,000	6,290,972	5,572,585	1,752,785
Compensated absences	110,000	70,000	1,840,000	-	2,020,000	1,810,000	11,500,000
Total Current Liabilities	27,234,176	8,812,115	121,518,823	357,723	157,922,837	168,296,048	30,043,672
Noncurrent Liabilities, Net of Current Portion:							
Workers' compensation claims	-	-	10,282,000	-	10,282,000	12,200,000	9,191,500
General obligation bonds and notes	-	25,878,166	177,773,063	-	203,651,229	200,735,184	14,225,950
Net pension	5,315,436	4,753,717	284,583,447	-	294,652,600	300,376,827	-
Postemployment healthcare benefits	557,954	679,306	28,668,744	-	29,906,004	31,181,309	2,974,191
Compensated absences	684,598	1,152,946	36,340,561	-	38,178,105	38,301,610	82,094,041
Total Noncurrent Liabilities	6,557,988	32,464,135	537,647,815	-	576,669,938	582,794,930	108,485,682
Total Liabilities	33,792,164	41,276,250	659,166,638	357,723	734,592,775	751,090,978	138,529,354
Deferred Inflows of Resources:							
Pension related	1,235,678	949,776	89,467,432	-	91,652,886	119,996,787	-
Postemployment healthcare related	22,505	27,006	1,346,806	-	1,396,317	287,855	120,590
Total Deferred Inflows of Resources	1,258,183	976,782	90,814,238	-	93,049,203	120,284,642	120,590
Net Position:							
Net investment in capital assets	1,802,664	90,692,110	237,858,247	10,167,294	340,520,315	357,743,028	48,132,892
Restricted for:							
Statutory requirements relating to:							
Metropolitan health plan	25,190,402	-	-	-	25,190,402	39,737,327	-
Solid waste management	-	29,458,081	-	-	29,458,081	24,072,276	-
Medical Center expendable	-	-	37,127,824	-	37,127,824	30,559,813	-
Medical Center nonexpendable	-	-	21,981,677	-	21,981,677	18,648,677	-
Brownfield assessment and cleanup	-	87,973	-	-	87,973	58,374	-
Unrestricted (deficit)	-	-	(210,853,182)	2,564,521	(208,288,661)	(206,832,888)	118,818,207
Total Net Position	26,993,066	120,238,164	86,114,566	12,731,815	246,077,611	263,986,607	166,951,099
Total Liabilities, Deferred Inflows and Net Position	\$ 62,043,413	\$ 162,491,196	\$ 836,095,442	\$ 13,089,538	\$ 1,073,719,589	\$ 1,135,362,227	\$ 305,601,043

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

Hennepin County, Minnesota
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019
With Comparative Totals for the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds						
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Total		2019 Internal Service Funds
					2019	2018	
OPERATING REVENUES							
Net charges for services.....	\$ 213,812,696	\$ 58,364,153	\$ 1,021,757,979	\$ 4,570,312	\$ 1,298,505,140	\$ 1,271,347,644	\$ 255,416,537
Grants.....	-	-	71,728,295	-	71,728,295	66,249,422	-
Total Operating Revenues	<u>213,812,696</u>	<u>58,364,153</u>	<u>1,093,486,274</u>	<u>4,570,312</u>	<u>1,370,233,435</u>	<u>1,337,597,066</u>	<u>255,416,537</u>
OPERATING EXPENSES							
Personal services.....	12,021,383	8,835,756	772,295,315	2,132,193	795,284,647	737,701,695	171,986,000
Commodities.....	15,528	217,714	241,906,023	230,495	242,369,760	225,209,681	9,591,959
Contractual services.....	204,663,039	44,126,619	50,072,222	427,898	299,289,778	308,624,868	34,724,921
Depreciation and amortization.....	219,667	8,660,522	43,622,485	1,541,095	54,043,769	49,713,108	17,229,029
Other.....	12,947,171	2,891,910	8,025,415	221,526	24,086,022	17,374,426	3,789,903
Total Operating Expenses	<u>229,866,788</u>	<u>64,732,521</u>	<u>1,115,921,460</u>	<u>4,553,207</u>	<u>1,415,073,976</u>	<u>1,338,623,778</u>	<u>237,321,812</u>
Operating Income (Loss)	<u>(16,054,092)</u>	<u>(6,368,368)</u>	<u>(22,435,186)</u>	<u>17,105</u>	<u>(44,840,541)</u>	<u>(1,026,712)</u>	<u>18,094,725</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental.....	-	4,963,455	-	-	4,963,455	4,256,043	-
Investment earnings (losses).....	1,656,740	930,105	11,502,444	-	14,089,289	146,147	948,628
Interest expense.....	(18,225)	(545,529)	(4,731,453)	(6,900)	(5,302,107)	(4,012,757)	(506,799)
Gain (Loss) on capital asset disposal.....	-	-	-	(19,409)	(19,409)	(1,156)	654,687
Other.....	-	4,069,136	301,600	-	4,370,736	4,140,444	-
Environmental grants awarded.....	-	(5,547,566)	-	-	(5,547,566)	(6,141,275)	-
Total Nonoperating Revenues (Expenses)	<u>1,638,515</u>	<u>3,869,601</u>	<u>7,072,591</u>	<u>(26,309)</u>	<u>12,554,398</u>	<u>(1,612,554)</u>	<u>1,096,516</u>
Income (Loss) Before Contributions	(14,415,577)	(2,498,767)	(15,362,595)	(9,204)	(32,286,143)	(2,639,266)	19,191,241
Capital contributions.....	-	-	13,381,373	995,774	14,377,147	11,776,368	1,350,990
Change in Net Position	(14,415,577)	(2,498,767)	(1,981,222)	986,570	(17,908,996)	9,137,102	20,542,231
Total Net Position - Beginning	41,408,643	122,736,931	88,095,788	11,745,245	263,986,607	254,849,505	146,408,868
Total Net Position - Ending	<u>\$ 26,993,066</u>	<u>\$ 120,238,164</u>	<u>\$ 86,114,566</u>	<u>\$ 12,731,815</u>	<u>\$ 246,077,611</u>	<u>\$ 263,986,607</u>	<u>\$ 166,951,099</u>

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

Hennepin County, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	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.	\$ 190,277,049	\$ 57,441,934	\$ 1,000,788,000	\$ 4,770,398	\$ 1,253,277,381	\$ 263,479,731
Operating grants.	-	-	71,728,000	-	71,728,000	-
Payments to suppliers for goods and services.	(202,011,341)	(45,178,796)	(275,102,262)	(718,913)	(523,011,312)	(49,272,134)
Payments to employees for services.	(12,037,142)	(8,625,467)	(755,892,000)	(2,132,193)	(778,686,802)	(175,511,172)
Other operating disbursements.	(12,947,171)	(2,891,910)	(30,827,000)	(221,526)	(46,887,607)	(3,789,903)
Net Cash Provided (Used) by Operating Activities	<u>(36,718,605)</u>	<u>745,761</u>	<u>10,694,738</u>	<u>1,697,766</u>	<u>(23,580,340)</u>	<u>34,906,522</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net grants and contributions.	-	3,587,186	340,000	-	3,927,186	-
Net interfund loans.	(2,249,080)	-	-	66,000	(2,183,080)	832,106
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,249,080)</u>	<u>3,587,186</u>	<u>340,000</u>	<u>66,000</u>	<u>1,744,106</u>	<u>832,106</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets.	(351,015)	(746,351)	(12,610,000)	(1,693,570)	(15,400,936)	(12,626,194)
Interest paid.	(18,225)	(545,529)	(4,731,453)	(6,900)	(5,302,107)	(506,799)
Debt issuance cost and principal payments.	-	-	(4,658,285)	(170,000)	(4,828,285)	(2,006,615)
Net Cash Used by Capital and Related Financing Activities	<u>(369,240)</u>	<u>(1,291,880)</u>	<u>(21,999,738)</u>	<u>(1,870,470)</u>	<u>(25,531,328)</u>	<u>(15,139,608)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income.	1,656,740	930,105	1,964,431	-	4,551,276	948,628
Purchase of investments.	-	-	(1,326,000)	-	(1,326,000)	-
Sale of investments.	-	-	102,000	-	102,000	-
Net Cash Provided by Investing Activities	<u>1,656,740</u>	<u>930,105</u>	<u>740,431</u>	<u>-</u>	<u>3,327,276</u>	<u>948,628</u>
Net Increase (Decrease) In Cash	(37,680,185)	3,971,172	(10,224,569)	(106,704)	(44,040,286)	21,547,648
Cash at Beginning of Year	<u>80,084,316</u>	<u>30,395,460</u>	<u>52,180,649</u>	<u>2,566,253</u>	<u>165,226,678</u>	<u>192,382,976</u>
Cash at End of Year	<u>\$ 42,404,131</u>	<u>\$ 34,366,632</u>	<u>\$ 41,956,080</u>	<u>\$ 2,459,549</u>	<u>\$ 121,186,392</u>	<u>\$ 213,930,624</u>
CASH COMPONENTS:						
Cash.	\$ 41,904,131	\$ 21,060,931	\$ 31,494,080	\$ 2,459,549	\$ 96,918,691	\$ 213,930,624
Restricted cash.	500,000	13,305,701	10,462,000	-	24,267,701	-
Cash at End of Year	<u>\$ 42,404,131</u>	<u>\$ 34,366,632</u>	<u>\$ 41,956,080</u>	<u>\$ 2,459,549</u>	<u>\$ 121,186,392</u>	<u>\$ 213,930,624</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss).	\$ (16,054,092)	\$ (6,368,368)	\$ (22,435,186)	\$ 17,105	\$ (44,840,541)	\$ 18,094,725
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization.	219,667	8,660,522	43,622,485	1,541,095	54,043,769	17,229,029
(Increase) decrease in:						
Receivables and prepaid items.	1,684,195	(965,890)	(24,453,916)	201,050	(23,534,561)	6,628,414
Inventories.	-	(573,521)	(1,834,868)	(2,471)	(2,410,860)	5,070
Increase (decrease) in:						
Accounts payable and accrued expenses.	(8,799,494)	(207,693)	8,378,711	(59,013)	(687,489)	(7,206,631)
Unearned revenue.	(13,691,105)	-	-	-	(13,691,105)	-
Net pension liability.	(151,086)	(108,453)	(5,464,688)	-	(5,724,227)	-
Deferred outflows.	(131,408)	162,561	40,468,960	-	40,500,113	63,141
Deferred inflows.	204,718	146,603	(27,586,760)	-	(27,235,439)	92,774
Net Cash Provided (Used) by Operating Activities	<u>\$ (36,718,605)</u>	<u>\$ 745,761</u>	<u>\$ 10,694,738</u>	<u>\$ 1,697,766</u>	<u>\$ (23,580,340)</u>	<u>\$ 34,906,522</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets.	\$ -	\$ -	\$ 13,381,373	\$ 995,774	\$ 14,377,147	\$ 1,350,990
Gain (loss) on disposal of capital assets.	-	-	-	(19,409)	(19,409)	(18,271)
Increase (decrease) in fair value of investments.	738,197	382,934	(645,847)	-	475,284	(30,048)

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

Hennepin County, Minnesota
Statement of Fiduciary Net Position
Agency Fund
December 31, 2019

		Agency
ASSETS		
Cash and investments	\$	117,423,176
Delinquent taxes receivable		22,577,257
Total Assets	\$	140,000,433
LIABILITIES		
Amounts due as agent.	\$	140,000,433

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

INDEX TO NOTES	<u>Page</u>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	46
2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.....	54
3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS	55
4. RESTRICTED CASH AND INVESTMENTS	58
5. CAPITAL ASSETS	59
6. REVENUES AND RECEIVABLES	61
7. COMMITMENTS	63
8. INTERFUND BALANCES AND ACTIVITY	64
9. LONG-TERM OBLIGATIONS	65
10. DEBT SERVICE REQUIREMENTS	66
11. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING	69
12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS	70
13. PROPERTY TAX ABATEMENTS	71
14. RISK MANAGEMENT	71
15. SELF-INSURED EMPLOYEE HEALTH PLANS	73
16. CONTINGENCIES	74
17. OTHER EMPLOYEE BENEFITS	74
18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS ..	82
19. NEW ACCOUNTING PRONOUNCEMENTS	90
20. SUBSEQUENT EVENTS	91

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019

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 the fiduciary fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019

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 and notes, as well as revenue bonds, and the *Regional Railroad Authority Debt Service Fund*, used to account for debt issued by the RRA.

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

The County considers the following funds to be major funds for public interest reasons: Library, Ballpark Sales Tax, Transportation 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019

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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 in order to provide an understanding of certain changes in the County's financial position and operations. Other 2018 amounts have been reclassified in order to be consistent with the current year's presentation.

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended December 31, 2018, 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, 2019

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.)	\$ 3,062,842,761
Accumulated depreciation related to governmental activities	<u>(1,042,872,348)</u>
Total Capital Assets Reconciliation Item	<u>\$ 2,019,970,413</u>

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

General obligation (G.O.) bonds and notes payable	\$ (1,079,097,799)
Net G.O. premiums and discounts (to be amortized as interest expense)	(197,240,779)
Revenue bonds	(143,765,000)
Revenue bond premiums (to be amortized as interest expense)	(17,548,719)
Notes payable	(3,308,552)
Accrued interest payable	(4,559,978)
Deferred charge on debt refunding	<u>3,866,804</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,441,654,023)</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	\$ 82,832,084
Less depreciation expense	<u>(53,531,054)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 29,301,030</u>

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

Issuance of debt	\$ (341,610,000)
Bond premiums	(82,863,467)
Debt transferred from governmental activities to business-type activities	9,207,017
Principal repayments – G.O. debt	58,802,415
Principal repayments – refunding bonds	76,195,000
Principal repayments – Ballpark revenue bonds	23,330,000
Principal repayments – note payable	<u>518,092</u>
Total Long-term Debt Reconciliation Item	<u>\$ (256,420,943)</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 \$41,623,315. 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 \$36,115,470. County and fiduciary cash and investments are pooled.

Management of Investment Risk. At December 31, 2019, 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	\$ 1,014,358,011	0.96
Repurchase agreements	243,123,562	0.08
Commercial paper	100,000,000	0.01
Money market funds	<u>7,394,349</u>	0.07
Total fair value	<u>\$ 1,364,875,922</u>	
Effective duration		0.73
<u>Fiduciary Investments</u>	<u>Carrying Value</u>	<u>Effective Duration in Years</u>
Money market funds	\$ 8,943,768	.08

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 \$33,152,518 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 bankers acceptances, guaranteed investment contracts, and shares of investment companies.

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County’s total investments is in each of the following: 22% Federal Home Loan Mortgage Corporation, 22% Federal Farm Credit Banks Funding Corporation, 9% Federal National Mortgage Association, 11% Federal Home Loan Bank, and 7% US Bank.

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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 2019 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings
Governmental Funds:			
General	\$ 16,887,941	\$ 11,865,638	\$ 28,753,579
Special Revenue:			
Library	110,644	71,108	181,752
Ballpark Sales Tax	170,607	-	170,607
Housing and Redevelopment	270,478	119,135	389,613
Regional Railroad	1,854,914	232,935	2,087,849
Debt Service	210,586	-	210,586
Capital Projects	4,136,518	-	4,136,518
	<u>23,641,688</u>	<u>12,288,816</u>	<u>35,930,504</u>
Proprietary Funds:			
Enterprise:			
Hennepin Health	918,543	738,197	1,656,740
Solid Waste	547,171	382,934	930,105
Medical Center	907,401	680,522	1,587,923
Internal Service	978,676	(30,048)	948,628
	<u>3,351,791</u>	<u>1,771,605</u>	<u>5,123,396</u>
Total	<u>\$ 26,993,479</u>	<u>\$ 14,060,421</u>	<u>\$ 41,053,900</u>

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

	2019	2018
Investment income and realized gains and losses	\$ 26,993,479	\$ 21,828,378
Net annual increase (decrease) in the fair value of investments	14,060,421	(1,204,507)
Total Investment Earnings	<u>\$ 41,053,900</u>	<u>\$ 20,623,871</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. GASB Statement No. 72, *Fair Value Measurement and Application*, established the guidance for measuring investments at fair value, along with an associated hierarchy that categorizes the valuation inputs. In accordance with the guidance, the County has categorized its investments based on the priority of the valuation inputs into a three-level fair value hierarchy. In instances where the County does not have a readily determinable fair value, the County is permitted to establish fair value by using the observable or determinable value.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 (the last active market day).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement or can be determined by third parties such as a pricing service using accepted methodologies.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2019. 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	\$ 49,975,000	\$ -	\$ -	\$ 49,975,000
U.S. Treasury Notes	50,410,250	-	-	50,410,250
U.S. Agency Debentures	-	898,888,055	-	898,888,055
U.S. Agency Mortgage-backed Securities	-	15,084,706	-	15,084,706
	<u>\$ 100,385,250</u>	<u>\$ 913,972,761</u>	<u>\$ -</u>	<u>\$ 1,014,358,011</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, 2019, the Medical Center had the following investments.

	Carrying Amount	Less than 1 Year	1 to 5 Years	Over 5 Years
Mutual funds				
– fixed income	\$ 22,010,183	<u>\$ 6,333,075</u>	<u>\$ 1,208,833</u>	<u>\$ 14,468,275</u>
Mutual funds – equities	<u>35,918,930</u>			
	<u>\$ 57,929,113</u>			

Credit Risk. The Medical Center investments in fixed income mutual funds were rated as follows: \$14,468,275 rated A+ by S&P, \$6,333,075 rated Baa3 by Moody's, and \$1,208,833 were unrated.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019, 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, 2019.

Investments	Fair Value Measurements at Report Date Using:		
	Level 1	Level 2	Level 3
Mutual funds – fixed income	\$ 22,010,183	\$ -	\$ -
Mutual funds – equities	35,918,930	-	-
Total Investments	<u>\$ 57,929,113</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:

- \$5,968,210 of Library cash is restricted by agreements with donors.
- \$9,538,625 of Ballpark Sales Tax Fund and \$2,594,757 of Debt Service Fund cash is restricted for purposes specified by Minnesota Statutes, section 473.757.
- \$91,180,178 of Transportation Sales Tax cash is restricted for purposes specified by Minnesota Statutes, section 297A.993.
- \$1,014,994 of HRA cash is restricted for specific housing projects and held by the Minnesota Housing Finance Agency.
- \$42,370,652 of RRA restricted cash includes \$499,309 held for a separate legal entity, and \$41,871,343 of unspent bond proceeds restricted by bond covenants.
- \$185,873,446 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
- \$13,305,701 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota Statutes, section 383B.81.
- \$53,180,501 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2019
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 5,292,247	\$ 8,997	\$ -	\$ 5,301,244
Land	102,965,925	8,300,068	-	111,265,993
Construction in progress	203,946,372	65,633,533	(94,956,584)	174,623,321
Total capital assets not being depreciated	312,204,544	73,942,598	(94,956,584)	291,190,558
<i>Capital assets being depreciated:</i>				
Buildings	940,949,437	6,632,178	(388,000)	947,193,615
Equipment	180,186,861	16,040,191	(21,457,053)	174,769,999
Software	21,796,580	-	-	21,796,580
Library books and materials	49,961,538	5,102,961	(5,434,344)	49,630,155
Leasehold improvements	19,307,925	-	-	19,307,925
Land improvements	33,543,623	319,470	-	33,863,093
Infrastructure	1,603,087,652	90,786,836	(8,356,248)	1,685,518,240
Total capital assets being depreciated	2,848,833,616	118,881,636	(35,635,645)	2,932,079,607
<i>Less accumulated depreciation for:</i>				
Buildings	410,205,834	20,214,907	(388,000)	430,032,741
Equipment	126,925,235	17,432,934	(21,241,083)	123,117,086
Software	19,498,806	1,402,859	-	20,901,665
Library books and materials	31,313,413	6,467,289	(5,434,344)	32,346,358
Leasehold improvements	15,616,760	1,657,200	-	17,273,960
Land improvements	18,679,707	1,576,517	-	20,256,224
Infrastructure	479,014,058	22,074,782	(5,828,749)	495,260,091
Total accumulated depreciation	1,101,253,813	70,826,488	(32,892,176)	1,139,188,125
Total capital assets being depreciated, net	1,747,579,803	48,055,148	(2,743,469)	1,792,891,482
Governmental activities capital assets, net	2,059,784,347	121,997,746	(97,700,053)	2,084,082,040
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	37,768,072	-	-	37,768,072
Construction in progress	9,101,200	19,695,137	(17,049,644)	11,746,693
Total capital assets not being depreciated	46,869,272	19,695,137	(17,049,644)	49,514,765
<i>Capital assets being depreciated:</i>				
Buildings	745,951,631	11,076,788	-	757,028,419
Equipment	330,292,289	23,470,860	(1,971,134)	351,792,015
Software	4,501,081	410,074	-	4,911,155
Leasehold improvements	23,048,215	4,618,692	-	27,666,907
Land improvements	1,893,908	-	-	1,893,908
Total capital assets being depreciated	1,105,687,124	39,576,414	(1,971,134)	1,143,292,404
<i>Less accumulated depreciation for:</i>				
Buildings	355,747,774	26,688,647	-	382,436,421
Equipment	209,122,140	24,881,122	(1,951,725)	232,051,537
Software	3,183,231	433,892	-	3,617,123
Leasehold improvements	13,122,816	1,964,352	-	15,087,168
Land improvements	1,666,638	75,756	-	1,742,394
Total accumulation depreciation	582,842,599	54,043,769	(1,951,725)	634,934,643
Total capital assets being depreciated, net	522,844,525	(14,467,355)	(19,409)	508,357,761
Business-type activities capital assets, net	569,713,797	5,227,782	(17,069,053)	557,872,526
Total Capital Assets, Net	\$ 2,629,498,144	\$ 127,225,528	\$ (114,769,106)	\$ 2,641,954,566

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 \$6,741,222, Human Services \$2,360,926, Health \$945,728, Public Safety \$3,853,124, Public Works, \$24,110,471 and Libraries \$14,930,648, RRA \$22,206, and HRA \$632,729.

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, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
RRA:				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 23,636,512	\$ -	\$ -	\$ 23,636,512
<i>Capital assets being depreciated:</i>				
Buildings	962,280	-	-	962,280
Less accumulated depreciation	806,834	22,207	-	829,041
	155,446	(22,207)	-	133,239
RRA Capital Assets, Net	\$ 23,791,958	\$ (22,207)	\$ -	\$ 23,769,751
HRA:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,423,503	\$ -	\$ -	\$ 1,423,503
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	-	-	12,654,573
Less accumulated depreciation	8,006,141	632,726	-	8,638,867
<i>Total capital assets being depreciated, net</i>	4,648,432	(632,726)	-	4,015,706
HRA Capital Assets, Net	\$ 6,071,935	\$ (632,726)	\$ -	5,439,209

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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	\$5,179,559	\$ 7,635,276	\$ 4,147,067	\$ 11,541,901	\$ (1,026,232)	\$ 27,477,571
Human Services	2,493,077	58,490,461	-	338,074	(711,526)	60,610,086
Library	662,196	-	-	149,834	(188,045)	623,985
Ballpark Sales Tax	-	6,705,772	-	-	-	6,705,772
Transportation Sales Tax	-	11,777,559	-	-	-	11,777,559
HRA	88,561	93,648	-	355,353	(25,777)	511,785
RRA	322,666	49,883	28,496	152,631	(92,120)	461,556
General Debt Service	837,888	-	-	-	(236,146)	601,742
Capital Projects	39,260	24,505,106	217,055	24,819	(10,373)	24,775,867
Hennepin Health	-	-	-	17,253,534	(102,745)	17,150,789
Solid Waste	-	-	-	5,848,973	-	5,848,973
Medical Center	-	-	-	261,745,090	(36,035,638)	225,709,452
Nonmajor Enterprise	-	-	-	244,143	-	244,143
Internal Service	-	-	-	1,443,041	-	1,443,041
Total	\$9,623,207	\$ 109,257,705	\$ 4,392,618	\$ 299,097,393	\$ (38,428,602)	\$383,942,321

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 \$2,290,219 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:

	2019
Gross patient charges	\$ 2,724,196,858
Deductions from gross patient charges	(1,774,561,803)
Intergovernmental transfers	63,957,544
Uncompensated care reimbursements from County General Fund	24,500,000
Provision for bad debts	(50,428,851)
Net patient service revenue	\$ 987,663,748

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2019

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 2019 patient charges and related year-end receivables by payor category as a percent of totals were approximately as follows:

	Accounts Receivable	Gross Charges
Commercial/other	34%	20%
Medicaid	31	44
Medicare	21	30
Self-pay	14	6
	100%	100%

Notes Receivable. The County reports the following notes receivable:

- Notes receivable relating to lead abatement totaling \$95,095 are reported in the General Fund at \$85,585 after netting an \$9,510 allowance for uncollectible amounts.
- Notes receivable of \$4,204,704 relating to transit-oriented development loans are reported in the HRA Fund at \$3,153,528 after netting a \$1,051,176 allowance for uncollectible amounts.
- Notes receivable of \$10,275,000 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 \$783,445 of Solid Waste Fund Brownsfield Cleanup Revolving Loans are used to provide additional loans for this purpose.

Deferred Long-term Loans Receivable. In 2000, the HRA Board of Commissioners established the Affordable Housing Incentive Fund (AHIF) Program to assist municipalities, government and nonprofit agencies, private and nonprofit housing developers, and lenders in the development of affordable housing throughout Hennepin County. As of December 31, 2019 there are 197 AHIF deferred loans outstanding, with original terms ranging from 10 to 45 years. Loans totaling \$23,816,075 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 \$35,793,060 are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met and are expected to be repaid or refinanced with extended terms at their due date. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero. A total of \$12,399,978 is outstanding at year-end for 605 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 5 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved and net carrying value is zero.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 there are 416 HOME deferred loans totaling \$37,291,036 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, 2019 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 \$120,897,913 to the project. The total remaining commitment is \$78,650,087; 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 .5% transportation sales and use tax and a \$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, 2019, 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 \$140,137,607 to the project. The total remaining commitment is \$452,815,393; 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
- \$24,923,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the County has contributed \$9,030,000 to the project. The total remaining commitment is \$15,893,000.

Beginning in 2018, the County committed to annually fund its 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 \$33,845,911 in 2020, \$28,516,687 in 2021, and \$25,592,181 each year in 2022 through 2025.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 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, \$11,000,000 is not expected to be repaid within one year	\$15,327,168
Human Services	Internal Service	Compensated absences benefits	2,406,855
Internal Service	Library	Compensated absences benefits	1,758,056
<i>Between Funds Within Business-type Activities:</i>			
Medical Center	Nonmajor Enterprise	Radio communications services	38,536
<i>Between Governmental Activities and Business-type Activities:</i>			
General	Medical Center	Uncompensated care, medical services, investment earnings	6,082,113
Human Services	Medical Center	Medical Services	889,962
Capital Projects	Medical Center	Medical Center facility preservation (Parkside)	562,370
Medical Center	General	Legal services, human services	433,146
Medical Center	Human Services	Human services	50,590
Medical Center	Internal Service	Provision of heat to buildings, self-insured workers compensation, vehicle rental	3,295,017
Golf Course	General Fund	Support temporary cash deficit	66,000

Interfund transfers during 2019 consisted of the following:

Fund Transferred From	Fund Transferred To	Purpose	Amount
General	Capital Projects	Contributions for building projects	\$ 500,000
Ballpark Sales Tax	General	Sales tax support of youth sports	2,334,500
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,334,500
Ballpark Sales Tax	General Debt Service	Ballpark debt service	29,802,388
Transportation Sales Tax	Capital Projects	Light rail transit projects	68,094,300
Transportation Sales Tax	General Debt Service	Sales tax support of transportation project debt service	2,777,778
Library	General	County Board reallocated resources to areas of need	6,000,000
Library	Human Services	County Board reallocated resources to areas of need	14,000,000
RRA	General	Management of transportation projects	137,028
RRA	Capital Projects	Replacement of Fremont Avenue Bridge	766,194
Capital Projects	HRA	Construction projects	35,172
			\$ 126,781,860

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2019 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
G.O. bonds & notes – levy supported	\$ 840,862,231	\$ 39,265,000	\$ (109,689,432)	\$ 770,437,799	\$ 46,179,028
RRA limited authority G.O. bonds	29,865,000	102,345,000	(33,825,000)	98,385,000	3,680,000
G.O. bonds – non-levy supported	10,965,000	200,000,000	(690,000)	210,275,000	6,760,000
Unamortized premiums	126,239,926	82,863,467	(11,862,614)	197,240,779	-
Total G.O. bonds & notes	1,007,932,157	424,473,467	(156,067,046)	1,276,338,578	56,619,028
Sales tax revenue bonds	167,095,000	-	(23,330,000)	143,765,000	19,135,000
Unamortized premiums	18,890,139	-	(1,341,420)	17,548,719	-
Total revenue bonds	185,985,139	-	(24,671,420)	161,313,719	19,135,000
Total G.O. & revenue bonds and notes	1,193,917,296	424,473,467	(180,738,466)	1,437,652,297	75,754,028
Notes payable	3,826,644	-	(518,092)	3,308,552	518,092
Compensated absences	95,283,465	9,478,020	(11,167,444)	93,594,041	11,500,000
Postemployment healthcare	122,996,436	9,156,242	(12,583,849)	119,568,829	-
Governmental Activities Total	1,416,023,841	443,107,729	(205,007,851)	1,654,123,719	87,772,120
<u>Business-type Activities:</u>					
G.O. bonds Golf Course	345,000	-	(170,000)	175,000	175,000
G.O. bonds Solid Waste	18,523,586	9,207,017	(744,300)	26,986,303	1,108,137
G.O. bonds Medical Center	187,439,183	-	(4,658,285)	182,780,898	5,007,835
Total G.O. bonds	206,307,769	9,207,017	(5,572,585)	209,942,201	6,290,972
Compensated absences	40,111,610	1,295,532	(1,209,037)	40,198,105	2,020,000
Postemployment healthcare	31,181,309	2,912,184	(4,187,489)	29,906,004	-
Business-type Activities Total	277,600,688	13,414,733	(10,969,111)	280,046,310	8,310,972
Government-wide Total	\$ 1,693,624,529	\$ 456,522,462	\$ (215,976,962)	\$ 1,934,170,029	\$ 96,083,092

The Schedule of Changes in Long-term Debt (page 124) provides additional detail on bonds and notes. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

10. DEBT SERVICE REQUIREMENTS

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

- The RRA issued Series 2019A Limited Tax Bonds totaling \$80,000,000 to provide financing for a portion of the RRA's costs of the Green Line Extension Project in the southwest metropolitan area, which is also known as the Southwest Light Rail Transit (SWLRT) project.
- Series 2019B G.O. Sales Tax Revenue bonds totaling \$200,000,000 were issued to provide financing for a portion of the County's costs of the SWLRT project.
- \$39,265,000 of Series 2019C G.O. Refunding Bonds were issued and, together with the premium received, the bonds were used to refund the \$48,060,000 currently callable amount of Series 2009D. This current refunding resulted in a \$6,193,725 reduction in the County's debt service payments over the next ten years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of \$5,816,780.
- The RRA issued \$22,345,000 of Series 2019D Limited Tax Refunding Bonds. Together with the premium received, the bonds were used to refund the \$28,135,000 currently callable amount of RRA Series 2010A. This current refunding resulted in a \$5,398,471 reduction in the RRA's debt service payments over the next twelve years and an economic gain of \$4,966,168.

In December 2019, \$9,207,016 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, \$184,987,220 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 \$25,051,401 and pledged net sales tax revenues received were \$39,296,388.

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, 2019

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

	G.O. Bonds & Capital Notes		Sales Tax Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
Governmental Activities:					
2020	\$ 56,619,028	\$ 49,959,062	\$ 19,135,000	\$ 6,087,681	\$ 131,800,771
2021	57,821,553	46,909,136	19,900,000	5,538,187	130,168,876
2022	52,964,433	44,539,396	15,075,000	4,961,602	117,540,431
2023	60,323,040	42,169,880	7,495,000	4,482,750	114,470,670
2024	60,922,856	39,729,122	8,030,000	4,108,000	112,789,978
2025-29	306,399,179	159,015,995	48,515,000	13,993,750	527,923,924
2030-34	252,112,443	96,457,108	25,615,000	2,050,250	376,234,801
2035-39	231,935,267	31,864,326	-	-	263,799,593
	1,079,097,799	510,644,025	143,765,000	41,222,220	1,774,729,044
Business-type Activities:					
2020	6,290,972	5,160,650	-	-	11,451,622
2021	6,513,447	5,005,270	-	-	11,518,717
2022	6,920,567	4,843,044	-	-	11,763,611
2023	7,341,960	4,670,260	-	-	12,012,220
2024	7,767,144	4,486,586	-	-	12,253,730
2025-29	43,965,822	19,323,709	-	-	63,289,531
2030-34	51,382,556	13,461,642	-	-	64,844,198
2035-39	57,101,678	6,762,310	-	-	63,863,988
2040-41	22,658,055	807,745	-	-	23,465,800
	209,942,201	64,521,216	-	-	274,463,417
	\$1,289,040,000	\$ 575,165,241	\$ 143,765,000	\$ 41,222,220	\$2,049,192,461

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2019

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly.

The 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 \$104,654,433, rather than the \$52,964,433 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 \$187,263,040 rather than the \$60,323,040 shown in the table on the previous page for the year 2023.

Notes Payable annual debt service requirements are as follows:

	Notes Payable		Total
	Principal	Interest	
Governmental Activities:			
2020	\$ 518,092	\$ -	\$ 518,092
2021	518,092	-	518,092
2022	518,092	-	518,092
2023	518,092	-	518,092
2024	518,092	-	518,092
2025-26	718,092	-	718,092
	\$ 3,308,552	\$ -	\$ 3,308,552

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 2019, commercial paper was issued as shown below:

Date of Issuance	Par Amount	Interest Rate	Maturity Date
January 25	\$ 25,000,000	2.58%	April 10, 2019
January 25	\$ 75,000,000	2.67%	May 10, 2019
February 11	\$ 25,000,000	2.48%	March 11, 2019
February 11	\$ 25,000,000	2.53%	April 2, 2019
February 11	\$ 50,000,000	2.57%	May 3, 2019
March 11	\$ 25,000,000	2.50%	May 10, 2019
April 2	\$ 25,000,000	2.44%	May 3, 2019
April 10	\$ 25,000,000	2.45%	May 10, 2019
December 3	\$ 75,000,000	1.70%	January 17, 2020
December 11	\$ 50,000,000	1.70%	January 24, 2020

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2018	Balance December 31, 2019
Loring Park Apartments LLC, December 2001	17,250,000	17,250,000	-
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	19,390,000	18,790,000
Ebenezer York Assisted Living LLC December 2009	16,000,000	13,232,873	12,821,477
East Town Apartments May 2017	9,885,638	9,840,825	1,733,390
Redwell Apartments July 2019	16,065,000	-	16,065,000
Parkview Apartments September 2019	28,800,000	-	28,697,371
Holmes Greenway November 2019	7,300,000	-	7,300,000
	<u>\$ 115,420,638</u>	<u>\$ 59,713,698</u>	<u>\$ 85,407,238</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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.

Classification and Amount at December 31, 2019				
<u>Fund and Purpose</u>	<u>Nonspendable</u>	<u>Restricted For</u>	<u>Committed For</u>	<u>Assigned For</u>
<u>General Fund</u>				
Inventories	\$ 1,895,768			
Prepays	547,217			
Grant requirements		\$ 672,192		
Statutory requirements - primarily relating to youth sports & County Recorder technology		14,664,085		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 46,121,699
<u>Human Services Fund</u>				
Prepays	209,602			
Grant requirements		3,052,466		
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 119,735,954	
<u>Library Fund</u>				
Endowments	2,020,886			
Prepays	1,425,902			
Donor requirements specific to media category or library location		4,606,470		
Extended Library hours		991,465		
Print/electronic collection and technology improvements			15,073,218	
<u>Ballpark Sales Tax Fund</u>				
Debt service & statutory requirements		16,175,039		
<u>Transportation Sales Tax Fund</u>				
Transportation & statutory requirements		102,838,878		
<u>HRA Fund</u>				
Prepays	250,100			
Land held for resale		5,353,789		
HRA general expenditures		20,007,505		
<u>RRA Fund</u>				
RRA general expenditures		100,424,769		
<u>RRA Debt Service Fund</u>				
Debt service		11,628		
<u>General Debt Service Fund</u>				
Debt service		16,548,266		
<u>Capital Projects Fund</u>				
Bond requirements relating to capital projects		179,007,108		

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Eden Prairie	\$ 662,794
Hopkins	1,311,047
Minneapolis	3,036,083
Minnetonka	633,121
Richfield	1,051,967
St Louis Park	4,092,841
Wayzata Housing & Redevelopment Authority	870,321
Twenty other cities and authorities	1,576,496
	\$ 13,234,670

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, 2019 is \$750,000, and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

14. RISK MANAGEMENT – CONTINUED

A. Risk Management – Excluding the Medical Center – continued

Changes in the estimated tort liabilities during the past two years are as follows:

	2019	2018
Estimated liability at beginning of year	\$ 1,750,000	\$ 1,500,000
Estimated incurred claims (including IBNR)	504,780	1,626,798
Claim payments	(1,504,780)	(1,376,798)
Estimated liability at end of year	\$ 750,000	\$ 1,750,000

Workers' Compensation Claims. The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$2,000,000 per occurrence. During 2019, \$4,667,220 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The liability reported at December 31, 2019 was \$11,991,500. 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:

	2019	2018
Estimated liability at beginning of year	\$ 13,716,000	\$ 15,109,236
Estimated incurred claims (including IBNR)	2,942,720	1,384,585
Claim payments and expenses	(4,667,220)	(2,777,821)
Estimated liability at end of year	\$ 11,991,500	\$ 13,716,000

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

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, 2019

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, which are estimated at \$3,990,273. 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.

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 years are as follows:

	2019	2018
Estimated liability at beginning of year	\$ 13,900,000	\$ 15,150,000
Estimated incurred claims (including IBNR)	3,218,000	2,108,000
Claim payments and expenses	(3,418,000)	(3,358,000)
Estimated liability at end of year	\$ 13,700,000	\$ 13,900,000

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.

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

	2019	2018
Estimated liability at beginning of year	\$ 7,381,745	\$ 7,861,998
Estimated incurred claims (including IBNR)	109,956,399	107,506,696
Claim payments and expenses	(109,111,946)	(107,986,949)
Estimated liability at end of year	\$ 8,226,198	\$ 7,381,745

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

15. SELF-INSURED EMPLOYEE HEALTH PLANS – CONTINUED

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 purchased reinsurance on a specific-case basis for 2019 and 2018, 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, 2019 and 2018, the limits were \$600,000 for specific claims and were \$101,800,000 and \$98,500,000 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:

	2019	2018
Estimated liability at beginning of year	\$ 859,970	\$ 596,334
Estimated incurred claims (including IBNR)	84,961,000	77,053,000
Claim payments and expenses	(83,518,225)	(76,789,364)
Estimated liability at end of year	\$ 2,302,745	\$ 859,970

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 \$7,896,749 in 2019. The Other Employee Benefits internal service fund is used to account for these benefits and to liquidate the liability for the governmental funds.

As of December 31, the liability for accumulated compensated absences for all employees totaled \$95,611,584. At the government-wide level, \$2,017,544 is reported in business-type activities. The remaining amount of \$93,594,040 is reported in governmental activities, of which \$72,690,882 is funded in the Other Employee Benefits internal service fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

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, 2019 and 2018 were \$945,800 and \$721,000, respectively.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Single-Employer Postemployment Healthcare Benefit Program – continued

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 2019, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$90 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, 2019 and 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive employees or beneficiaries currently receiving benefit payments	592	599
Active employees	8,016	8,030
	8,608	8,629

Actuarial assumptions and other inputs. The total OPEB liabilities as of December 31, 2019 and December 31, 2018 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2019	2018
Reporting date	December 31, 2019	December 31, 2018
Measurement date	December 31, 2018	December 31, 2017
Actuarial valuation date	December 31, 2017	December 31, 2017
Discount rate	4.1%	3.4%
Salary increase rate	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	6.6 years	6.6 years

** 5.1% for 2019 and 5.5% for 2018, decreasing to an ultimate rate of 4% in 2089.

The discount rate is based on the 20-year Bond Buyer GO Index. Salary increase rates are consistent with those used by PERA, which range from 3.5% to 11.5% based on employees' years of service. The OPEB liabilities as of December 31, 2019 and December 31, 2018 were based on the results of an actuarial experience study for the period of June 30, 2015 and August 30, 2016 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, 2019

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Single-Employer Postemployment Healthcare Benefit Program – continued

Total OPEB Liability - continued

	Changes in Total OPEB Liability	
	2019	2018
Total OPEB liability, beginning	\$ 124,268,633	\$ 121,221,723
Changes for the year:		
Service cost	4,943,170	4,476,499
Interest	4,308,362	4,592,534
Changes of assumptions or other inputs	(4,708,874)	2,461,877
Benefit payments	(8,005,202)	(8,484,000)
Total OPEB liability, ending	\$ 120,806,089	\$ 124,268,633

Changes of assumptions or other inputs reflect a change in the discount rate from 3.4% as of December 31, 2018, to 4.1% as of December 31, 2019.

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 3.1%	Current Discount Rate 4.1%	1% Higher 5.1%
Total OPEB Liability	\$ 127,975,203	\$ 120,806,089	\$ 113,877,720

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 4.1% decreasing to 3%	Current Trend Rate 5.1% decreasing to 4%	1% Higher 6.1% decreasing to 5%
Total OPEB Liability	\$ 109,673,906	\$ 120,806,089	\$ 133,533,351

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 and 2018, the County recognized OPEB expenses of \$8,682,306 and \$9,210,044, respectively. At December 31, 2019 and 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 1,719,229	\$ (4,834,387)	\$ 2,090,553	\$ (1,066,352)
Employer contributions subsequent to the measurement date	8,472,000	-	8,005,000	-
	\$ 10,191,229	\$ (4,834,387)	\$ 10,095,553	\$ (1,066,352)

Employer contributions subsequent to the measurement date of December 31, 2018 of \$8,472,000, which are reported as deferred outflows of resources as of December 31, 2019, will be recognized as a reduction of the OPEB liability in the County's fiscal year ending December 31, 2020. Other amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2019, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	2019
2020	\$ (569,226)
2021	(569,226)
2022	(569,226)
2023	(484,012)
2024	(476,304)
Thereafter	(447,164)
	(\$3,115,446)

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 \$38,180,561.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 2019, 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, 2019 and 2018, the following employees were covered by the benefit terms:

	2019	2018
Inactive employees or beneficiaries currently receiving benefit payments	118	149
Active employees	6,077	5,984
	6,195	6,133

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2019 and December 31, 2018 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2019	2018
Reporting date	December 31, 2019	December 31, 2018
Measurement date	December 31, 2018	December 31, 2017
Actuarial valuation date	December 31, 2017	December 31, 2017
Discount rate	4.1%	3.4%
Salary increase rate	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	9.7 years	9.7 years

** 5.6% for healthcare costs, decreasing to an ultimate rate of 4% in 2082.

The discount rate is based on the Fidelity General Obligation 20-year AA Municipal Bond Index. Salary increase rates are consistent with those used by PERA, which range from 3.5% to 11.5% based on employees' years of service.

	Changes in Total OPEB Liability	
	2019	2018
Total OPEB liability, beginning	\$ 29,909,112	\$ 29,337,219
Changes for the year:		
Service cost	1,775,119	1,601,420
Interest	1,041,776	1,117,968
Changes of assumptions or other inputs	(1,233,262)	603,505
Benefit payments	(2,824,000)	(2,751,000)
Total OPEB liability, ending	<u>\$ 28,668,745</u>	<u>\$ 29,909,112</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.4% as of December 31, 2018, to 4.1% as of December 31, 2019.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 3.1%	Current Discount Rate 4.1%	1% Higher 5.1%
Total OPEB Liability	\$30,553,731	\$28,668,745	\$26,887,458

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 4.6% decreasing to 3%	Current Trend Rate 5.6% decreasing to 4%	1% Higher 6.6% decreasing to 5%
Total OPEB Liability	\$ 26,294,192	\$28,668,745	\$31,498,784

OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB. For the years ended December 31, 2019 and 2018, the Medical Center recognized OPEB expense of \$2,716,005 and \$2,745,639 respectively. At December 31, 2019 and 2018, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs Employer contributions subsequent to the measurement date	\$ 479,072	\$ (1,347,094)	\$ 541,289	\$ (276,938)
	2,823,146	-	2,824,000	-
	<u>\$ 3,302,218</u>	<u>\$ (1,347,094)</u>	<u>\$ 3,365,289</u>	<u>\$ (276,938)</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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, 2018 of \$2,823,146, which are reported as deferred outflows of resources as of December 31, 2019, will be recognized as a reduction of the OPEB liability in the Medical Center’s fiscal year ending December 31, 2020. Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2019, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	2019
2020	\$ (100,889)
2021	(100,889)
2022	(100,889)
2023	(100,889)
2024	(100,889)
Thereafter	(363,577)
	\$ (\$868,022)

The total OPEB expenses for all County plans including the Medical Center for the years ended December 31, 2019 and 2018 were \$11,398,311 and \$11,955,683, 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. General Employees Retirement Plan** General Employees Plan members belong to the Coordinated Plan, and are covered by Social Security.
- 2. Public Employees Police and Fire Plan** The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.
- 3. Local Government Correctional Plan** The Correctional Plan was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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 1.20% of average salary for each of the first 10 years of service and 1.70% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.70% 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 50.00% 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 1.50%. 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 50.00% after five years up to 100.00% 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 50.00% after ten years up to 100.00% after twenty years of credited service. The annuity accrual rate is 3.00% 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 1.00%. 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 1.90% 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 1.00% and a maximum of 2.5%. If the plan's funding status declines to 85.00% or below for two consecutive years or 80.00% for one year, the maximum will be lowered from 2.50% to 1.50%. 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, 2019

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 6.50% of their annual covered salary in 2019 and the County was required to contribute 7.50% for Coordinated Plan members. The County’s contributions to the General Employees Fund for the year ended December 31, 2019 were \$69,641,908. 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 10.80% of pay to 11.30% and employer rates increased from 16.20% to 16.95% on January 1, 2019. The County’s contributions to the Police and Fire Fund for the year ended December 31, 2019 were \$7,365,803. 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 2019. The County’s contributions to the Correctional Fund for the year ended December 31, 2019 were \$3,252,067. 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, 2019 the County recognized pension expense of \$135,159,608 in total for all pension plans.

- 1. General Employees Fund Pension Costs.** At December 31, 2019, the County reported a liability of \$718,508,673 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 2019. 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 \$22,332,030. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019 the County’s proportionate share was 12.99% which was a decrease of .24% from its proportion measured as of June 30, 2018.

County’s proportionate share of the net pension liability	\$ 718,508,673
State’s proportionate share of the net pension liability associated with the County	<u>22,332,030</u>
Total	<u><u>\$ 740,840,703</u></u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

Pension Costs – continued.

1. General Employees Fund Pension Costs – continued. For the year ended December 31, 2019 the County recognized pension expense of \$117,900,206 for its proportionate share of the General Employees Plan’s pension expense. In addition, the County recognized an additional \$1,672,459 as pension expense (and grant revenue) for its proportionate share of the State’s contribution of \$16,000,000 to the General Employees Fund.

At December 31, 2019, 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	\$ 20,378,251	\$ -
Changes in actuarial assumptions	-	(58,176,637)
Net difference between projected and actual investment earnings	-	(77,404,892)
Changes in proportion	14,502,043	(23,057,276)
Contributions paid to PERA subsequent to measurement date	35,370,016	-
	\$ 70,250,310	\$ (158,638,805)

The \$35,370,016 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, 2020. 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	\$ (37,020,286)
2021	(69,880,033)
2022	(18,016,046)
2023	1,157,854

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

Pension Costs – continued.

2. Police and Fire Fund Pension Costs. At December 31, 2019 the County reported a liability of \$43,603,928 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019 the County’s proportion was 4.10% which was a decrease of 0.001% from its proportion measured as of June 30, 2018. The County also recognized \$552,930 for the year ended December 31, 2019 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State to begin contributing \$9,000,000 to the Police and Fire Fund each year until the plan is 90.00% funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90.00% funded, whichever occurs later. In addition, the State paid \$4,500,000 on October 1, 2018 and October 1, 2019 in direct State Aid. Thereafter, by October 1 of each year, the State will pay \$9,000,000 until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the County recognized pension expense of \$10,800,483 for its proportionate share of the Police and Fire Plan’s pension expense. At year end, the County reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 1,855,227	\$ (6,546,961)
Changes in actuarial assumptions	35,399,345	(49,224,404)
Net difference between projected and actual investment earnings	-	(9,225,488)
Changes in proportion	3,051,172	(1,501,561)
Contributions paid to PERA subsequent to measurement date	3,798,937	-
	\$ 44,104,681	\$ (66,498,414)

The \$3,798,937 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, 2020. 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	\$ (3,065,028)
2021	(6,232,662)
2022	(16,774,437)
2023	(85,055)
2024	(35,488)

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

Pension Costs – continued.

3. Correctional Plan Pension Costs. At December 31, 2019 the County reported a liability of \$2,368,714 for its proportionate share of the Correctional Plan’s net pension liability. The net pension liability was measured as of June 30, 2019 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019 the County’s proportionate share was 17.11% which was a decrease of 0.14% from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the County recognized pension expense of \$4,786,460 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	\$ 87,739	\$ (389,211)
Changes in actuarial assumptions	-	(21,214,887)
Net difference between projected and actual investment earnings	-	(3,089,571)
Changes in proportion	207,011	(253,780)
Contributions paid to PERA subsequent to measurement date	1,650,725	-
	\$ 1,945,475	\$ (24,947,449)

The \$1,650,725 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, 2020. 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	\$ (12,746,732)
2021	(11,178,967)
2022	(749,969)
2023	22,969

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

Actuarial Assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based for all plans on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.00% per year for the Police and Fire Plan, and 2.00% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

- 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.

Police and Fire Fund

- Changes in Plan Provisions: Member contribution rates increased from 10.80% to 11.30% and employer rates increased from 16.20% to 16.95% effective January 1, 2019.
- Changes in Actuarial Assumptions: The mortality projection scale was changed from MP-2017 to MP-2018.

Correctional Fund

- Changes in Plan Provisions: No changes since the prior valuation.
- Changes in Actuarial Assumptions: The mortality projection scale was changed from MP-2017 to MP-2018.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

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

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	25.00%	5.90%
Fixed Income	20.00%	0.75%
International Equity	17.50%	5.90%
Cash Equivalents	2.00%	0.00%
	100%	

Discount Rate. The discount rate used to measure the total pension liability in 2019 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%	\$ 1,181,189,561	6.50%	\$ 95,310,085	6.50%	\$ 25,245,574
Current %	7.50%	718,508,673	7.50%	43,603,928	7.50%	2,368,714
1% higher	8.50%	336,473,608	8.50%	843	8.50%	(15,936,505)

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 2019, County governmental activities’ pension liabilities were liquidated at a rate of approximately 53.82% General Fund 35.48% Human Services Fund, 5.04% Library Fund, and 5.66% internal service funds.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, extended the effective dates of certain accounting and financial reporting provisions in GASB Statements.

Accounting Standards Not Yet Adopted

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for 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.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the County on January 1, 2020. This Statement establishes criteria for identifying fiduciary activities of all state and local governments.

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 before the end of a construction period, and the cost of borrowing for a reporting period.

GASB Statement No. 90, *Majority Equity Interest*, is effective for the County on January 1, 2020. This statement establishes standards for reporting a government's majority equity interest in a legally separate organization.

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.

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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2019

19. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

Accounting Standards Not Yet Adopted – continued

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

On March 13, 2020, President Donald Trump declared a Presidential National Emergency and Minnesota Governor Tim Walz declared a Peacetime State of Emergency in Minnesota due to the outbreak of a novel coronavirus (COVID-19) that continues to spread throughout the United States and around the world. On March 16, 2020, the Hennepin County Board Chair declared a state of emergency, announcing the closure of public facing library, human service centers, and licensing service centers. Global actions taken to help mitigate the global spread of COVID-19 have included restrictions on travel, quarantines, stay-at home orders, restrictions on the size of gatherings, and the temporary closures of schools and certain non-essential businesses and public spaces. The COVID-19 outbreak might have more significant adverse impacts on the County's health care facilities, such as causing a temporary shutdown or diversion of patients, further disrupting or delaying production or delivery of pharmaceuticals or other medical supplies or by causing more staffing shortages in facilities. Contagion-prevention measures, such as maintaining a safe distance from others when possible, isolating high-risk and symptomatic individuals, and quarantining those who contract COVID-19 also exacerbate the public health challenges for people experiencing homelessness, redirecting many of the County's resources to meet those challenges. As of June 19, 2020, the County has incurred costs and has received significant intergovernmental revenues specifically related to the pandemic, including the \$220.9 million advance from the Federal CARES Act Coronavirus Relief Fund. Management believes the financial disruptions caused by the pandemic could be temporary. Although disaster plans are in place and County operations have responded well to the changes experienced and infectious disease protocol requirements, 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.



Required Supplementary Information

Hennepin County, Minnesota
Schedule of Changes in Total OPEB Liability and Related Ratios
Postemployment Healthcare Benefit Program
 Last 3 Years

<u>Total OPEB Liability - Excluding the Medical Center</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 4,943,170	\$ 4,476,499	\$ 4,500,514
Interest	4,308,362	4,592,534	4,384,787
Changes in assumptions or other inputs	(4,708,874)	2,461,877	(1,526,977)
Benefit payments	<u>(8,005,202)</u>	<u>(8,484,000)</u>	<u>(8,841,000)</u>
Net change in total OPEB liability	(3,462,544)	3,046,910	(1,482,676)
Total OPEB liability, beginning	<u>124,268,633</u>	<u>121,221,723</u>	<u>122,704,399</u>
Total OPEB liability, ending	<u>\$ 120,806,089</u>	<u>\$ 124,268,633</u>	<u>\$ 121,221,723</u>
Covered payroll	\$ 627,819,446	\$ 597,177,479	\$ 547,497,898
Total OPEB liability as a percentage of covered-employee payroll	19.24%	20.81%	22.14%

<u>Total OPEB Liability - Medical Center</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 1,775,119	\$ 1,601,420	\$ 1,613,801
Interest	1,041,775	1,117,968	1,064,259
Changes in assumptions or other inputs	(1,233,262)	603,506	(348,870)
Benefit payments	<u>(2,824,000)</u>	<u>(2,751,000)</u>	<u>(2,358,000)</u>
Net change in total OPEB liability	(1,240,368)	571,894	(28,810)
Total OPEB liability, beginning	<u>29,909,113</u>	<u>29,337,219</u>	<u>29,366,029</u>
Total OPEB liability, ending	<u>\$ 28,668,745</u>	<u>\$ 29,909,113</u>	<u>\$ 29,337,219</u>
Covered payroll	\$ 358,103,573	\$ 349,253,599	\$ 348,227,603
Total OPEB liability as a percentage of covered-employee payroll	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.

Hennepin County, Minnesota
Schedule of Defined Benefit Pension Plan Contributions
 Last Four 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%
<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%
<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%

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

See notes to required supplementary information.

Hennepin County, Minnesota
Schedule of County Proportionate Share of Defined Benefit Pension Plans
 Last Five 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
<u>General Employees Fund:</u>							
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%
<u>Police and Fire Fund:</u>							
6/30/2015	4.143%	\$ 47,074,163	\$ -	\$ 47,074,163	\$ 38,106,826	123.5%	86.6%
6/30/2016	4.010%	160,928,278	-	160,928,278	38,679,130	416.1%	63.9%
6/30/2017	4.117%	55,584,399	-	55,584,399	42,503,612	130.8%	85.4%
6/30/2018	4.095%	43,648,482	-	43,648,482	43,274,743	100.9%	88.8%
6/30/2019	4.096%	43,603,928	-	43,603,928	43,195,250	100.9%	89.3%
<u>Correctional Fund:</u>							
6/30/2015	17.09%	\$ 2,642,146	\$ -	\$ 2,642,146	\$ 30,694,935	8.6%	97.0%
6/30/2016	17.23%	62,943,603	-	62,943,603	42,770,433	147.2%	58.2%
6/30/2017	17.34%	49,419,174	-	49,419,174	34,650,138	142.6%	67.9%
6/30/2018	17.25%	2,836,910	-	2,836,910	35,245,309	8.0%	97.6%
6/30/2019	17.11%	2,368,714	-	2,368,714	36,509,152	6.5%	98.2%

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

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2018 Actual
REVENUES					
Property taxes	\$ 383,280,715	\$ 394,190,715	\$ 403,171,827	\$ 8,981,112	\$ 374,797,023
Wheelage tax	10,000,000	10,000,000	10,678,140	678,140	10,468,350
Other taxes	13,653,500	2,453,500	3,236,335	782,835	3,184,373
Intergovernmental	102,110,023	102,460,270	94,031,183	(8,429,087)	100,245,569
Investment earnings (losses)	15,500,000	15,500,000	28,753,579	13,253,579	15,047,060
Charges for services	106,459,142	106,459,142	97,019,668	(9,439,474)	92,711,671
Fines and forfeits	201,000	201,000	641,103	440,103	418,460
Licenses and permits	6,993,200	6,993,200	6,665,534	(327,666)	6,529,831
Other	19,423,833	19,463,833	18,785,004	(678,829)	18,436,194
Total Revenues	657,621,413	657,721,660	662,982,373	5,260,713	621,838,531
EXPENDITURES - CURRENT					
Operations					
County Board:					
Personal services	2,783,009	2,764,586	2,618,338	146,248	2,632,526
Commodities	55,469	56,501	21,306	35,195	15,612
Contractual services	161,000	83,543	109,480	(25,937)	146,096
Capital outlay	600	600	-	600	-
Other charges	236,066	214,066	80,716	133,350	53,166
	<u>3,236,144</u>	<u>3,119,296</u>	<u>2,829,840</u>	<u>289,456</u>	<u>2,847,400</u>
County Administration:					
Personal services	2,462,786	2,462,786	2,443,071	19,715	2,357,763
Commodities	19,750	19,750	10,233	9,517	6,706
Contractual services	1,050,880	864,657	801,337	63,320	795,427
Other charges	51,300	51,300	42,666	8,634	33,267
	<u>3,584,716</u>	<u>3,398,493</u>	<u>3,297,307</u>	<u>101,186</u>	<u>3,193,163</u>
Budget & Finance:					
Personal services	10,747,130	10,747,130	10,234,698	512,432	11,945,102
Commodities	128,050	128,050	151,556	(23,506)	192,111
Contractual services	4,016,632	3,883,202	3,697,367	185,835	4,304,784
Capital outlay	500	500	-	500	208,268
Other charges	323,160	323,160	232,969	90,191	179,192
	<u>15,215,472</u>	<u>15,082,042</u>	<u>14,316,590</u>	<u>765,452</u>	<u>16,829,457</u>
Facility Services:					
Personal services	25,422,849	25,422,849	22,991,323	2,431,526	24,476,800
Commodities	1,674,985	1,714,272	1,147,774	566,498	1,456,128
Contractual services	34,009,375	33,351,094	33,953,756	(602,662)	33,252,636
Capital outlay	250,000	250,000	100,350	149,650	21,056
Other charges	699,135	417,179	788,036	(370,857)	752,507
	<u>62,056,344</u>	<u>61,155,394</u>	<u>58,981,239</u>	<u>2,174,155</u>	<u>59,959,127</u>
Information Technology:					
Personal services	4,817,033	4,817,033	4,087,158	729,875	3,272,354
Commodities	122,133	47,133	31,321	15,812	103,340
Contractual services	2,661,581	2,775,676	1,686,956	1,088,720	2,053,787
Capital outlay	-	(284,539)	-	(284,539)	200,000
Other charges	49,116	49,116	50,045	(929)	29,657
	<u>7,649,863</u>	<u>7,404,419</u>	<u>5,855,480</u>	<u>1,548,939</u>	<u>5,659,138</u>
Real Property Group:					
Personal services	33,627,355	33,537,356	32,605,575	931,781	33,288,823
Commodities	208,400	(121,945)	821,408	(943,353)	380,635
Contractual services	11,445,736	10,910,781	9,323,100	1,587,681	9,632,184
Capital outlay	1,427,700	1,427,700	105,116	1,322,584	4,686
Other charges	1,552,880	1,552,880	1,548,151	4,729	1,788,806
	<u>48,262,071</u>	<u>47,306,772</u>	<u>44,403,350</u>	<u>2,903,422</u>	<u>45,095,134</u>
Human Resources:					
Personal services	11,882,087	11,882,087	11,523,110	358,977	10,700,525
Commodities	107,559	108,049	79,712	28,337	77,121
Contractual services	7,388,362	7,423,444	6,293,724	1,129,720	5,613,938
Capital outlay	300	300	-	300	-
Other charges	538,252	538,252	415,494	122,758	284,701
	<u>19,916,560</u>	<u>19,952,132</u>	<u>18,312,040</u>	<u>1,640,092</u>	<u>16,676,285</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019				2018 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Operations, continued					
Audit, Compliance and Investigation Services:					
Personal services	3,938,602	3,938,602	3,636,533	302,069	3,562,542
Commodities	24,900	23,862	6,340	17,522	8,226
Contractual services	833,309	833,600	828,526	5,074	732,865
Capital outlay	-	-	-	-	-
Other charges	78,350	78,350	46,585	31,765	50,202
	<u>4,875,161</u>	<u>4,874,414</u>	<u>4,517,984</u>	<u>356,430</u>	<u>4,353,835</u>
General County Purposes ¹ :					
Personal services	13,555,958	13,550,958	12,187,948	1,363,010	8,724,944
Commodities	213,175	165,031	158,302	6,729	193,583
Contractual services	8,506,334	8,299,940	7,412,833	887,107	5,222,002
Capital outlay	1,000	1,000	3,068	(2,068)	(4,350)
Other charges	9,913,075	8,898,308	3,134,592	5,763,716	5,109,967
	<u>32,189,542</u>	<u>30,915,237</u>	<u>22,896,743</u>	<u>8,018,494</u>	<u>19,246,146</u>
Total Operations:					
Personal services	109,236,809	109,123,387	102,327,754	6,795,633	100,961,379
Commodities	2,554,421	2,140,703	2,427,952	(287,249)	2,433,462
Contractual services	70,073,209	68,425,937	64,107,079	4,318,858	61,753,719
Capital outlay	1,680,100	1,395,561	208,534	1,187,027	429,660
Other charges	13,441,334	12,122,611	6,339,254	5,783,357	8,281,465
	<u>196,985,873</u>	<u>193,208,199</u>	<u>175,410,573</u>	<u>17,797,626</u>	<u>173,859,685</u>
Health					
NorthPoint Health & Wellness Center:					
Personal services	32,469,240	32,387,086	30,909,591	1,477,495	30,673,740
Commodities	2,691,276	2,692,756	2,313,741	379,015	2,741,461
Contractual services	7,194,456	7,200,482	6,562,369	638,113	6,491,721
Capital outlay	48,540	48,540	6,521	42,019	177,070
Other charges	844,219	844,719	723,834	120,885	550,502
	<u>43,247,731</u>	<u>43,173,583</u>	<u>40,516,056</u>	<u>2,657,527</u>	<u>40,634,494</u>
Medical Examiner:					
Personal services	5,811,819	5,811,819	5,694,002	117,817	5,196,550
Commodities	94,700	94,283	68,253	26,030	78,279
Contractual services	1,338,783	1,338,783	1,448,039	(109,256)	1,310,281
Other charges	65,100	65,100	49,958	15,142	23,899
	<u>7,310,402</u>	<u>7,309,985</u>	<u>7,260,252</u>	<u>49,733</u>	<u>6,609,009</u>
Uncompensated Care:					
Contractual services	24,500,000	24,500,000	24,500,000	-	25,943,000
	<u>24,500,000</u>	<u>24,500,000</u>	<u>24,500,000</u>	<u>-</u>	<u>25,943,000</u>
Health Administration and Support:					
Personal services	759,299	759,299	733,374	25,925	1,031,995
Commodities	500	500	734	(234)	509
Contractual services	50,000	50,000	69,107	(19,107)	81,733
Other charges	3,199	3,199	9,731	(6,532)	3,403
	<u>812,998</u>	<u>812,998</u>	<u>812,946</u>	<u>52</u>	<u>1,117,640</u>
Sexual Assault Resources Service (SARS):					
Contractual services	1,347,000	1,347,000	1,165,809	181,191	1,122,260
	<u>1,347,000</u>	<u>1,347,000</u>	<u>1,165,809</u>	<u>181,191</u>	<u>1,122,260</u>
Total Health:					
Personal services	39,040,358	38,958,204	37,336,967	1,621,237	36,902,285
Commodities	2,786,476	2,787,539	2,382,728	404,811	2,820,249
Contractual services	34,430,239	34,436,265	33,745,324	690,941	34,948,995
Capital outlay	48,540	48,540	6,521	42,019	177,070
Other charges	912,518	913,018	783,523	129,495	577,804
	<u>77,218,131</u>	<u>77,143,566</u>	<u>74,255,063</u>	<u>2,888,503</u>	<u>75,426,403</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019				2018 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Safety					
Public Safety Administration & Integration:					
Personal services	10,091,039	10,143,204	8,696,599	1,446,605	7,067,070
Commodities	849,146	867,146	1,147,407	(280,261)	985,704
Contractual services	6,093,861	6,184,328	6,140,772	43,556	5,356,901
Capital outlay	61,000	61,000	32,233	28,767	164,036
Other charges	173,846	169,596	139,781	29,815	168,258
	<u>17,268,892</u>	<u>17,425,274</u>	<u>16,156,792</u>	<u>1,268,482</u>	<u>13,741,969</u>
County Attorney:					
Personal services	52,420,028	52,517,534	50,317,441	2,200,093	49,039,541
Commodities	181,475	(155,518)	342,282	(497,800)	223,717
Contractual services	8,155,208	7,035,149	7,899,809	(864,660)	7,767,272
Capital outlay	-	(10,052)	88,532	(98,584)	12,464
Other charges	208,815	208,815	640,977	(432,162)	345,349
	<u>60,965,526</u>	<u>59,595,928</u>	<u>59,289,041</u>	<u>306,887</u>	<u>57,388,343</u>
Court Functions:					
Contractual services	2,261,700	2,080,618	2,012,497	68,121	2,032,472
	<u>2,261,700</u>	<u>2,080,618</u>	<u>2,012,497</u>	<u>68,121</u>	<u>2,032,472</u>
Public Defender:					
Personal services	7,408,051	7,408,051	7,455,446	(47,395)	8,116,688
Commodities	131,000	133,603	50,027	83,576	88,967
Contractual services	4,958,421	5,636,421	5,002,572	633,849	5,712,070
Other charges	70,700	70,700	41,073	29,627	55,076
	<u>12,568,172</u>	<u>13,248,775</u>	<u>12,549,118</u>	<u>699,657</u>	<u>13,972,801</u>
Sheriff:					
Personal services	91,364,437	92,091,437	93,127,598	(1,036,161)	90,793,230
Commodities	5,294,002	5,212,919	4,819,308	393,611	4,556,986
Contractual services	15,319,464	14,938,099	14,144,270	793,829	11,612,794
Capital outlay	359,324	290,187	423,414	(133,227)	219,316
Other charges	1,338,850	1,343,408	1,323,782	19,626	1,193,113
	<u>113,676,077</u>	<u>113,876,050</u>	<u>113,838,372</u>	<u>37,678</u>	<u>108,375,439</u>
Community Corrections and Rehabilitation:					
Personal services	100,902,863	100,902,648	97,210,371	3,692,277	95,421,734
Commodities	3,011,149	3,055,254	2,851,515	203,739	2,977,470
Contractual services	23,205,612	22,860,912	23,542,447	(681,535)	21,996,116
Capital outlay	110,000	(371,836)	111,154	(482,990)	173,146
Other charges	531,342	531,342	302,843	228,499	444,510
	<u>127,760,966</u>	<u>126,978,320</u>	<u>124,018,330</u>	<u>2,959,990</u>	<u>121,012,976</u>
Total Public Safety					
Personal services	262,186,418	263,062,874	256,807,455	6,255,419	250,438,263
Commodities	9,466,772	9,113,404	9,210,539	(97,135)	8,832,844
Contractual services	59,994,266	58,735,527	58,742,367	(6,840)	54,477,625
Capital outlay	530,324	(30,701)	655,333	(686,034)	568,962
Other charges	2,323,553	2,323,861	2,448,456	(124,595)	2,206,306
	<u>334,501,333</u>	<u>333,204,965</u>	<u>327,864,150</u>	<u>5,340,815</u>	<u>316,524,000</u>
Total Public Works:					
Personal services	40,276,277	40,270,982	36,907,341	3,363,641	36,955,966
Commodities	4,568,661	5,575,014	8,336,196	(2,761,182)	5,852,170
Contractual services	29,900,581	30,586,501	27,875,152	2,711,349	22,716,229
Capital outlay	106,728	240,733	1,181,946	(941,213)	586,859
Other charges	354,679	354,679	432,245	(77,566)	390,871
	<u>75,206,926</u>	<u>77,027,909</u>	<u>74,732,880</u>	<u>2,295,029</u>	<u>66,502,095</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019				2018 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
TOTAL EXPENDITURES - CURRENT:					
Personal services	450,739,862	451,415,447	433,379,517	18,035,930	425,257,893
Commodities	19,376,330	19,616,660	22,357,415	(2,740,755)	19,938,725
Contractual services	194,398,295	192,184,230	184,469,922	7,714,308	173,896,568
Capital outlay	2,365,692	1,654,133	2,052,334	(398,201)	1,762,551
Other charges	17,032,084	15,714,169	10,003,478	5,710,691	11,456,446
Total Expenditures	\$ 683,912,263	\$ 680,584,639	\$ 652,262,666	\$ 28,321,973	\$ 632,312,183
Excess (Deficiency) of Revenues Over Expenditures	(26,290,850)	(22,862,979)	10,719,707	33,582,686	(10,473,652)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,220,850	1,220,850	8,471,528	7,250,678	2,430,778
Transfers out	-	-	(500,000)	(500,000)	(1,889,531)
Total Other Financing Sources (Uses)	1,220,850	1,220,850	7,971,528	6,750,678	541,247
Net Change in Fund Balance	(25,070,000)	(21,642,129)	18,691,235	\$ 40,333,364	(9,932,405)
Fund Balance - Beginning	204,151,606	204,151,606	204,151,606		214,084,011
Fund Balance - Ending	\$ 179,081,606	\$ 182,509,477	\$ 222,842,841		\$ 204,151,606

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

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 268,729,116	\$ 269,019,116	\$ 272,122,148	\$ 3,103,032	\$ 258,312,119	
Other taxes	-	-	164,867	164,867	186,232	
Intergovernmental	286,618,518	289,018,052	280,977,722	(8,040,330)	282,774,168	
Charges for services	51,336,939	51,336,939	50,645,702	(691,237)	51,952,721	
Licenses and permits	1,869,000	1,869,000	1,924,720	55,720	1,781,121	
Other	2,186,000	2,186,000	3,647,426	1,461,426	1,587,029	
Total Revenues	610,739,573	613,429,107	609,482,585	(3,946,522)	596,593,390	
EXPENDITURES						
Human Services:						
Personal services	317,742,206	318,400,123	316,927,740	1,472,383	327,062,827	
Commodities	2,298,312	2,298,312	1,498,442	799,870	1,669,230	
Contractual services	58,291,108	58,291,108	53,527,047	4,764,061	54,281,208	
Public aid assistance	218,229,871	220,261,488	212,860,845	7,400,643	220,669,350	
Capital outlay	-	-	-	-	(89,728)	
Other	20,178,076	20,178,076	20,170,839	7,237	17,445,834	
Total Expenditures	616,739,573	619,429,107	604,984,913	14,444,194	621,038,721	
Excess (Deficiency) of Revenues Over Expenditures	(6,000,000)	(6,000,000)	4,497,672	10,497,672	(24,445,331)	
OTHER FINANCING SOURCES						
Transfers in	-	-	14,000,000	14,000,000	646,568	
Total Other Financing Sources (Uses)	-	-	14,000,000	14,000,000	646,568	
Net Change in Fund Balance	(6,000,000)	(6,000,000)	18,497,672	\$ 24,497,672	(23,798,763)	
Fund Balance - Beginning	104,500,350	104,500,350	104,500,350		128,299,113	
Fund Balance - Ending	\$ 98,500,350	\$ 98,500,350	\$ 122,998,022		\$ 104,500,350	

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 71,718,689	\$ 71,718,689	\$ 72,556,881	\$ 838,192	\$ 69,889,153	
Other taxes	-	-	44,001	44,001	45,670	
Intergovernmental	4,351,676	4,351,676	5,261,260	909,584	4,670,699	
Investment earnings (losses)	70,000	70,000	181,752	111,752	92,924	
Charges for services	1,073,500	1,073,500	1,031,361	(42,139)	1,085,576	
Fines and forfeits	600,700	600,700	538,146	(62,554)	656,804	
Other	1,766,000	1,766,000	1,877,216	111,216	1,825,676	
Total Revenues	79,580,565	79,580,565	81,490,617	1,910,052	78,266,502	
EXPENDITURES						
Libraries:						
Personal services	49,898,262	49,898,262	45,913,497	3,984,765	48,226,051	
Commodities	1,611,598	1,260,150	1,201,931	58,219	1,337,308	
Contractual services	30,196,380	30,150,040	28,602,545	1,547,495	27,539,895	
Capital outlay	5,795,825	5,716,102	5,505,846	210,256	6,154,399	
Other	893,500	894,901	671,995	222,906	653,555	
Total Expenditures	88,395,565	87,919,455	81,895,814	6,023,641	83,911,208	
Excess (Deficiency) of Revenues Over Expenditures	(8,815,000)	(8,338,890)	(405,197)	7,933,693	(5,644,706)	
OTHER FINANCING SOURCES (USES)						
Transfers in	2,390,000	2,390,000	2,334,500	(55,500)	2,300,000	
Transfers out	-	-	(20,000,000)	(20,000,000)	-	
Total Other Financing Sources (Uses)	2,390,000	2,390,000	(17,665,500)	(20,055,500)	1,860,000	
Net Change in Fund Balance	(6,425,000)	(5,948,890)	(18,070,697)	\$ (12,121,807)	(3,344,706)	
Fund Balance - Beginning	42,188,638	42,188,638	42,188,638		45,533,344	
Fund Balance - Ending	\$ 35,763,638	\$ 36,239,748	\$ 24,117,941		\$ 42,188,638	

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ballpark Sales Tax Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019			Variance with Final Budget	2018 Actual
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
Sales tax	\$ 38,442,119	\$ 38,442,119	\$ 39,727,752	\$ 1,285,633	\$ 38,153,430
Investment earnings (losses)	-	-	170,607	170,607	108,753
Total Revenues	<u>38,442,119</u>	<u>38,442,119</u>	<u>39,898,359</u>	<u>1,456,240</u>	<u>38,262,183</u>
EXPENDITURES					
Operations					
Contractual services	500,000	500,000	431,364	68,636	456,872
Grants	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,969,209</u>	<u>30,791</u>	<u>1,883,501</u>
Total Expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,400,573</u>	<u>99,427</u>	<u>2,340,373</u>
Excess of Revenues Over Expenditures	35,942,119	35,942,119	37,497,786	1,555,667	35,921,810
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(41,372,783)</u>	<u>(41,372,783)</u>	<u>(34,471,388)</u>	<u>6,901,395</u>	<u>(31,676,057)</u>
Net Change in Fund Balance	(5,430,664)	(5,430,664)	3,026,398	<u>\$ 8,457,062</u>	4,245,753
Fund Balance - Beginning	<u>13,148,641</u>	<u>13,148,641</u>	<u>13,148,641</u>		<u>8,902,888</u>
Fund Balance - Ending	<u>\$ 7,717,977</u>	<u>\$ 7,717,977</u>	<u>\$ 16,175,039</u>		<u>\$ 13,148,641</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Sales Tax Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019				
	Budgeted Amounts		Actual	Variance with Final Budget	2018 Actual
	Original	Final			
REVENUES					
Sales tax	\$ 25,000,000	\$ 25,000,000	\$ 138,165,252	\$ 113,165,252	\$ 132,680,884
Intergovernmental	-	-	2,961,989	2,961,989	5,137,263
Total Revenues	<u>25,000,000</u>	<u>25,000,000</u>	<u>141,127,241</u>	<u>116,127,241</u>	<u>137,818,147</u>
EXPENDITURES					
Public Works					
Contractual services	870,000	870,000	737,738	132,262	753,516
Intergovernmental	24,130,000	24,130,000	21,098,166	3,031,834	21,307,332
Total Expenditures	<u>25,000,000</u>	<u>25,000,000</u>	<u>21,835,904</u>	<u>3,164,096</u>	<u>22,060,848</u>
Excess of Revenues Over Expenditures	-	-	119,291,337	119,291,337	115,757,299
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(70,872,078)	(70,872,078)	(63,434,153)
Net Change in Fund Balance	-	-	48,419,259	<u>\$ 48,419,259</u>	52,323,146
Fund Balance - Beginning	<u>54,419,619</u>	<u>54,419,619</u>	<u>54,419,619</u>		<u>2,096,473</u>
Fund Balance - Ending	<u>\$ 54,419,619</u>	<u>\$ 54,419,619</u>	<u>\$ 102,838,878</u>		<u>\$ 54,419,619</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Redevelopment Authority Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 10,393,155	\$ 10,393,155	\$ 10,405,717	\$ 12,562	\$ 8,465,188	
Intergovernmental	1,010,000	1,010,000	274,697	(735,303)	646,625	
Investment earnings (losses)	102,000	102,000	389,613	287,613	100,230	
Charges for services	1,444,000	1,444,000	938,669	(505,331)	1,761,948	
Other	151,010	3,154,182	509,924	(2,644,258)	827,885	
Total Revenues	<u>13,100,165</u>	<u>16,103,337</u>	<u>12,518,620</u>	<u>(3,584,717)</u>	<u>11,801,876</u>	
EXPENDITURES						
Housing and Redevelopment Authority:						
Commodities	1,250	1,250	175	1,075	12,778	
Contractual services	6,819,685	12,247,857	3,026,728	9,221,129	4,073,253	
Capital outlay	-	-	-	-	2,825,017	
Other	459,230	459,230	7,646	451,584	62,633	
Grants and contributions	5,820,000	6,395,000	5,677,110	717,890	6,419,419	
Total Expenditures	<u>13,100,165</u>	<u>19,103,337</u>	<u>8,711,659</u>	<u>10,391,678</u>	<u>13,393,100</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(3,000,000)</u>	<u>3,806,961</u>	<u>6,806,961</u>	<u>(1,591,224)</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	3,000,000	35,172	(2,964,828)	10,192,589	
Transfers out	-	-	-	-	(646,568)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,000,000</u>	<u>35,172</u>	<u>(2,964,828)</u>	<u>9,546,021</u>	
Net Change in Fund Balance	-	-	3,842,133	\$ <u>3,842,133</u>	7,954,797	
Fund Balance - Beginning	<u>21,769,261</u>	<u>21,769,261</u>	<u>21,769,261</u>		<u>13,814,464</u>	
Fund Balance - Ending	<u>\$ 21,769,261</u>	<u>\$ 21,769,261</u>	<u>\$ 25,611,394</u>		<u>\$ 21,769,261</u>	

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Regional Railroad Authority Fund
For the Year Ended December 31, 2019
With Comparative Actual Amounts for Year Ended December 31, 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 35,726,000	\$ 35,726,000	\$ 36,118,567	\$ 392,567		\$ 27,713,144
Other taxes	-	-	21,653	21,653		18,976
Intergovernmental	3,500,000	3,500,000	306,479	(3,193,521)		4,932
Investment earnings (losses)	100,000	100,000	2,087,849	1,987,849		428,961
Charges for services	510,000	510,000	493,443	(16,557)		389,773
Other	4,000	4,000	4,392	392		99,043
Total Revenues	<u>39,840,000</u>	<u>39,840,000</u>	<u>39,032,383</u>	<u>(807,617)</u>		<u>28,654,829</u>
EXPENDITURES						
Regional Railroad Authority:						
Commodities	2,349,900	2,349,900	46,665	2,303,235		1,156
Contractual services	37,733,200	37,800,700	43,653,852	(5,853,152)		39,807,645
Other	1,606,900	1,606,900	10,173	1,596,727		16,441
Total Expenditures	<u>41,690,000</u>	<u>41,757,500</u>	<u>43,710,690</u>	<u>(1,953,190)</u>		<u>39,825,242</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,850,000)</u>	<u>(1,917,500)</u>	<u>(4,678,307)</u>	<u>(2,760,807)</u>		<u>(11,170,413)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	80,000,000	80,000,000		-
Transfers out	-	-	(903,222)	(903,222)		(130,778)
Sale of capital assets	1,850,000	1,850,000	-	(1,850,000)		10,482,804
Debt premiums	-	-	14,932,032	14,932,032		-
Total Other Financing Sources	<u>1,850,000</u>	<u>1,850,000</u>	<u>94,028,810</u>	<u>92,178,810</u>		<u>10,352,026</u>
Net Change in Fund Balance	-	(67,500)	89,350,503	\$ <u>89,418,003</u>		(818,387)
Fund Balance - Beginning	<u>11,074,266</u>	<u>11,074,266</u>	<u>11,074,266</u>			<u>11,892,653</u>
Fund Balance - Ending	\$ <u><u>11,074,266</u></u>	\$ <u><u>11,006,766</u></u>	\$ <u><u>100,424,769</u></u>			\$ <u><u>11,074,266</u></u>

See notes to required supplementary information.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

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:

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
<u>HRA:</u>			
2014	\$ 4,900,000	\$ 4,187,128	\$ 712,872
2015	71,679,846	8,722,578	62,957,268
2016	25,900,000	39,138,054	(13,238,054)
2017	8,300,000	32,557,540	(24,257,540)
2018	6,475,000	9,634,629	(3,159,629)
2019	14,393,172	5,100,999	9,292,173
	<u>\$ 131,648,018</u>	<u>\$ 99,340,928</u>	<u>\$ 32,307,090</u>
<u>RRA:</u>			
2015	\$ 31,800,000	\$ 18,405,391	\$ 13,394,609
2016	50,100,000	14,009,691	36,090,309
2017	85,189,000	49,595,447	35,593,553
2018	92,736,416	35,016,165	57,720,251
2019	31,589,037	39,340,464	(7,751,427)
	<u>\$ 291,414,453</u>	<u>\$ 156,367,158</u>	<u>\$ 135,047,295</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.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

B. Internal Service Fund Long-Term Obligations

In December 2018, \$1,159,646 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

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.

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.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

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

General Employees Fund - continued

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.

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

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.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

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%.
- 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.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

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

Correctional Fund

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.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2019

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.

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 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.

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
Balance Sheets
General Fund
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and Investments	\$ 384,649,577	\$ 327,031,000
Delinquent taxes receivable	4,153,327	3,930,727
Due from other governmental agencies	7,635,276	7,836,941
Accrued investment interest	4,147,067	3,584,100
Interfund receivable	499,146	1,136,619
Other receivable	11,541,901	6,435,109
Prepaid items	547,217	602,057
Inventories	1,895,775	1,845,838
Notes receivable	85,585	102,884
 Total Assets	 \$ 415,154,871	 \$ 352,505,275
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 21,403,426	\$ 29,960,214
Accrued liabilities	17,408,378	14,057,910
Interfund payable	21,409,281	25,426,202
Commercial paper payable	125,000,000	75,000,000
Unearned revenue	1,165,331	39,457
 Total Liabilities	 186,386,416	 144,483,783
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,362,627	3,534,628
Unavailable revenue - intergovernmental	2,562,987	335,258
 Total Deferred Inflows of Resources	 5,925,614	 3,869,886
Fund Balances:		
Nonspendable	2,442,985	2,447,895
Restricted	15,336,277	15,051,095
Assigned	46,121,699	37,305,151
Unassigned	158,941,880	149,347,465
 Total Fund Balances	 222,842,841	 204,151,606
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 415,154,871	 \$ 352,505,275

Hennepin County, Minnesota
Balance Sheets
Special Revenue Funds
December 31, 2019 and 2018

	Human Services		Library	
	2019	2018	2019	2018
ASSETS				
Cash and investments	\$ 109,694,951	\$ 91,646,149	\$ 16,935,446	\$ 36,050,839
Delinquent taxes receivable	1,781,551	1,735,030	474,151	464,772
Due from other governmental agencies	58,490,461	50,800,451	-	-
Accrued investment interest	-	-	-	-
Interfund receivable	50,590	1,621,334	1,758,056	925,950
Other receivables	338,074	307,220	149,834	103,974
Prepaid items	209,601	237,297	1,425,902	1,130,251
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	5,968,210	6,011,121
	<u>\$ 170,565,228</u>	<u>\$ 146,347,481</u>	<u>\$ 26,711,599</u>	<u>\$ 44,686,907</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 27,659,501	\$ 26,949,023	\$ 1,074,202	\$ 1,085,834
Accrued liabilities	7,279,286	6,393,257	1,073,924	921,903
Interfund payable	3,296,817	4,935,630	-	-
Unearned revenue	192,227	125,769	53,980	42,560
	<u>38,427,831</u>	<u>38,403,679</u>	<u>2,202,106</u>	<u>2,050,297</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,471,951	1,673,630	391,552	447,972
Unavailable revenue - intergovernmental	7,667,424	1,769,822	-	-
	<u>9,139,375</u>	<u>3,443,452</u>	<u>391,552</u>	<u>447,972</u>
Fund Balances:				
Nonspendable	209,602	237,297	3,446,788	3,099,876
Restricted	3,052,466	543,142	5,597,935	5,914,350
Committed	119,735,954	103,719,911	15,073,218	33,174,412
	<u>122,998,022</u>	<u>104,500,350</u>	<u>24,117,941</u>	<u>42,188,638</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 170,565,228</u>	<u>\$ 146,347,481</u>	<u>\$ 26,711,599</u>	<u>\$ 44,686,907</u>

Ballpark Sales Tax		Transportation Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2019	2018	2019	2018	2019	2018	2019	2018
\$ -	\$ -	\$ -	\$ -	\$ 16,520,635	\$ 14,002,499	\$ 62,616,992	\$ 20,728,862
-	-	-	-	62,784	55,446	230,546	224,404
6,705,772	6,787,279	11,777,559	11,886,872	93,648	81,176	49,883	-
-	-	-	-	-	-	28,496	-
-	-	-	-	-	-	-	-
-	-	-	-	355,353	114,882	152,631	84,994
-	-	-	-	250,100	275,659	-	-
-	-	-	-	5,353,789	5,353,789	-	-
-	-	-	-	3,153,528	3,515,574	-	-
<u>9,538,625</u>	<u>6,435,818</u>	<u>91,180,178</u>	<u>42,655,704</u>	<u>1,014,994</u>	<u>934,839</u>	<u>42,370,652</u>	<u>477,513</u>
\$ <u>16,244,397</u>	\$ <u>13,223,097</u>	\$ <u>102,957,737</u>	\$ <u>54,542,576</u>	\$ <u>26,804,831</u>	\$ <u>24,333,864</u>	\$ <u>105,449,200</u>	\$ <u>21,515,773</u>
\$ 69,358	\$ 74,456	\$ 118,859	\$ 122,957	\$ 1,062,653	\$ 2,469,489	\$ 4,784,702	\$ 10,225,703
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>69,358</u>	<u>74,456</u>	<u>118,859</u>	<u>122,957</u>	<u>1,062,653</u>	<u>2,469,489</u>	<u>4,784,702</u>	<u>10,225,703</u>
-	-	-	-	50,784	53,447	189,846	215,804
-	-	-	-	80,000	41,667	49,883	-
-	-	-	-	<u>130,784</u>	<u>95,114</u>	<u>239,729</u>	<u>215,804</u>
-	-	-	-	250,100	275,659	-	-
16,175,039	13,148,641	102,838,878	54,419,619	25,361,294	21,493,602	100,424,769	11,074,266
-	-	-	-	-	-	-	-
<u>16,175,039</u>	<u>13,148,641</u>	<u>102,838,878</u>	<u>54,419,619</u>	<u>25,611,394</u>	<u>21,769,261</u>	<u>100,424,769</u>	<u>11,074,266</u>
\$ <u>16,244,397</u>	\$ <u>13,223,097</u>	\$ <u>102,957,737</u>	\$ <u>54,542,576</u>	\$ <u>26,804,831</u>	\$ <u>24,333,864</u>	\$ <u>105,449,200</u>	\$ <u>21,515,773</u>

Hennepin County, Minnesota
Balance Sheets
RRA Debt Service Fund
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and investments	\$ 11,628	\$ 9,857,074
	11,628	9,857,074
FUND BALANCES		
Restricted	\$ 11,628	\$ 9,857,074
	11,628	9,857,074

Hennepin County, Minnesota
Balance Sheets
General Debt Service Fund
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and investments	\$ 14,649,182	\$ 9,967,776
Delinquent taxes receivable	601,742	605,351
Interfund receivable	-	85,562
Notes receivable	10,275,000	10,965,000
Restricted cash and investments	2,594,757	2,636,388
 Total Assets	 \$ 28,120,681	 \$ 24,260,077
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 798,173	\$ 849,480
 Total Liabilities	 798,173	 849,480
 Deferred Inflows of Resources:		
Unavailable revenue - property taxes	499,242	583,751
Unavailable revenue - intergovernmental	10,275,000	10,965,000
 Total Deferred Inflows of Resources	 10,774,242	 11,548,751
 Fund Balances:		
Restricted	16,548,266	11,861,846
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 28,120,681	 \$ 24,260,077

Hennepin County, Minnesota
Balance Sheets
Capital Projects Fund
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and investments	\$ 13,590,703	\$ 183,744,366
Delinquent taxes receivable	28,887	35,257
Due from other governmental agencies	24,505,106	17,160,936
Accrued investment interest	217,055	137,447
Interfund receivable	-	14,819
Other receivable	24,819	-
Restricted cash and investments	185,873,446	-
Total Assets	\$ 224,240,016	\$ 201,092,825
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 34,902,952	\$ 62,199,593
Interfund payable	562,370	-
Unearned revenue	2,281,082	13,735,536
Total Liabilities	37,746,404	75,935,129
 Deferred Inflows of Resources:		
Unavailable revenue - property taxes	24,287	34,158
Unavailable revenue - intergovernmental	7,462,217	595,071
Total Deferred Inflows of Resources	7,486,504	629,229
 Fund Balances:		
Restricted	179,007,108	124,528,467
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 224,240,016	\$ 201,092,825

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Years Ended December 31, 2019 and 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 383,280,715	\$ 394,190,715	\$ 403,171,827	\$ 8,981,112	\$ 374,797,023	
Wheelage tax	10,000,000	10,000,000	10,678,140	678,140	10,468,350	
Other taxes	13,653,500	2,453,500	3,236,335	782,835	3,184,373	
Intergovernmental	102,110,023	102,460,270	94,031,183	(8,429,087)	100,245,569	
Investment earnings (losses)	15,500,000	15,500,000	28,753,579	13,253,579	15,047,060	
Charges for services	106,459,142	106,459,142	97,019,668	(9,439,474)	92,711,671	
Fines and forfeits	201,000	201,000	641,103	440,103	418,460	
Licenses and permits	6,993,200	6,993,200	6,665,534	(327,666)	6,529,831	
Other	19,423,833	19,463,833	18,785,004	(678,829)	18,436,194	
Total Revenues	657,621,413	657,721,660	662,982,373	5,260,713	621,838,531	
EXPENDITURES						
Operations	196,985,873	193,208,199	175,410,573	17,797,626	173,859,685	
Health	77,218,131	77,143,566	74,255,063	2,888,503	75,426,403	
Public safety	334,501,333	333,204,965	327,864,150	5,340,815	316,524,000	
Public works	75,206,926	77,027,909	74,732,880	2,295,029	66,502,095	
Total Expenditures	683,912,263	680,584,639	652,262,666	28,321,973	632,312,183	
Excess (Deficiency) of Revenues Over Expenditures	(26,290,850)	(22,862,979)	10,719,707	33,582,686	(10,473,652)	
OTHER FINANCING SOURCES (USES)						
Transfers in	1,220,850	1,220,850	8,471,528	7,250,678	2,430,778	
Transfers out	-	-	(500,000)	(500,000)	(1,889,531)	
Total Other Financing Sources (Uses)	1,220,850	1,220,850	7,971,528	6,750,678	541,247	
Net Change in Fund Balance	(25,070,000)	(21,642,129)	18,691,235	\$ 40,333,364	(9,932,405)	
Fund Balance - Beginning	204,151,606	204,151,606	204,151,606		214,084,011	
Fund Balance - Ending	\$ 179,081,606	\$ 182,509,477	\$ 222,842,841		\$ 204,151,606	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RRA Debt Service Fund
For the Years Ended December 31, 2019 and 2018

	2019					2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ -	\$ -	\$ 2,832	\$ 2,832		\$ 8,173,672
Other taxes	-	-	-	-		5,648
Total Revenues	<u>-</u>	<u>-</u>	<u>2,832</u>	<u>2,832</u>		<u>8,179,320</u>
EXPENDITURES						
Debt Service:						
Principal retirement	1,610,000	5,610,000	5,690,000	(80,000)		1,670,000
Interest and fiscal charges	1,293,000	4,391,400	4,253,792	137,608		1,244,700
Total Expenditures	<u>2,903,000</u>	<u>10,001,400</u>	<u>9,943,792</u>	<u>57,608</u>		<u>2,914,700</u>
Excess (Deficiency) of Revenues	<u>(2,903,000)</u>	<u>(10,001,400)</u>	<u>(9,940,960)</u>	<u>\$ 60,440</u>		<u>5,264,620</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	22,345,000	22,345,000		-
Payment to refunded bond escrow agent	-	-	(28,135,000)	(28,135,000)		-
Debt premiums	-	-	5,885,514	5,885,514		-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>95,514</u>	<u>95,514</u>		<u>-</u>
Net Change in Fund Balance	<u>(2,903,000)</u>	<u>(10,001,400)</u>	<u>(9,845,446)</u>	<u>\$ 155,954</u>		<u>5,264,620</u>
Fund Balance - Beginning	9,857,074	9,857,074	9,857,074			4,592,454
Fund Balance - Ending	<u>\$ 6,954,074</u>	<u>\$ (144,326)</u>	<u>\$ 11,628</u>			<u>\$ 9,857,074</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Debt Service Fund
For the Years Ended December 31, 2019 and 2018

	2019				2018 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 90,400,000	\$ 90,400,000	\$ 90,208,812	\$ (191,188)	\$ 90,023,600
Other taxes	-	-	9,286	9,286	64,434
Intergovernmental	3,092,925	13,702,275	3,201,578	(10,500,697)	3,157,271
Investment earnings	-	-	210,586	210,586	174,639
Total Revenues	<u>93,492,925</u>	<u>104,102,275</u>	<u>93,630,262</u>	<u>(10,472,013)</u>	<u>93,419,944</u>
EXPENDITURES					
Debt Service:					
Principal retirement	74,356,585	63,856,585	74,435,800	(10,579,215)	78,120,449
Interest and fiscal charges	69,063,839	42,971,056	47,277,208	(4,306,152)	44,930,108
Total Expenditures	<u>143,420,424</u>	<u>106,827,641</u>	<u>121,713,008</u>	<u>(14,885,367)</u>	<u>123,050,557</u>
Excess (Deficiency) of Revenues	<u>(49,927,499)</u>	<u>(2,725,366)</u>	<u>(28,082,746)</u>	<u>(25,357,380)</u>	<u>(29,630,613)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	39,265,000	39,265,000	63,485,000
Payment to refunded bond escrow agent	-	-	(48,060,000)	(48,060,000)	(63,485,000)
Transfers in	49,927,499	2,725,366	32,580,166	29,854,800	27,865,588
Debt premiums	-	-	8,984,000	8,984,000	-
Total Other Financing Sources (Uses)	<u>49,927,499</u>	<u>2,725,366</u>	<u>32,769,166</u>	<u>30,043,800</u>	<u>27,865,588</u>
Net Change in Fund Balance	-	-	4,686,420	\$ <u>4,686,420</u>	(1,765,025)
Fund Balance - Beginning	<u>11,861,846</u>	<u>11,861,846</u>	<u>11,861,846</u>		<u>13,626,871</u>
Fund Balance - Ending	<u>\$ 11,861,846</u>	<u>\$ 11,861,846</u>	<u>\$ 16,548,266</u>		<u>\$ 11,861,846</u>

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

For the Years Ended December 31, 2019 and 2018

	2019				
	Budgeted Amounts		Actual	Variance with Final Budget	2018 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 3,865,000	\$ 3,865,000	\$ 3,909,330	\$ 44,330	\$ 5,114,656
Other taxes	100,000,000	100,000,000	47,407	(99,952,593)	9,188
Intergovernmental	65,446,400	66,732,475	64,700,252	(2,032,223)	88,082,563
Investment earnings	-	-	4,136,518	4,136,518	2,194,297
Other	-	700,000	6,122,070	5,422,070	2,187,089
Total Revenues	169,311,400	171,297,475	78,915,577	(92,381,898)	97,587,793
EXPENDITURES					
Operations	252,076,000	259,684,488	188,633,684	71,050,804	72,882,675
Capital projects	218,568,000	220,474,075	158,190,495	62,283,580	246,422,060
Total Expenditures	470,644,000	480,158,563	346,824,179	133,334,384	319,304,735
Excess (Deficiency) of Revenues	(301,332,600)	(308,861,088)	(267,908,602)	40,952,486	(221,716,942)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	299,762,600	299,752,600	200,000,000	(99,752,600)	157,452,035
Transfers in	1,570,000	9,208,488	69,360,494	60,152,006	64,534,153
Transfers out	-	-	(35,172)	(35,172)	(10,192,589)
Sale of capital assets	-	-	-	-	20,000
Debt premiums	-	-	53,061,921	53,061,921	17,881,410
Total Other Financing Sources (Uses)	301,332,600	308,961,088	322,387,243	13,426,155	229,695,009
Net Change in Fund Balance	-	100,000	54,478,641	\$ 54,378,641	7,978,067
Fund Balance - Beginning	124,528,467	124,528,467	124,528,467		116,550,400
Fund Balance - Ending	\$ 124,528,467	\$ 124,628,467	\$ 179,007,108		\$ 124,528,467



Hennepin County, Minnesota
Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2019

	Repayment Terms	Interest Rates	Amount of Original Issue
General Obligation - Levy Supported Bonds and Notes			
December 1, 2009 Series D, Taxable	Retired		\$ 52,020,000
May 4, 2010 Series A	Retired		10,215,000
September 15, 2010 Series B	\$3,970,000 in 2020	4.0%	34,250,000
September 15, 2010 Series B, Capital Notes	\$1,130,000 in 2020	4.0%	10,000,000
September 15, 2010 Series C, ¹ Taxable	\$4,130,000 in 2021, \$4,220,000 in 2022, \$4,320,000 in 2023 and \$28,390,000 in various increments from 2024 through 2029	3.5 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 and \$19,615,000 in various increments from 2033 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,665,000 in 2020, \$2,770,000 in 2021, \$2,880,000 in 2022 and \$30,750,000 in various increments from 2023 through 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	\$1,960,000 in 2020, \$1,915,000 in 2021, \$1,855,000 in 2022 and \$1,795,000 in 2023	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	\$3,180,000 in 2020, \$3,130,000 in 2021 and \$3,050,000 in 2022 and \$8,655,000 in various increments from 2023 through 2025	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$4,000,000 in 2020 and 2021	3.0%	40,000,000
November 04, 2014 Series A	\$2,900,000 in 2020, \$3,020,000 in 2021, \$3,140,000 in 2022 and \$83,265,000 in various increments from 2023 through 2039	5.0%	100,000,000
November 04, 2014 Series B	\$5,950,000 in 2020, \$6,250,000 in 2021, \$6,490,000 in 2022 and \$32,480,000 in various increments from 2023 through 2027	4.0 to 5.0%	80,615,000
July 13, 2016 Series A	\$1,800,000 in 2020, \$2,095,000 in 2021, \$2,400,000 in 2022 and \$95,195,000 in various increments from 2023 through 2041	5.0%	104,285,000
October 19, 2016 Series B	\$3,000,000 in 2020, 2021, 2022 and \$77,000,000 in various increments from 2023 through 2036	5.0%	95,000,000
October 19, 2016 Series C	\$4,115,000 in 2020, \$4,330,000 in 2021, \$4,550,000 in 2022 and \$32,465,000 in various increments from 2023 through 2028	5.0%	59,865,000
July 6, 2017 Series B, AOSC	\$1,660,000 in 2020, \$1,725,000 in 2021, \$1,795,000 in 2022 and \$51,690,000 in various increments from 2023 through 2041	Variable - Est. 1.47%	60,000,000
August 29, 2017 Series C	\$3,375,000 in 2020, \$3,545,000 in 2021 and \$3,720,000 in 2022 and \$84,275,000 in various increments from 2023 through 2037	5.0%	100,000,000
July 17, 2018 Series A	\$1,680,000 in 2020 and 2021, \$3,770,000 in 2022 and \$92,870,000 in various increments from 2023 through 2038	5.0%	100,000,000
November 1, 2018 Series B	\$8,370,000 in 2020, \$8,235,000 in 2021, \$3,770,000 in 2022 and \$136,370,000 in various increments from 2023 thru 2018B	Variable - Est. 1.47%	163,485,000
September 11, 2019 Series C, Refunding	\$2,715,000 in 2020, \$3,300,000 in 2021, \$3,470,000 in 2022 and 29,780,000 from 2023 through 2029	5.0%	39,265,000
G.O. Non-Levy Supported Bonds			
September 15, 2010 Series B, Watershed District	\$155,000 in 2020 and \$160,000 in 2021, \$165,000 in 2022 and \$1,515,000 in various increments from 2023 through 2030	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$220,000 in 2020, \$230,000 in 2021, \$240,000 in 2022 and \$2,555,000 in various increments from 2023 through 2031	3.0 to 4.0%	4,715,000
January 29, 2013 Series B, Watershed District	\$335,000 in 2020, \$345,000 in 2021, \$355,000 in 2022 and \$4,000,000 in various increments from 2023 through 2032	2.0 to 3.0%	7,075,000
September 5, 2019 Series B, SWLRT (Sales Tax Revenue)	\$6,050,000 in 2020, \$6,350,000 in 2021, \$6,670,000 in 2022 and \$180,930,000 in various increments from 2023 through 2039	5.0%	200,000,000
Sales Tax Revenue Bonds			
Ballpark: January 30, 2017 Series A	\$4,535,000 in 2020, \$4,900,000 in 2021, \$ 5,220,000 in 2022 and \$89,655,000 in various increments from 2023 through 2032	5.0%	116,885,000
Ballpark: December 14, 2017 Series D	\$14,600,000 in 2020, \$15,000,000 in 2021 and \$9,855,000 in 2022	Variable - Est. 2.21%	72,155,000
Limited Tax Bonds			
Regional Railroad Authority (RRA) March 17, 2010 Series A	Refunded in 2019		42,595,000
Regional Railroad Authority (RRA) March 12, 2019 Series A	\$2,550,000 in 2020, \$2,680,000 in 2021, \$2,815,000 in 2022 and \$67,995,000 in various increments from 2023 through 2038	5.0%	80,000,000
Regional Railroad Authority (RRA) September 11, 2019 Series D, Refunding	\$1,130,000 in 2020, \$1,445,000 in 2021, \$1,530,000 in 2022 and \$18,240,000 in various increments from 2023 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, 2018	Additions	Payments	Balance Dec. 31, 2019	Due Within One Year	Total	Due Within One Year
General Obligation - Levy Supported Bonds and Notes							
December 1, 2009 Series D, Taxable	\$ 52,020,000	\$ -	\$ 52,020,000	\$ -	\$ -	\$ -	\$ -
May 4, 2010 Series A	6,720,000	-	6,720,000	-	-	-	-
September 15, 2010 Series B	7,860,000	-	3,890,000	3,970,000	3,970,000	158,800	158,800
September 15, 2010 Series B, Capital Notes	2,240,000	-	1,110,000	1,130,000	1,130,000	45,200	45,200
September 15, 2010 Series C, ¹ Taxable	41,060,000	-	-	41,060,000	-	10,578,910	1,656,155
September 15, 2010 Series D, ² Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	24,210,171	1,780,009
November 15, 2011 Series A	41,625,000	-	2,560,000	39,065,000	2,665,000	9,846,600	1,410,619
January 25, 2012 Series A	9,525,000	-	2,000,000	7,525,000	1,960,000	408,250	174,588
March 08, 2012 Series B	21,240,000	-	3,225,000	18,015,000	3,180,000	1,386,300	413,350
January 29, 2013 Series A	12,000,000	-	4,000,000	8,000,000	4,000,000	360,000	240,000
November 04, 2014 Series A	95,140,000	-	2,815,000	92,325,000	2,900,000	55,690,000	4,616,250
November 04, 2014 Series B	57,710,000	-	6,540,000	51,170,000	5,950,000	9,764,599	2,300,749
July 13, 2016 Series A	103,015,000	-	1,525,000	101,490,000	1,800,000	69,763,500	5,074,500
October 19, 2016 Series B	89,000,000	-	3,000,000	86,000,000	3,000,000	50,841,500	4,300,000
October 19, 2016 Series C	50,560,000	-	5,100,000	45,460,000	4,115,000	12,105,250	2,273,000
July 6, 2017 Series B, AOSC & CIP	58,465,000	-	1,595,000	56,870,000	1,660,000	10,919,606	836,051
August 29, 2017 Series C	98,130,000	-	3,215,000	94,915,000	3,375,000	51,238,500	4,745,750
July 17, 2018 Series A	100,000,000	-	-	100,000,000	1,680,000	58,984,250	5,000,000
November 1, 2018 Series B	163,485,000	-	6,740,000	156,745,000	8,370,000	22,250,135	2,308,016
September 11, 2019 Series C, Refunding	-	39,265,000	-	39,265,000	2,715,000	12,138,278	2,399,528
Total G.O. Levy Supported	1,047,170,000	39,265,000	106,055,000	980,380,000	52,470,000	400,689,849	39,732,565
G.O. Non-Levy Supported Bonds							
September 15, 2010 Series B, Watershed District	2,145,000	-	150,000	1,995,000	155,000	400,125	63,462
November 15, 2011 Series A, Watershed District	3,460,000	-	215,000	3,245,000	220,000	818,051	117,169
January 29, 2013 Series B, Watershed District	5,360,000	-	325,000	5,035,000	335,000	970,038	127,638
September 5, 2019, Series B, SWLRT (Sales Tax Revenue)	-	200,000,000	-	200,000,000	6,050,000	120,971,500	10,000,000
Total G.O. Non-Levy Supported	10,965,000	200,000,000	690,000	210,275,000	6,760,000	123,159,714	10,308,269
Sales Tax Revenue Bonds							
Ballpark: January 30, 2017, Series A	108,540,000	-	4,230,000	104,310,000	4,535,000	39,582,750	5,215,500
Ballpark: December 14, 2017, Series D	58,555,000	-	19,100,000	39,455,000	14,600,000	1,639,470	872,181
Total Sales Tax Revenue	167,095,000	-	23,330,000	143,765,000	19,135,000	41,222,220	6,087,681
Limited Tax Bonds							
Regional Railroad Authority (RRA) March 17, 2010 Series A	29,865,000	-	29,865,000	-	-	-	-
Regional Railroad Authority (RRA) March 12, 2019 Series A	-	80,000,000	3,960,000	76,040,000	2,550,000	43,011,400	3,713,350
Regional Railroad Authority (RRA) September 11, 2019 Series D, Refunding	-	22,345,000	-	22,345,000	1,130,000	8,304,278	1,365,528
Total Limited Tax Bonds	29,865,000	102,345,000	33,825,000	98,385,000	3,680,000	51,315,678	5,078,878
Total of Long-Term Debt Payable	\$ 1,255,095,000	\$ 341,610,000	\$ 163,900,000	\$ 1,432,805,000	\$ 82,045,000	\$ 616,387,461	\$ 61,207,393



Supplementary Information Enterprise Funds

Hennepin County, Minnesota
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2019
With Comparative Totals for December 31, 2018

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
	2019	2018	2019	2018
ASSETS				
Current Assets:				
Cash.....	\$ 580	\$ 2,458,969	\$ 2,459,549	\$ 2,566,253
Interfund receivable.....	-	38,536	38,536	27,101
Other receivables.....	-	244,143	244,143	455,664
Inventories.....	4,051	-	4,051	1,580
Prepaid items.....	965	-	965	1,929
	<u>5,596</u>	<u>2,741,648</u>	<u>2,747,244</u>	<u>3,052,527</u>
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.....	-	15,740,012	15,740,012	14,545,207
Total capital assets	<u>3,722,167</u>	<u>15,740,012</u>	<u>19,462,179</u>	<u>18,267,374</u>
Less accumulated depreciation.....	<u>2,501,242</u>	<u>6,618,643</u>	<u>9,119,885</u>	<u>9,053,920</u>
Net Capital Assets	<u>1,220,925</u>	<u>9,121,369</u>	<u>10,342,294</u>	<u>9,213,454</u>
	<u>5,596</u>	<u>2,741,648</u>	<u>2,747,244</u>	<u>3,052,527</u>
Total Assets	<u>\$ 1,226,521</u>	<u>\$ 11,863,017</u>	<u>\$ 13,089,538</u>	<u>\$ 12,265,981</u>
LIABILITIES				
Current Liabilities:				
Interfund payable.....	\$ 66,000	\$ -	\$ 66,000	\$ -
Accounts and contracts payable.....	20,993	95,730	116,723	175,736
General obligation bonds.....	175,000	-	175,000	170,000
	<u>261,993</u>	<u>95,730</u>	<u>357,723</u>	<u>345,736</u>
Total Current Liabilities	<u>261,993</u>	<u>95,730</u>	<u>357,723</u>	<u>345,736</u>
Noncurrent Liabilities, Net of Current Portion:				
General obligation bonds.....	-	-	-	175,000
	<u>261,993</u>	<u>95,730</u>	<u>357,723</u>	<u>520,736</u>
Total Liabilities	<u>261,993</u>	<u>95,730</u>	<u>357,723</u>	<u>520,736</u>
NET POSITION				
Net investment in capital assets.....	1,045,925	9,121,369	10,167,294	8,868,454
Unrestricted.....	<u>(81,397)</u>	<u>2,645,918</u>	<u>2,564,521</u>	<u>2,876,791</u>
Total Net Position	<u>964,528</u>	<u>11,767,287</u>	<u>12,731,815</u>	<u>11,745,245</u>
Total Liabilities and Net Position	<u>\$ 1,226,521</u>	<u>\$ 11,863,017</u>	<u>\$ 13,089,538</u>	<u>\$ 12,265,981</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2019
With Comparative Totals for December 31, 2018

	Glen Lake Golf Course	Radio Communications	Totals	
			2019	2018
OPERATING REVENUES				
Charges for services.	\$ 890,118	\$ 3,680,194	\$ 4,570,312	\$ 4,366,682
OPERATING EXPENSES				
Personal services.	552,465	1,579,728	2,132,193	2,168,919
Commodities.	93,628	136,867	230,495	247,276
Contractual services.	136,816	291,082	427,898	379,300
Depreciation.	87,651	1,453,444	1,541,095	1,361,576
Other.	21,116	200,410	221,526	212,351
Total Operating Expenses	<u>891,676</u>	<u>3,661,531</u>	<u>4,553,207</u>	<u>4,369,422</u>
Operating Income (Loss)	<u>(1,558)</u>	<u>18,663</u>	<u>17,105</u>	<u>(2,740)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	(6,900)	-	(6,900)	(10,200)
Gain (Loss) on capital asset disposal.	-	(19,409)	(19,409)	(1,156)
Total Nonoperating Revenues (Expenses)	<u>(6,900)</u>	<u>(19,409)</u>	<u>(26,309)</u>	<u>(11,356)</u>
Income (Loss) Before Capital Contributions	(8,458)	(746)	(9,204)	(14,096)
Capital contributions.	-	995,774	995,774	995,774
Change in Net Position	(8,458)	995,028	986,570	981,678
Total Net Position - Beginning	<u>972,986</u>	<u>10,772,259</u>	<u>11,745,245</u>	<u>10,763,567</u>
Total Net Position-Ending	<u>\$ 964,528</u>	<u>\$ 11,767,287</u>	<u>\$ 12,731,815</u>	<u>\$ 11,745,245</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2019

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 890,118	\$ 3,880,280	\$ 4,770,398
Payments to suppliers for goods and services.	(227,402)	(491,511)	(718,913)
Payments to employees for services.	(552,465)	(1,579,728)	(2,132,193)
Other operating disbursements.	(21,116)	(200,410)	(221,526)
	89,135	1,608,631	1,697,766
Net Cash Provided by Operating Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	-	(1,693,570)	(1,693,570)
Interest paid.	(6,900)	-	(6,900)
Principal payments.	(170,000)	-	(170,000)
	(176,900)	(1,693,570)	(1,870,470)
Net Cash Used by Capital and Related Financing Activities			
Net Decrease In Cash	(21,765)	(84,939)	(106,704)
Cash at Beginning of Year	22,345	2,543,908	2,566,253
	580	2,458,969	2,459,549
Cash at End of Year	\$ 580	\$ 2,458,969	\$ 2,459,549
CASH COMPONENTS:			
Cash.	\$ 580	\$ 2,458,969	\$ 2,459,549
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ (1,558)	\$ 18,663	\$ 17,105
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	87,651	1,453,444	1,541,095
(Increase) decrease in:			
Receivables and prepaid items.	964	200,086	201,050
Inventories.	(2,471)	-	(2,471)
Increase (decrease) in:			
Accounts payable and accrued expenses.	4,549	(63,562)	(59,013)
	89,135	1,608,631	1,697,766
Net Cash Provided by Operating Activities			
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	-	995,774	995,774
Loss on disposal of capital assets.	-	(19,409)	(19,409)

Hennepin County, Minnesota
Schedules of Net Position
Enterprise Funds
December 31, 2019 and 2018

	Hennepin Health		Solid Waste	
	2019	2018	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash	\$ 41,904,131	\$ 79,584,316	\$ 21,060,931	\$ 19,398,912
Interfund receivable	-	-	-	-
Other receivables	17,150,789	18,800,067	5,848,973	4,888,016
Inventories	-	-	3,296,945	2,723,424
Prepaid items	13,354	48,271	4,933	-
Total Current Assets	59,068,274	98,432,654	30,211,782	27,010,352
Noncurrent Assets:				
Cash and investments	-	-	-	-
Restricted cash and investments	500,000	500,000	13,305,701	10,996,548
Notes receivable and other	-	-	783,445	885,606
Capital Assets:				
Land	-	-	8,179,432	8,179,432
Land improvements	-	-	-	-
Buildings	-	-	165,533,871	163,806,816
Equipment	746,004	746,004	45,030,689	38,519,392
Software	392,455	-	-	-
Leasehold improvements	1,301,599	1,301,599	-	-
Construction in progress	-	41,440	2,063,617	1,092,901
Total capital assets	2,440,058	2,089,043	220,807,609	211,598,541
Less accumulated depreciation and amortization	637,394	417,727	103,129,196	94,468,674
Net Capital Assets	1,802,664	1,671,316	117,678,413	117,129,867
Total Noncurrent Assets	2,302,664	2,171,316	131,767,559	129,012,021
Total Assets	61,370,938	100,603,970	161,979,341	156,022,373
Deferred Outflows of Resources:				
Pension related	612,190	476,067	470,541	636,014
Postemployment healthcare related	60,285	65,000	41,314	38,402
Total Deferred Outflows of Resources	672,475	541,067	511,855	674,416
Total Assets and Deferred Outflows of Resources	\$ 62,043,413	\$ 101,145,037	\$ 162,491,196	\$ 156,696,789
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities:				
Interfund payable	-	2,249,080	-	-
Accounts and contracts payable	6,783,325	4,151,016	7,434,148	7,690,157
Accrued expenses	20,332,733	31,826,553	199,830	161,092
Unearned revenue	8,118	13,699,223	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds and notes	-	-	1,108,137	744,300
Compensated absences	110,000	140,000	70,000	70,000
Total Current Liabilities	27,234,176	52,065,872	8,812,115	8,665,549
Noncurrent liabilities, net of current portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds and notes	-	-	25,878,166	17,779,286
Net pension	5,315,436	5,466,522	4,753,717	4,862,170
Postemployment healthcare benefits	557,954	594,454	679,306	677,743
Compensated absences	684,598	556,081	1,152,946	1,144,931
Total Noncurrent Liabilities	6,557,988	6,617,057	32,464,135	24,464,130
Total Liabilities	33,792,164	58,682,929	41,276,250	33,129,679
Deferred Inflows of Resources:				
Pension related	1,235,678	1,048,364	949,776	824,363
Postemployment healthcare related	22,505	5,101	27,006	5,816
Total Deferred Inflows of Resources	1,258,183	1,053,465	976,782	830,179
Net Position:				
Net investment in capital assets	1,802,664	1,671,316	90,692,110	98,606,281
Restricted for:				
Statutory requirements relating to:				
Metropolitan health plan	25,190,402	39,737,327	-	-
Solid waste management	-	-	29,458,081	24,072,276
Medical Center expendable	-	-	-	-
Medical Center nonexpendable	-	-	-	-
Brownfield assessment and cleanup	-	-	87,973	58,374
Unrestricted (deficit)	-	-	-	-
Total Net Position	26,993,066	41,408,643	120,238,164	122,736,931
Total Liabilities, Deferred Inflows and Net Position	\$ 62,043,413	\$ 101,145,037	\$ 162,491,196	\$ 156,696,789

Medical Center		Total Nonmajor	
2019	2018	2019	2018
\$ 31,494,080	\$ 42,594,649	\$ 2,459,549	\$ 2,566,253
7,534,445	5,245,548	38,536	27,101
225,709,452	208,213,799	244,143	455,664
9,321,532	7,486,664	4,051	1,580
10,338,349	9,105,734	965	1,929
<u>284,397,858</u>	<u>272,646,394</u>	<u>2,747,244</u>	<u>3,052,527</u>
15,209,000	12,608,596	-	-
53,180,501	46,009,133	-	-
11,783,095	8,346,344	-	-
28,603,548	28,603,548	985,092	985,092
-	-	1,893,908	1,893,908
590,651,381	581,301,648	843,167	843,167
290,275,310	276,481,686	15,740,012	14,545,207
4,518,700	4,501,081	-	-
26,365,308	21,746,616	-	-
9,683,076	7,966,859	-	-
950,097,323	920,601,438	19,462,179	18,267,374
522,048,168	478,902,278	9,119,885	9,053,920
428,049,155	441,699,160	10,342,294	9,213,454
<u>508,221,751</u>	<u>508,663,233</u>	<u>10,342,294</u>	<u>9,213,454</u>
<u>792,619,609</u>	<u>781,309,627</u>	<u>13,089,538</u>	<u>12,265,981</u>
40,173,615	80,579,504	-	-
3,302,218	3,365,289	-	-
43,475,833	83,944,793	-	-
<u>\$ 836,095,442</u>	<u>\$ 865,254,420</u>	<u>\$ 13,089,538</u>	<u>\$ 12,265,981</u>
\$ 3,817,289	\$ 3,945,275	\$ 66,000	\$ -
33,048,643	27,870,986	116,723	175,736
74,387,056	65,786,345	-	-
-	-	-	-
3,418,000	3,358,000	-	-
5,007,835	4,658,285	175,000	170,000
1,840,000	1,600,000	-	-
<u>121,518,823</u>	<u>107,218,891</u>	<u>357,723</u>	<u>345,736</u>
10,282,000	12,200,000	-	-
177,773,063	182,780,898	-	175,000
284,583,447	290,048,135	-	-
28,668,744	29,909,112	-	-
36,340,561	36,600,598	-	-
<u>537,647,815</u>	<u>551,538,743</u>	<u>-</u>	<u>175,000</u>
<u>659,166,638</u>	<u>658,757,634</u>	<u>357,723</u>	<u>520,736</u>
89,467,432	118,124,060	-	-
1,346,806	276,938	-	-
<u>90,814,238</u>	<u>118,400,998</u>	<u>-</u>	<u>-</u>
237,858,247	248,596,977	10,167,294	8,868,454
-	-	-	-
-	-	-	-
37,127,824	30,559,813	-	-
21,981,677	18,648,677	-	-
-	-	-	-
(210,853,182)	(209,709,679)	2,564,521	2,876,791
<u>86,114,566</u>	<u>88,095,788</u>	<u>12,731,815</u>	<u>11,745,245</u>
<u>\$ 836,095,442</u>	<u>\$ 865,254,420</u>	<u>\$ 13,089,538</u>	<u>\$ 12,265,981</u>

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

For the Years Ended December 31, 2019 and 2018

	2019		Variance with Final Budget	2018 Actual
	Final Budget	Actual		
OPERATING REVENUES				
Net charges for services.	\$ 248,790,396	\$ 213,812,696	\$ (34,977,700)	\$ 234,468,514
OPERATING EXPENSES				
Personal services.	14,414,149	12,021,383	2,392,766	11,808,473
Commodities.	28,334	15,528	12,806	49,382
Contractual services.	226,405,110	204,663,039	21,742,071	209,059,470
Depreciation and amortization.	206,018	219,667	(13,649)	201,862
Other.	6,164,343	12,947,171	(6,782,828)	8,142,001
Total Operating Expenses	<u>247,217,954</u>	<u>229,866,788</u>	<u>17,351,166</u>	<u>229,261,188</u>
Operating Income (Loss)	<u>1,572,442</u>	<u>(16,054,092)</u>	<u>(17,626,534)</u>	<u>5,207,326</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	525,000	1,656,740	1,131,740	973,819
Interest expense.	-	(18,225)	(18,225)	(70,915)
Total Nonoperating Revenues (Expenses)	<u>525,000</u>	<u>1,638,515</u>	<u>1,113,515</u>	<u>902,904</u>
Change in Net Position	2,097,442	(14,415,577)	\$ (16,513,019)	6,110,230
Total Net Position - Beginning	<u>41,408,643</u>	<u>41,408,643</u>		<u>35,298,413</u>
Total Net Position - Ending	<u>\$ 43,506,085</u>	<u>\$ 26,993,066</u>		<u>\$ 41,408,643</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Solid Waste Fund
For the Years Ended December 31, 2019 and 2018

	2019			2018 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Charges for services.....	\$ 49,751,994	\$ 58,364,153	\$ 8,612,159	\$ 50,812,125
OPERATING EXPENSES				
Personal services.....	8,597,582	8,835,756	(238,174)	8,160,160
Commodities.....	347,660	217,714	129,946	244,204
Contractual services.....	45,589,147	44,126,619	1,462,528	45,467,581
Depreciation and amortization.....	8,585,878	8,660,522	(74,644)	8,269,144
Other.....	7,381,813	2,891,910	4,489,903	2,340,234
Total Operating Expenses	<u>70,502,080</u>	<u>64,732,521</u>	<u>5,769,559</u>	<u>64,481,323</u>
Operating Income (Loss)	<u>(20,750,086)</u>	<u>(6,368,368)</u>	<u>14,381,718</u>	<u>(13,669,198)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	5,875,143	4,963,455	(911,688)	4,256,043
Investment earnings (losses).....	300,000	930,105	630,105	553,330
Interest expense.....	(381,719)	(545,529)	(163,810)	(374,982)
Other.....	12,385,581	4,069,136	(8,316,445)	3,784,044
Environmental grants awarded.....	(6,170,000)	(5,547,566)	622,434	(6,141,275)
Total Nonoperating Revenues (Expenses)	<u>12,009,005</u>	<u>3,869,601</u>	<u>(8,139,404)</u>	<u>2,077,160</u>
Change in Net Position	(8,741,081)	(2,498,767)	<u>\$ 6,242,314</u>	(11,592,038)
Total Net Position - Beginning	<u>122,736,931</u>	<u>122,736,931</u>		<u>134,328,969</u>
Total Net Position - Ending	<u>\$ 113,995,850</u>	<u>\$ 120,238,164</u>		<u>\$ 122,736,931</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Medical Center Fund
For the Years Ended December 31, 2019 and 2018

	<u>2019</u> Actual	<u>2018</u> Actual
OPERATING REVENUES		
Net charges for services.	\$ 1,021,757,979	\$ 981,700,323
Grants.	<u>71,728,295</u>	<u>66,249,422</u>
Total Operating Revenues	<u>1,093,486,274</u>	<u>1,047,949,745</u>
OPERATING EXPENSES		
Personal services.	772,295,315	715,564,143
Commodities.	241,906,023	224,668,819
Contractual services.	50,072,222	53,718,517
Depreciation and amortization.	43,622,485	39,880,526
Other.	<u>8,025,415</u>	<u>6,679,840</u>
Total Operating Expenses	<u>1,115,921,460</u>	<u>1,040,511,845</u>
Operating Income (Loss)	<u>(22,435,186)</u>	<u>7,437,900</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (losses).	11,502,444	(1,381,002)
Interest expense.	(4,731,453)	(3,556,660)
Other.	<u>301,600</u>	<u>356,400</u>
Total Nonoperating Revenues (Expenses)	<u>7,072,591</u>	<u>(4,581,262)</u>
Income (Loss) Before Contributions	(15,362,595)	2,856,638
Capital contributions.	<u>13,381,373</u>	<u>10,780,594</u>
Change in Net Position	(1,981,222)	13,637,232
Total Net Position - Beginning	<u>88,095,788</u>	<u>74,458,556</u>
Total Net Position - Ending	<u>\$ 86,114,566</u>	<u>\$ 88,095,788</u>



Hennepin County, Minnesota
Schedules of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2019 and 2018

	Hennepin Health	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 190,277,049	\$ 224,295,062
Operating grants.....	-	-
Payments to suppliers for goods and services.....	(202,011,341)	(209,943,983)
Payments to employees for services.....	(12,037,142)	(11,996,070)
Other operating disbursements.....	(12,947,171)	(8,142,001)
	<u>(36,718,605)</u>	<u>(5,786,992)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net grants and contributions.....	-	-
Net interfund loans.....	(2,249,080)	(419,374)
	<u>(2,249,080)</u>	<u>(419,374)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.....	(351,015)	(41,440)
Interest paid.....	(18,225)	(70,915)
Proceeds from issuance of debt.....	-	-
Debt issuance cost and principal payments.....	-	-
	<u>(369,240)</u>	<u>(112,355)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.....	1,656,740	973,819
Purchase of investments.....	-	-
Sale of investments.....	-	-
	<u>1,656,740</u>	<u>973,819</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	(37,680,185)	(5,344,902)
Cash at Beginning of Year	80,084,316	85,429,218
	<u>80,084,316</u>	<u>85,429,218</u>
Cash at End of Year	\$ 42,404,131	\$ 80,084,316
CASH COMPONENTS:		
Cash.....	\$ 41,904,131	\$ 79,584,316
Restricted cash.....	500,000	500,000
	<u>42,404,131</u>	<u>80,084,316</u>
Cash at End of Year	\$ 42,404,131	\$ 80,084,316
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).....	\$ (16,054,092)	\$ 5,207,326
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.....	219,667	201,862
(Increase) decrease in:		
Receivables and prepaid items.....	1,684,195	649,750
Inventories.....	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.....	(8,799,494)	(7,397,912)
Unearned revenue.....	(13,691,105)	(4,241,935)
Net pension liability.....	(151,086)	(1,018,094)
Deferred outflows.....	(131,408)	792,314
Deferred inflows.....	204,718	19,697
	<u>(36,718,605)</u>	<u>(5,786,992)</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.....	738,197	8,476
Capitalized interest.....	-	-

Solid Waste		Medical Center		Nonmajor			
2019	2018	2019	2018	Glen Lake Golf Course		Radio Communications	
2019	2018	2019	2018	2019	2018	2019	2018
\$ 57,441,934	\$ 51,195,519	\$ 1,000,788,000	\$ 965,793,000	\$ 890,118	\$ 887,859	\$ 3,880,280	\$ 3,383,075
-	-	71,728,000	66,249,000	-	-	-	-
(45,178,796)	(41,536,667)	(275,102,262)	(260,828,213)	(227,402)	(223,597)	(491,511)	(328,300)
(8,625,467)	(8,232,551)	(755,892,000)	(742,786,000)	(552,465)	(528,790)	(1,579,728)	(1,640,129)
(2,891,910)	(2,340,234)	(30,827,000)	(25,196,000)	(21,116)	(21,275)	(200,410)	(191,076)
<u>745,761</u>	<u>(913,933)</u>	<u>10,694,738</u>	<u>3,231,787</u>	<u>89,135</u>	<u>114,197</u>	<u>1,608,631</u>	<u>1,223,570</u>
3,587,186	1,999,727	340,000	34,000	-	-	-	-
-	-	-	-	66,000	-	-	-
<u>3,587,186</u>	<u>1,999,727</u>	<u>340,000</u>	<u>34,000</u>	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(746,351)	(249,017)	(12,610,000)	(45,016,123)	-	-	(1,693,570)	(2,567,024)
(545,529)	(374,982)	(4,731,453)	(3,556,660)	(6,900)	(10,200)	-	-
-	-	-	42,547,965	-	-	-	-
-	(495,966)	(4,658,285)	(4,328,540)	(170,000)	(165,000)	-	-
<u>(1,291,880)</u>	<u>(1,119,965)</u>	<u>(21,999,738)</u>	<u>(10,353,358)</u>	<u>(176,900)</u>	<u>(175,200)</u>	<u>(1,693,570)</u>	<u>(2,567,024)</u>
930,105	553,330	1,964,431	2,077,000	-	-	-	-
-	-	(1,326,000)	(4,332,203)	-	-	-	-
-	-	102,000	2,131,797	-	-	-	-
<u>930,105</u>	<u>553,330</u>	<u>740,431</u>	<u>(123,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,971,172	519,159	(10,224,569)	(7,210,977)	(21,765)	(61,003)	(84,939)	(1,343,454)
30,395,460	29,876,301	52,180,649	59,391,626	22,345	83,348	2,543,908	3,887,362
<u>\$ 34,366,632</u>	<u>\$ 30,395,460</u>	<u>\$ 41,956,080</u>	<u>\$ 52,180,649</u>	<u>\$ 580</u>	<u>\$ 22,345</u>	<u>\$ 2,458,969</u>	<u>\$ 2,543,908</u>
\$ 21,060,931	\$ 19,398,912	\$ 31,494,080	\$ 42,594,649	\$ 580	\$ 22,345	\$ 2,458,969	\$ 2,543,908
13,305,701	10,996,548	10,462,000	9,586,000	-	-	-	-
<u>\$ 34,366,632</u>	<u>\$ 30,395,460</u>	<u>\$ 41,956,080</u>	<u>\$ 52,180,649</u>	<u>\$ 580</u>	<u>\$ 22,345</u>	<u>\$ 2,458,969</u>	<u>\$ 2,543,908</u>
\$ (6,368,368)	\$ (13,669,198)	\$ (22,435,186)	\$ 7,437,900	\$ (1,558)	\$ 21,631	\$ 18,663	\$ (24,371)
8,660,522	8,269,144	43,622,485	39,880,526	87,651	87,801	1,453,444	1,273,775
(965,890)	351,887	(24,453,916)	(7,001,322)	964	690	200,086	(95,748)
(573,521)	174,463	(1,834,868)	(1,539,013)	(2,471)	1,968	-	-
(207,693)	4,114,509	8,378,711	(14,652,917)	4,549	2,107	(63,562)	69,914
-	-	-	-	-	-	-	-
(108,453)	(737,004)	(5,464,688)	(71,888,863)	-	-	-	-
162,561	568,465	40,468,960	105,567,360	-	-	-	-
146,603	13,801	(27,586,760)	(54,571,884)	-	-	-	-
<u>\$ 745,761</u>	<u>\$ (913,933)</u>	<u>\$ 10,694,738</u>	<u>\$ 3,231,787</u>	<u>\$ 89,135</u>	<u>\$ 114,197</u>	<u>\$ 1,608,631</u>	<u>\$ 1,223,570</u>
\$ -	\$ -	\$ 13,381,373	\$ 10,780,594	\$ -	\$ -	\$ 995,774	\$ 995,774
-	-	-	(376,965)	-	-	(19,409)	(1,156)
382,934	49,184	(645,847)	(4,168,100)	-	-	-	-
-	-	-	1,122,000	-	-	-	-



Supplementary Information Other



Hennepin County, Minnesota
Combining Statement of Net Position
Internal Service Funds
December 31, 2019
With Comparative Totals for December 31, 2018

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
ASSETS & DEFERRED OUTFLOWS				
Current Assets:				
Cash.....	\$ 469,160	\$ 21,878,528	\$ 50,800,079	\$ 1,974,821
Interfund receivable.....	61,705	724,415	-	799,432
Receivables from users.....	26,418	44,993	434,734	328,921
Inventories.....	93,287	154,850	-	321,489
Prepaid items.....	234,164	527	4,022,006	-
Total Current Assets	884,734	22,803,313	55,256,819	3,424,663
Capital Assets:				
Land.....	-	-	-	1,040,600
Buildings.....	-	-	-	46,744,646
Equipment.....	4,331,826	62,228,618	37,435,795	280,965
Software.....	-	-	4,702,015	-
Construction in progress.....	-	3,597,089	-	-
Total capital assets	4,331,826	65,825,707	42,137,810	48,066,211
Less accumulated depreciation.....	2,810,376	34,811,194	31,330,870	27,297,487
Net Capital Assets	1,521,450	31,014,513	10,806,940	20,768,724
Total Assets	2,406,184	53,817,826	66,063,759	24,193,387
Deferred Outflows of Resources:				
Postemployment healthcare related.....	42,812	5,694	210,539	98
Total Assets and Deferred Outflows	\$ 2,448,996	\$ 53,823,520	\$ 66,274,298	\$ 24,193,485
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current Liabilities:				
Interfund payable.....	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable.....	131,687	808,461	433,277	489,522
Accrued expenses.....	126,416	59,981	962,090	3,426
Current portion of:				
Workers' compensation claims.....	-	-	-	-
General obligation bonds.....	-	-	-	1,752,785
Compensated absences.....	30,000	40,000	420,000	-
Total Current Liabilities	288,103	908,442	1,815,367	2,245,733
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims.....	-	-	-	-
General obligation bonds.....	-	-	-	14,225,950
Postemployment healthcare benefits.....	476,139	113,426	2,358,137	7,755
Compensated absences.....	296,344	234,300	3,732,134	45,222
Total Noncurrent Liabilities	772,483	347,726	6,090,271	14,278,927
Total Liabilities	1,060,586	1,256,168	7,905,638	16,524,660
Deferred Inflows of Resources:				
Postemployment healthcare related.....	19,073	5,600	94,874	304
Net Position:				
Net investment in capital assets.....	1,521,450	31,014,513	10,806,940	4,789,989
Unrestricted (deficit).....	(152,113)	21,547,239	47,466,846	2,878,532
Total Net Position	1,369,337	52,561,752	58,273,786	7,668,521
Total Liabilities, Deferred Inflows and Net Position	\$ 2,448,996	\$ 53,823,520	\$ 66,274,298	\$ 24,193,485

	Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
				2019	2018
\$	17,752,731	\$ 48,364,423	\$ 72,690,882	\$ 213,930,624	\$ 192,382,976
	1,709,465	-	17,734,023	21,029,040	28,425,204
	36,000	571,975	-	1,443,041	1,076,767
	-	-	-	569,626	574,696
	-	-	-	4,256,697	3,855,221
	<u>19,498,196</u>	<u>48,936,398</u>	<u>90,424,905</u>	<u>241,229,028</u>	<u>226,314,864</u>
	-	-	-	1,040,600	1,040,600
	-	-	-	46,744,646	46,567,337
	65,850	-	-	104,343,054	110,496,692
	-	-	-	4,702,015	4,702,015
	-	-	-	3,597,089	3,350,089
	65,850	-	-	160,427,404	166,156,733
	65,850	-	-	96,315,777	99,625,257
	-	-	-	64,111,627	66,531,476
	<u>19,498,196</u>	<u>48,936,398</u>	<u>90,424,905</u>	<u>305,340,655</u>	<u>292,846,340</u>
	1,199	46	-	260,388	323,529
\$	<u>19,499,395</u>	<u>48,936,444</u>	<u>90,424,905</u>	<u>305,601,043</u>	<u>293,169,869</u>
\$	-	\$ -	\$ 1,758,056	\$ 1,758,056	\$ 925,950
	927,991	31,390	-	2,822,328	7,381,176
	20,431	8,238,159	-	9,410,503	8,377,199
	2,800,000	-	-	2,800,000	2,500,000
	-	-	-	1,752,785	2,006,615
	10,000	10,000	10,990,000	11,500,000	10,610,000
	<u>3,758,422</u>	<u>8,279,549</u>	<u>12,748,056</u>	<u>30,043,672</u>	<u>31,800,940</u>
	9,191,500	-	-	9,191,500	11,216,000
	-	-	-	14,225,950	15,801,426
	15,127	3,607	-	2,974,191	3,241,354
	64,455	44,737	77,676,849	82,094,041	84,673,465
	<u>9,271,082</u>	<u>48,344</u>	<u>77,676,849</u>	<u>108,485,682</u>	<u>114,932,245</u>
	13,029,504	8,327,893	90,424,905	138,529,354	146,733,185
	597	142	-	120,590	27,816
	-	-	-	48,132,892	48,723,435
	6,469,294	40,608,409	-	118,818,207	97,685,433
	6,469,294	40,608,409	-	166,951,099	146,408,868
\$	<u>19,499,395</u>	<u>48,936,444</u>	<u>90,424,905</u>	<u>305,601,043</u>	<u>293,169,869</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2019
With Comparative Totals for December 31, 2018

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services.	\$ 10,496,255	\$ 18,248,860	\$ 82,410,448	\$ 9,416,806
OPERATING EXPENSES				
Personal services.	5,199,567	2,473,607	38,833,762	136,861
Commodities.	447,739	3,304,444	1,809,670	3,994,151
Contractual services.	4,769,490	2,170,501	16,382,598	2,480,831
Depreciation.	559,703	7,610,720	7,449,154	1,609,452
Other charges.	335,149	326,047	2,287,733	94,040
Total Operating Expenses	<u>11,311,648</u>	<u>15,885,319</u>	<u>66,762,917</u>	<u>8,315,335</u>
Operating Income (Loss)	<u>(815,393)</u>	<u>2,363,541</u>	<u>15,647,531</u>	<u>1,101,471</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	-	-	-	-
Interest expense.	-	-	-	(506,799)
Gain (Loss) on capital asset disposal.	<u>(14,758)</u>	<u>672,958</u>	<u>(3,513)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(14,758)</u>	<u>672,958</u>	<u>(3,513)</u>	<u>(506,799)</u>
Income (Loss) Before Contributions	(830,151)	3,036,499	15,644,018	594,672
Capital contributions.	<u>-</u>	<u>1,269,907</u>	<u>81,083</u>	<u>-</u>
Change in Net Position	(830,151)	4,306,406	15,725,101	594,672
Total Net Position - Beginning	<u>2,199,488</u>	<u>48,255,346</u>	<u>42,548,685</u>	<u>7,073,849</u>
Total Net Position - Ending	<u>\$ 1,369,337</u>	<u>\$ 52,561,752</u>	<u>\$ 58,273,786</u>	<u>\$ 7,668,521</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2019	2018
\$ 8,772,865	\$ 117,204,710	\$ 8,866,593	\$ 255,416,537	\$ 261,342,359
6,004,248	110,471,362	8,866,593	171,986,000	175,272,292
12,499	23,456	-	9,591,959	17,600,965
561,634	8,359,867	-	34,724,921	35,289,700
-	-	-	17,229,029	17,607,194
732,860	14,074	-	3,789,903	3,148,180
<u>7,311,241</u>	<u>118,868,759</u>	<u>8,866,593</u>	<u>237,321,812</u>	<u>248,918,331</u>
<u>1,461,624</u>	<u>(1,664,049)</u>	<u>-</u>	<u>18,094,725</u>	<u>12,424,028</u>
-	948,628	-	948,628	-
-	-	-	(506,799)	(507,965)
-	-	-	654,687	1,404,482
<u>-</u>	<u>948,628</u>	<u>-</u>	<u>1,096,516</u>	<u>896,517</u>
1,461,624	(715,421)	-	19,191,241	13,320,545
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,990</u>	<u>2,594,837</u>
1,461,624	(715,421)	-	20,542,231	15,915,382
5,007,670	41,323,830	-	146,408,868	130,493,486
<u>\$ 6,469,294</u>	<u>\$ 40,608,409</u>	<u>\$ -</u>	<u>\$ 166,951,099</u>	<u>\$ 146,408,868</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

	Central Services	Central Mobile Equipment	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 10,452,494	\$ 18,312,405	\$ 82,300,969
Payments to suppliers for goods and services.	(5,417,912)	(5,867,965)	(20,982,709)
Payments to employees for services.	(5,190,311)	(2,439,646)	(38,791,223)
Other operating disbursements.	(335,149)	(326,047)	(2,287,733)
Net Cash Provided (Used) by Operating Activities	(490,878)	9,678,747	20,239,304
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net interfund loans.	-	-	-
Net Cash Used by Noncapital Financing Activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	(328,162)	(8,406,049)	(3,891,983)
Interest paid.	-	-	-
Debt issuance cost and principal payments.	-	-	-
Net Cash Used by Capital and Related Financing Activities	(328,162)	(8,406,049)	(3,891,983)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income.	-	-	-
Net Cash Provided By Investing Activities	-	-	-
Net Increase (Decrease) in Cash	(819,040)	1,272,698	16,347,321
Cash at Beginning of Year	1,288,200	20,605,830	34,452,758
Cash at End of Year	\$ 469,160	\$ 21,878,528	\$ 50,800,079
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ (815,393)	\$ 2,363,541	\$ 15,647,531
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	559,703	7,610,720	7,449,154
(Increase) decrease in:			
Receivables and prepaid items.	(121,330)	51,354	(599,613)
Inventories.	1,342	42,221	-
Increase (decrease) in:			
Accounts payable and accrued expenses.	(129,515)	(390,976)	(2,395,574)
Deferred outflows.	(537)	(1,651)	64,248
Deferred inflows.	14,852	3,538	73,558
Net Cash Provided (Used) by Operating Activities	\$ (490,878)	\$ 9,678,747	\$ 20,239,304
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ -	\$ 1,269,907	\$ 81,083
Loss on disposal of capital assets.	(14,758)	-	(3,513)
Increase (decrease) in fair value of investments	-	-	-

Energy Center	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$ 9,863,781	\$ 8,445,450	\$ 117,855,778	\$ 16,248,854	\$ 263,479,731
(6,539,409)	(1,576,637)	(8,887,502)	-	(49,272,134)
(134,710)	(7,748,991)	(110,464,130)	(10,742,161)	(175,511,172)
(94,040)	(732,860)	(14,074)	-	(3,789,903)
<u>3,095,622</u>	<u>(1,613,038)</u>	<u>(1,509,928)</u>	<u>5,506,693</u>	<u>34,906,522</u>
-	-	-	832,106	832,106
-	-	-	832,106	832,106
-	-	-	-	(12,626,194)
(506,799)	-	-	-	(506,799)
(2,006,615)	-	-	-	(2,006,615)
<u>(2,513,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,139,608)</u>
-	-	948,628	-	948,628
-	-	948,628	-	948,628.00
582,208	(1,613,038)	(561,300)	6,338,799	21,547,648
1,392,613	19,365,769	48,925,723	66,352,083	192,382,976
<u>\$ 1,974,821</u>	<u>\$ 17,752,731</u>	<u>\$ 48,364,423</u>	<u>\$ 72,690,882</u>	<u>\$ 213,930,624</u>
\$ 1,101,471	\$ 1,461,624	\$ (1,664,049)	\$ -	\$ 18,094,725
1,609,452	-	-	-	17,229,029
446,377	(335,052)	(195,583)	7,382,261	6,628,414
(38,493)	-	-	-	5,070
(23,451)	(2,741,128)	349,581	(1,875,568)	(7,206,631)
24	1,046	11	-	63,141
242	472	112	-	92,774
<u>\$ 3,095,622</u>	<u>\$ (1,613,038)</u>	<u>\$ (1,509,928)</u>	<u>\$ 5,506,693</u>	<u>\$ 34,906,522</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,350,990
-	-	-	-	(18,271)
-	-	(30,048)	-	(30,048)

Hennepin County, Minnesota
Schedules of Net Position
Internal Service Funds
For the Years Ended December 31, 2019 and 2018

	Central Services		Central Mobile Equipment		Information Technology	
	2019	2018	2019	2018	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash.....	\$ 469,160	\$ 1,288,200	\$ 21,878,528	\$ 20,605,830	\$ 50,800,079	\$ 34,452,758
Interfund receivable.....	61,705	7,919	724,415	722,393	-	-
Receivables from users.....	26,418	18,961	44,993	96,825	434,734	178,054
Inventories.....	93,287	94,629	154,850	197,071	-	-
Prepaid items.....	234,164	174,077	527	2,071	4,022,006	3,679,073
Total Current Assets	<u>884,734</u>	<u>1,583,786</u>	<u>22,803,313</u>	<u>21,624,190</u>	<u>55,256,819</u>	<u>38,309,885</u>
Capital Assets:						
Land.....	-	-	-	-	-	-
Buildings.....	-	-	-	-	-	-
Equipment.....	4,331,826	4,348,748	62,228,618	60,873,143	37,435,795	44,927,986
Software.....	-	-	-	-	4,702,015	4,702,015
Construction in progress.....	-	-	3,597,089	3,350,089	-	-
Total capital assets	<u>4,331,826</u>	<u>4,348,748</u>	<u>65,825,707</u>	<u>64,223,232</u>	<u>42,137,810</u>	<u>49,630,001</u>
Less accumulated depreciation.....	<u>2,810,376</u>	<u>2,580,999</u>	<u>34,811,194</u>	<u>35,946,913</u>	<u>31,330,870</u>	<u>35,343,460</u>
Net Capital Assets	<u>1,521,450</u>	<u>1,767,749</u>	<u>31,014,513</u>	<u>28,276,319</u>	<u>10,806,940</u>	<u>14,286,541</u>
Total Assets	<u>2,406,184</u>	<u>3,351,535</u>	<u>53,817,826</u>	<u>49,900,509</u>	<u>66,063,759</u>	<u>52,596,426</u>
Deferred Outflows of Resources						
Postemployment healthcare related.....	42,812	42,275	5,694	4,043	210,539	274,787
Total Assets and Deferred Outflows of Resources	<u>\$ 2,448,996</u>	<u>\$ 3,393,810</u>	<u>\$ 53,823,520</u>	<u>\$ 49,904,552</u>	<u>\$ 66,274,298</u>	<u>\$ 52,871,213</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities:						
Interfund payable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable.....	131,687	273,625	808,461	1,245,246	433,277	2,880,785
Accrued expenses.....	126,416	108,934	59,981	46,246	962,090	814,889
Current portion of:						
Workers' compensation claims.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Compensated absences.....	30,000	30,000	40,000	50,000	420,000	490,000
Total Current Liabilities	<u>288,103</u>	<u>412,559</u>	<u>908,442</u>	<u>1,341,492</u>	<u>1,815,367</u>	<u>4,185,674</u>
Noncurrent Liabilities, Net of Current Portion:						
Workers' compensation claims.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Postemployment healthcare benefits.....	476,139	491,918	113,426	240,304	2,358,137	2,483,960
Compensated absences.....	296,344	285,624	234,300	65,348	3,732,134	3,631,578
Total Noncurrent Liabilities	<u>772,483</u>	<u>777,542</u>	<u>347,726</u>	<u>305,652</u>	<u>6,090,271</u>	<u>6,115,538</u>
Total Liabilities	<u>1,060,586</u>	<u>1,190,101</u>	<u>1,256,168</u>	<u>1,647,144</u>	<u>7,905,638</u>	<u>10,301,212</u>
Deferred Inflows of Resources						
Postemployment healthcare related.....	19,073	4,221	5,600	2,062	94,874	21,316
Net Position:						
Net investment in capital assets.....	1,521,450	1,767,749	31,014,513	28,276,319	10,806,940	14,286,541
Unrestricted (deficit).....	(152,113)	431,739	21,547,239	19,979,027	47,466,846	28,262,144
Total Net Position	<u>1,369,337</u>	<u>2,199,488</u>	<u>52,561,752</u>	<u>48,255,346</u>	<u>58,273,786</u>	<u>42,548,685</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,448,996</u>	<u>\$ 3,393,810</u>	<u>\$ 53,823,520</u>	<u>\$ 49,904,552</u>	<u>\$ 66,274,298</u>	<u>\$ 52,871,213</u>

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2019	2018	2019	2018	2019	2018	2019	2018
\$	1,974,821	\$ 1,392,613	\$ 17,752,731	\$ 19,365,769	\$ 48,364,423	\$ 48,925,723	\$ 72,690,882	\$ 66,352,083
	799,432	1,168,195	1,709,465	1,410,413	-	-	17,734,023	25,116,284
	328,921	406,535	36,000	-	571,975	376,392	-	-
	321,489	282,996	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>3,424,663</u>	<u>3,250,339</u>	<u>19,498,196</u>	<u>20,776,182</u>	<u>48,936,398</u>	<u>49,302,115</u>	<u>90,424,905</u>	<u>91,468,367</u>
	1,040,600	1,040,600	-	-	-	-	-	-
	46,744,646	46,567,337	-	-	-	-	-	-
	280,965	280,965	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>48,066,211</u>	<u>47,888,902</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>27,297,487</u>	<u>25,688,035</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,768,724</u>	<u>22,200,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>24,193,387</u>	<u>25,451,206</u>	<u>19,498,196</u>	<u>20,776,182</u>	<u>48,936,398</u>	<u>49,302,115</u>	<u>90,424,905</u>	<u>91,468,367</u>
	98	122	1,199	2,245	46	57	-	-
\$	<u>24,193,485</u>	<u>25,451,328</u>	<u>19,499,395</u>	<u>20,778,427</u>	<u>48,936,444</u>	<u>49,302,172</u>	<u>90,424,905</u>	<u>91,468,367</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,758,056	\$ 925,950
	489,522	515,456	927,991	1,930,495	31,390	535,569	-	-
	3,426	2,828	20,431	12,794	8,238,159	7,391,508	-	-
	-	-	2,800,000	2,500,000	-	-	-	-
	1,752,785	2,006,615	-	-	-	-	-	-
	-	-	10,000	-	10,000	10,000	10,990,000	10,030,000
	<u>2,245,733</u>	<u>2,524,899</u>	<u>3,758,422</u>	<u>4,443,289</u>	<u>8,279,549</u>	<u>7,937,077</u>	<u>12,748,056</u>	<u>10,955,950</u>
	-	-	9,191,500	11,216,000	-	-	-	-
	14,225,950	15,801,426	-	-	-	-	-	-
	7,755	7,246	15,127	14,545	3,607	3,381	-	-
	<u>45,222</u>	<u>43,846</u>	<u>64,455</u>	<u>96,798</u>	<u>44,737</u>	<u>37,854</u>	<u>77,676,849</u>	<u>80,512,417</u>
	<u>14,278,927</u>	<u>15,852,518</u>	<u>9,271,082</u>	<u>11,327,343</u>	<u>48,344</u>	<u>41,235</u>	<u>77,676,849</u>	<u>80,512,417</u>
	<u>16,524,660</u>	<u>18,377,417</u>	<u>13,029,504</u>	<u>15,770,632</u>	<u>8,327,893</u>	<u>7,978,312</u>	<u>90,424,905</u>	<u>91,468,367</u>
	304	62	597	125	142	30	-	-
	4,789,989	4,392,826	-	-	-	-	-	-
	<u>2,878,532</u>	<u>2,681,023</u>	<u>6,469,294</u>	<u>5,007,670</u>	<u>40,608,409</u>	<u>41,323,830</u>	<u>-</u>	<u>-</u>
	<u>7,668,521</u>	<u>7,073,849</u>	<u>6,469,294</u>	<u>5,007,670</u>	<u>40,608,409</u>	<u>41,323,830</u>	<u>-</u>	<u>-</u>
\$	<u>24,193,485</u>	<u>25,451,328</u>	<u>19,499,395</u>	<u>20,778,427</u>	<u>48,936,444</u>	<u>49,302,172</u>	<u>90,424,905</u>	<u>91,468,367</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Years Ended December 31, 2019 and 2018

	Central Services		Central Mobile Equipment		Information Technology	
	2019	2018	2019	2018	2019	2018
OPERATING REVENUES						
Charges for services.....	\$ 10,496,255	\$ 10,645,903	\$ 18,248,860	\$ 8,663,302	\$ 82,410,448	\$ 77,764,379
OPERATING EXPENSES						
Personal services.....	5,199,567	5,403,501	2,473,607	2,077,247	38,833,762	39,737,633
Commodities.....	447,739	471,740	3,304,444	2,934,942	1,809,670	3,580,229
Contractual services.....	4,769,490	5,172,645	2,170,501	1,717,946	16,382,598	22,195,716
Depreciation.....	559,703	595,020	7,610,720	8,068,995	7,449,154	7,342,593
Other charges.....	335,149	197,346	326,047	365,180	2,287,733	2,006,007
Total Operating Expenses	<u>11,311,648</u>	<u>11,840,252</u>	<u>15,885,319</u>	<u>15,164,310</u>	<u>66,762,917</u>	<u>74,862,178</u>
Operating Income (Loss)	<u>(815,393)</u>	<u>(1,194,349)</u>	<u>2,363,541</u>	<u>(6,501,008)</u>	<u>15,647,531</u>	<u>2,902,201</u>
NONOPERATING REVENUES (EXPENSES)						
Investment earnings (losses).....	-	-	-	-	-	-
Interest expense.....	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.....	<u>(14,758)</u>	<u>(24,955)</u>	<u>672,958</u>	<u>1,429,437</u>	<u>(3,513)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(14,758)</u>	<u>(24,955)</u>	<u>672,958</u>	<u>1,429,437</u>	<u>(3,513)</u>	<u>-</u>
Income (Loss) Before Contributions	<u>(830,151)</u>	<u>(1,219,304)</u>	<u>3,036,499</u>	<u>(5,071,571)</u>	<u>15,644,018</u>	<u>2,902,201</u>
Capital contributions.....	-	-	1,269,907	2,240,669	81,083	354,168
Change in Net Position	(830,151)	(1,219,304)	4,306,406	(2,830,902)	15,725,101	3,256,369
Total Net Position - Beginning	<u>2,199,488</u>	<u>3,418,792</u>	<u>48,255,346</u>	<u>51,086,248</u>	<u>42,548,685</u>	<u>39,292,316</u>
Total Net Position - Ending	<u>\$ 1,369,337</u>	<u>\$ 2,199,488</u>	<u>\$ 52,561,752</u>	<u>\$ 48,255,346</u>	<u>\$ 58,273,786</u>	<u>\$ 42,548,685</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2019	2018	2019	2018	2019	2018	2019	2018
\$ 9,416,806	\$ 9,359,522	\$ 8,772,865	\$ 8,580,114	\$ 117,204,710	\$ 131,363,187	\$ 8,866,593	\$ 14,965,952
136,861	133,433	6,004,248	4,961,582	110,471,362	107,992,944	8,866,593	14,965,952
3,994,151	4,445,469	12,499	2,414	23,456	9,813	-	-
2,480,831	2,553,756	561,634	459,932	8,359,867	9,346,063	-	-
1,609,452	1,600,586	-	-	-	-	-	-
94,040	87,697	732,860	475,560	14,074	16,390	-	-
<u>8,315,335</u>	<u>8,820,941</u>	<u>7,311,241</u>	<u>5,899,488</u>	<u>118,868,759</u>	<u>117,365,210</u>	<u>8,866,593</u>	<u>14,965,952</u>
<u>1,101,471</u>	<u>538,581</u>	<u>1,461,624</u>	<u>2,680,626</u>	<u>(1,664,049)</u>	<u>13,997,977</u>	<u>-</u>	<u>-</u>
-	-	-	-	948,628	-	-	-
(506,799)	(507,965)	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(506,799)</u>	<u>(507,965)</u>	<u>-</u>	<u>-</u>	<u>948,628</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>594,672</u>	<u>30,616</u>	<u>1,461,624</u>	<u>2,680,626</u>	<u>(715,421)</u>	<u>13,997,977</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
594,672	30,616	1,461,624	2,680,626	(715,421)	13,997,977	-	-
<u>7,073,849</u>	<u>7,043,233</u>	<u>5,007,670</u>	<u>2,327,044</u>	<u>41,323,830</u>	<u>27,325,853</u>	<u>-</u>	<u>-</u>
<u>\$ 7,668,521</u>	<u>\$ 7,073,849</u>	<u>\$ 6,469,294</u>	<u>\$ 5,007,670</u>	<u>\$ 40,608,409</u>	<u>\$ 41,323,830</u>	<u>\$ -</u>	<u>\$ -</u>

Hennepin County, Minnesota
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2019

	<u>Balance</u> <u>January 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2019</u>
ASSETS				
Cash and investments	\$ 116,466,634	\$ 3,635,431,538	\$ 3,634,474,996	\$ 117,423,176
Delinquent taxes receivable, net	<u>23,067,239</u>	<u>(2,882,356)</u>	<u>(2,392,374)</u>	<u>22,577,257</u>
Total Assets	<u>\$ 139,533,873</u>	<u>\$ 3,632,549,182</u>	<u>\$ 3,632,082,622</u>	<u>\$ 140,000,433</u>
LIABILITIES				
Amounts due as agent	<u>\$ 139,533,873</u>	<u>\$ 4,702,973,458</u>	<u>\$ 4,702,506,898</u>	<u>\$ 140,000,433</u>

Statistical Section

STATISTICAL SECTION

<u>Table No.</u>	<u>Category</u>	<u>Page</u>
	Financial Trends – This section provides information that shows how the County’s financial position has changed over time.	
1	Government-wide Net Position	152
2	Government-wide Change in Net Position.....	154
3	Government-wide Expenses by Function	156
4	Government-wide Revenues	158
5	Fund Balances - Governmental Funds	160
6	Change in Fund Balances - Governmental Funds.....	162
7	Governmental Fund Expenditures by Function	164
8	Governmental Fund Revenues by Source.....	166
	Revenue Capacity – This section provides information that shows factors affecting the County’s ability to generate its own-source revenues.	
9	Property Estimated Market Value	168
10	Property Tax Rates and Levies - Direct and Overlapping Governments.....	170
11	Principal Taxpayers.....	172
12	Tax Levies and Collections on Property Located Within the County.....	174
13	Net Tax Capacity and Taxable Market Value of Property.....	176
14	Tax Capacity of Taxable Property by Municipality.....	178
	Debt Capacity – This section provides information regarding the County’s current level of outstanding debt and its ability to issue additional debt.	
15	Ratios of Outstanding Debt by Type	180
16	Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita.....	182
17	Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita	183
18	Direct, Overlapping, and Underlying Levy-supported General Obligation Debt	184
19	Direct, Overlapping, and Underlying Governmental Activities Debt	185
20	Legal Debt Margin Information.....	186
21	Sales Tax Revenue Bond Coverage.....	188
22	Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures	190
	Demographic and Economic Information – This section provides information regarding the County’s socioeconomic environment and facilitates comparisons over time and among governments.	
23	Demographic and Economic Statistics	191
24	Labor Force Size and Unemployment Rate.....	192
25	Employment Information by Industry	193
26	Principal Employers	194
	Operating Information – This section provides information about the County’s operations and resources.	
27	Employees by Function/Program.....	196
28	Operating Indicators.....	198
29	Capital Asset Statistics by Function/Program	200
30	Selected Per Capita Measures of Financial Condition	202
31	Selected Ratio Measures of Financial Condition	204

Hennepin County, Minnesota
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
2010	\$ 898,211,927 94.7 %	50,119,533 5.3	50,423 -	\$ 948,381,883 100.0 %	\$ 95,462,682 59.1 %	58,685,118 36.4
2011	\$ 916,329,293 66.2 %	39,712,366 2.9	426,570,581 30.9	\$ 1,382,612,240 100.0 %	\$ 96,131,096 55.9 %	69,434,575 40.3
2012	\$ 964,510,097 64.9 %	39,587,431 2.7	480,512,309 32.4	\$ 1,484,609,837 100.0 %	\$ 101,486,495 55.7 %	74,927,264 41.2
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2
2016	\$ 1,219,864,333 134.4 %	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

¹ Beginning in 2012 implementation of GASB 61 required the inclusion of an asset for the County's equity interest in component unit (the Medical Center) in governmental activities, which is also reflected above for 2011 for comparative purposes. On January 1, 2012, Hennepin Faculty Associates became fully integrated with the Medical Center. The County's investment in component unit is not reflected prior to 2011 because information for the integrated entity is not available for those years.

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.

Unaudited

Table 1

Activities Net Position ¹			Total Primary Government Net Position			
Unrestricted	Total		Net Investment in Capital Assets	Restricted	Unrestricted	Total
7,224,268 4.5	\$ 161,372,068 100.0 %		\$ 993,674,609 89.5 %	108,804,651 9.8	7,274,691 0.7	\$ 1,109,753,951 100.0 %
6,620,055 3.8	\$ 172,185,726 100.0 %		\$ 1,012,460,389 65.1 %	109,146,941 7.0	433,190,636 27.9	\$ 1,554,797,966 100.0 %
5,589,987 3.1	\$ 182,003,746 100.0 %		\$ 1,065,996,592 63.9 %	114,514,695 6.9	486,102,296 29.2	\$ 1,666,613,583 100.0 %
1,217,306 0.6	\$ 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 %		1,523,068,194 128.3 %	477,907,371 40.3	(813,634,391) (68.5)	\$ 1,187,341,174 100.1 %

Hennepin County, Minnesota
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
2010	\$	(689,695,831)	737,659,888	(95,120)	47,868,937
2011	\$	(658,870,142)	769,264,740	1,637,007	112,031,605
2012	\$	(653,557,888)	755,555,485	-	101,997,597
2013	\$	(673,663,528)	746,149,988	(1,823,612)	70,662,848
2014	\$	(676,641,873)	777,420,470	475,439	101,254,036
2015	\$	(743,751,041)	859,497,012	1,043,430	116,789,401
2016	\$	(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

¹ GASB 61 was implemented in 2012, resulting in increased general revenue relating to the change in the equity interest in component unit. 2011 was restated for comparison purposes, but data is not available for prior years.

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 and 2019 Net Program Expense amounts include \$63,434,153 and \$168,904,341, 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
4,288,848	2,634,928	95,120	7,018,896	\$ 54,887,833
10,376,736	2,073,929	(1,637,007)	10,813,658	\$ 122,845,263
6,829,225	2,988,795	-	9,818,020	\$ 111,815,617
(705,949)	1,373,368	1,823,612	2,491,031	\$ 73,153,879
1,367,401	2,536,046	(475,439)	3,428,008	\$ 104,682,044
(10,480,718)	3,677,095	(1,043,430)	(7,847,053)	\$ 108,942,348
(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)

Hennepin County, Minnesota
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
2010	\$ 128,309,692 9.2 %	435,888,867 31.7	131,696,244 9.5	273,935,001 19.7	91,300,335 6.6	74,157,373 5.3	9,756,809 0.7
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

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.

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

Unaudited

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Other Enterprises	Total
		Hennepin Health	Environmental Services	Medical Center			
12,742,915 0.9	38,486,038 2.8	139,534,807 10.0	49,869,035 3.6		2,986,527 0.2	\$ 1,388,663,643 100.0 %	
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 %	

Hennepin County, Minnesota
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
2010	\$ 31,722,088 2.2 %	49,709,455 3.4	141,575,359 9.8	47,130,731 3.3		48,759,933 3.4	332,050,286 23.0	52,308,808 3.6
2011	\$ 36,423,133 2.4 %	50,827,501 3.4	163,786,371 10.9	49,331,672 3.3		51,603,037 3.4	328,469,773 21.8	51,938,333 3.5
2012	\$ 35,965,791 2.5 %	48,239,660 3.3	132,486,554 9.2	49,858,405 3.4		55,595,280 3.8	319,419,317 22.1	46,163,291 3.2
2013	\$ 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

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.

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
677,621,762 46.9	28,244,445 2.0		4,710,284 0.3	22,438,585 1.6	7,279,740 0.5	- -	\$ 1,443,551,476 100.0 %
670,718,384 44.6	30,094,848 2.0		4,047,276 0.3	22,463,157 1.5	13,811,054 0.9	30,203,950 2.0	\$ 1,503,718,489 100.0 %
690,356,320 47.7	31,601,050 2.2		5,923,149 0.4	18,868,727 1.3	9,493,981 0.7	2,301,053 0.2	\$ 1,446,272,578 100.0 %
704,236,338 46.5	33,446,430 2.2		4,470,781 0.3	26,023,981 1.7	(1,807,848) (0.1)	(18,846,326) (1.2)	\$ 1,511,641,752 100.0 %
673,098,851 41.8	34,254,757 2.1		14,806,538 0.9	32,185,948 2.0	10,847,530 0.7	14,762,892 0.9	\$ 1,611,861,940 100.0 %
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 %

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

General Fund						
Year	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2010	\$ 9,569,544 6.9%	18,762,937 13.6%	-	28,685,391 20.7%	81,507,843 58.8%	138,525,715 100.0%
2011	\$ 10,389,781 6.7%	16,031,074 10.4%	-	21,257,943 13.7%	106,965,647 69.2%	154,644,445 100.0%
2012	\$ 12,483,267 7.1%	16,251,456 9.3%	-	24,461,198 14.0%	121,504,946 69.6%	174,700,867 100.0%
2013	\$ 3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ 3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%
2015	\$ 3,786,580 1.9%	14,538,052 7.4%	-	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%	-	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%	-	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%	-	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%	-	46,121,699 20.7%	158,941,880 71.3%	222,842,841 100.0%

Unaudited

Table 5

All Other Governmental Funds				
<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total</u>
4,630,576 1.4%	142,576,354 44.4%	173,928,767 54.2%	-	\$ 321,135,697 100.0%
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%

Hennepin County, Minnesota
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	
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	1,483,608
2016	\$ (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)	-

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 \$4,000,000 in 2010, \$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, and \$11,165,000 for 2019. The ratio would be lower if it was based only on required debt service expenditures. For example, 2017 would be 5.8%, 2018 would be 6.7%, and 2019 would be 6.7%.

Unaudited

Table 6

<u>Bond and Note Premiums</u>	<u>Total</u>	<u>Net Change in Fund Balances</u>	<u>Debt Service as a Percentage of Noncapital Expenditures ²</u>
12,965,515	\$ 240,519,926	\$ 14,611,555	6.4 %
3,197,996	\$ 63,576,839	\$ 14,343,284	9.5 %
3,870,697	\$ 2,083,779	\$ (23,686,352)	10.3 %
5,767,852	\$ 140,414,202	\$ 34,992,442	10.9 %
31,239,950	\$ 132,424,197	\$ 123,385,541	10.3 %
-	\$ 2,609,504	\$ (70,936,417)	9.5 %
65,225,715	\$ 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 %

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

<u>Year</u>	<u>Operations</u> ¹	<u>Human Services</u>	<u>Health</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Libraries</u>
2010	\$ 189,555,125 12.7 %	454,975,440 30.2	107,577,723 7.2	249,504,292 16.7	70,171,537 4.7	70,618,795 4.7
2011	\$ 131,590,360 9.9 %	443,134,270 33.5	87,401,937 6.6	247,456,814 18.7	63,471,437 4.8	65,935,700 5.0
2012	\$ 137,679,061 10.6 %	441,096,724 34.0	89,233,679 6.9	247,225,055 19.0	61,652,098 4.7	66,648,516 5.1
2013 ²	\$ 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 ²	\$ 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 ^{2,5}	\$ 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 ⁵	\$ 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

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 totaling \$63.4 million were contributed to the Metropolitan Council in 2018.

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.

⁵ 2018 and 2019 Operations Expense amounts include \$63,434,153 and \$168,904,341, respectively, relating to contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit.

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
9,072,189 0.6	12,468,700 0.8	131,177,963 8.8	49,000,152 3.3	39,890,104 2.7	113,277,589 7.6	\$ 1,497,289,609 100 %
6,864,613 0.5	12,056,194 0.9	144,434,094 10.9	68,463,497 5.2	48,118,335 3.6	4,715,000 0.4	\$ 1,323,642,251 100 %
8,914,176 0.7	18,829,460 1.4	104,290,650 8.0	78,545,914 6.0	47,146,561 3.6	- -	\$ 1,301,261,894 100 %
7,024,936 0.5	22,605,137 1.6	135,084,237 9.5	96,959,103 6.8	46,559,602 3.3	7,285,547 0.5	\$ 1,424,165,736 100 %
9,264,852 0.6	24,025,579 1.7	137,325,079 9.5	93,594,868 6.5	47,070,712 3.3	- -	\$ 1,447,845,295 100 %
13,003,451 0.9	23,768,353 1.6	150,822,026 10.1	83,567,824 5.6	47,073,271 3.2	- -	\$ 1,494,328,720 100 %
43,224,198 2.6	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 %

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

Year	Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Inter- governmental	Charges for Services
2010	\$ 681,934,811 53.6 %	28,244,445 2.2	- -	2,079,744 0.2	397,419,467 31.3	129,977,637 10.1
2011	\$ 675,091,343 53.0 %	30,094,848 2.4	- -	1,973,347 0.2	392,952,707 30.8	131,474,018 10.2
2012	\$ 696,125,253 54.6 %	31,601,050 2.5	- -	2,934,354 0.2	376,050,675 29.5	132,028,560 10.3
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	- -	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9
2016	\$ 771,058,972 52.5 %	36,468,191 2.5	9,918,363 0.7	3,514,045 0.2	472,035,912 32.1	137,518,611 9.4
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

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.

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Investment Earnings ¹	Other	Total
1,967,673 0.2	5,900,134 0.5	7,470,397 0.6	16,386,930 1.3	\$ 1,271,381,238 100 %
1,932,048 0.2	6,407,791 0.5	14,370,838 1.1	20,111,756 1.6	\$ 1,274,408,696 100 %
1,742,784 0.1	6,499,196 0.5	9,911,877 0.8	18,598,014 1.5	\$ 1,275,491,763 100 %
1,873,560 0.1	7,041,106 0.5	(1,991,204) (0.2)	17,887,085 1.4	\$ 1,318,743,976 100 %
1,662,357 0.1	7,549,567 0.5	11,188,951 0.8	20,333,357 1.4	\$ 1,438,806,639 100 %
1,767,015 0.1	7,816,949 0.6	8,631,414 0.6	21,812,197 1.5	\$ 1,420,782,799 100 %
1,627,304 0.1	7,978,466 0.5	6,337,260 0.4	22,832,926 1.6	\$ 1,469,290,050 100 %
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 %

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

Real Estate						
	<u>Residential Property</u>	<u>Multiple Dwelling</u>	<u>Commercial & Industrial</u>	<u>Agricultural</u>	<u>Public Utilities & Miscellaneous</u>	<u>Exempt</u>
2010	\$ 95,810,842 62.3 %	8,126,550 5.3	26,455,131 17.2	686,687 0.4	50,655 0.0	21,249,594 13.8
2011	\$ 92,367,575 61.8 %	8,141,313 5.5	25,566,334 17.1	667,293 0.4	32,528 0.0	21,249,594 14.2
2012	\$ 87,386,034 60.4 %	8,465,660 5.8	25,628,865 17.7	645,946 0.4	31,188 0.0	21,249,594 14.7
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8
2016	\$ 105,538,203 60.2 %	15,110,310 8.6	31,057,471 17.7	626,311 0.4	37,624 0.0	21,249,594 12.1
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

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>
152,379,459 99.2	1,295,495 0.8	\$ 153,674,954 100 %	\$ 132,425,360	43 %
148,024,637 99.1	1,333,422 0.9	\$ 149,358,059 100 %	\$ 128,108,465	46 %
143,407,287 99.0	1,449,118 1.0	\$ 144,856,405 100 %	\$ 123,606,811	48 %
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100 %	\$ 134,691,712	46 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100 %	\$ 144,409,721	45 %
173,619,513 99.0	1,750,967 1.0	\$ 175,370,480 100 %	\$ 154,120,886	46 %
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 %

Hennepin County, Minnesota
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		
2010	21.230 %	3.500 %	17.910 %	42.640 %	\$	2,559,559,665
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

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

Unaudited

Table 10

<u>Metropolitan Transit Commission Tax</u>		<u>Metropolitan Council Tax</u>		<u>Metropolitan Mosquito Control District Tax</u>	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.366 % \$	20,612,822	0.793 % \$	12,720,347	0.461 % \$	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028
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

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

Taxpayer	2019			2010		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 16,799,250	1	0.80 %	\$ 10,856,810	1	0.74 %
Xcel Energy (NSP)	7,713,876	2	0.37	2,751,816	6	0.19
BRI 1855 IDS Center LLC	5,912,050	3	0.28			
NWC Limited Partnership	5,351,050	4	0.25	3,313,250	4	0.22
SRI Eleven Mpls 225 LLC	5,242,650	5	0.25	3,433,250	3	0.23
City Center 33 So Prop LLC	4,771,050	6	0.23			
Wells REIT	4,055,250	7	0.19	2,749,250	5	0.19
US Bank Corp	3,819,250	8	0.18	2,747,250	7	0.19
South Sixth Office LLC	3,249,850	9	0.15			
BAM 701 LLC	3,040,050	10	0.14			
MB Minneapolis 8th St LLC				3,563,250	2	0.24
Best Buy Co Inc				2,369,250	8	0.16
Ridgedale Joint Venture				2,299,250	9	0.16
Eden Prairie Mall LLC				2,239,250	10	0.15
Total	\$ 59,954,326		2.84 %	\$ 36,322,626		2.47 %

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

Source: Hennepin County Property Information System.

Unaudited



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

Current Tax Levy						
Year	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments ¹	Total	Current Tax Collections Net of Refunds	Percent of Levy Collected
2010	\$ 725,906,127	\$ 1,847,810,295	\$ (14,156,757)	\$ 2,559,559,665	\$ 2,503,659,872	97.82 %
2011	716,809,208	1,885,286,295	(15,122,547)	2,586,972,956	2,543,273,613	98.31
2012	704,763,947	1,885,464,012	(11,250,597)	2,578,977,362	2,551,959,374	98.95
2013	713,992,585	1,912,964,824	(6,394,783)	2,620,562,626	2,603,084,407	99.33
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59
2016	788,618,398	2,091,614,243	(10,520,020)	2,869,712,621	2,863,352,382	99.78
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

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

Unaudited

Table 12

	<u>Prior Year Collections Net of Refunds</u>	<u>Total Tax Collections</u>	<u>Uncollected Current Tax Levy</u>	<u>Percent of Current Tax Levy Uncollected</u>
\$	27,483,337	\$ 2,531,143,209	\$ 55,899,793	2.18 %
	7,102,887	2,550,376,500	43,699,343	1.69
	7,145,515	2,559,104,889	27,017,988	1.05
	9,086,657	2,612,171,064	17,478,219	0.67
	(4,695,777)	2,659,412,970	27,949,278	1.04
	2,373,939	2,734,757,834	11,157,577	0.41
	(1,470,007)	2,861,882,375	6,360,239	0.22
	(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

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

Assessment Year	Property Outside the City of Minneapolis		Minneapolis	
	Net Tax Capacity	Taxable Market Value	Net Tax Capacity	Taxable Market Value
2010	\$ 1,082,056,515	\$ 97,304,713,300	\$ 394,912,341	\$ 34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	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

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
\$ 1,476,968,856	\$ 132,165,413,580	1.1 %	73.3 %	26.7 %
1,397,609,366	122,800,948,752	1.1	73.4	26.6
1,369,968,893	118,106,438,594	1.2	72.7	27.3
1,367,504,155	119,027,889,660	1.1	72.6	27.4
1,489,879,943	129,650,721,822	1.1	72.4	27.6
1,602,471,674	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

Hennepin County, Minnesota
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	\$ 190,107,693	1,392,095	\$ 191,499,788	\$ (15,510,119)	(12,581,358)	\$ 163,408,311	113 %
Brooklyn Center	28,320,711	489,976	28,810,687	5,225,540	(4,795,248)	29,240,979	148
Brooklyn Park	90,902,424	1,103,183	92,005,607	5,875,865	(1,022,427)	96,859,045	120
Champlin	26,731,015	288,727	27,019,742	2,409,248	(336,004)	29,092,986	106
Chanhassen (part)	1,613,100	5,782	1,618,882	(603,631)	-	1,015,251	94
Corcoran	9,766,694	445,736	10,212,430	139,721	-	10,352,151	125
Crystal	22,104,749	306,969	22,411,718	3,616,293	(278,074)	25,749,937	124
Dayton (part)	9,446,497	397,477	9,843,974	42,716	(253,384)	9,633,306	128
Deephaven	15,714,583	53,670	15,768,253	(17,892)	-	15,750,361	89
Eden Prairie	134,266,338	1,947,874	136,214,212	(11,046,010)	(2,121,042)	123,047,160	106
Edina	156,950,624	959,736	157,910,360	(10,669,455)	(5,929,603)	141,311,302	106
Excelsior	7,058,674	69,666	7,128,340	(580,861)	(312,274)	6,235,205	100
Fort Snelling	-	143,624	143,624	-	-	143,624	83
Golden Valley	53,111,161	566,562	53,677,723	(5,587,383)	(1,151,026)	46,939,314	130
Greenfield	5,220,769	189,704	5,410,473	557	-	5,411,030	119
Greenwood	4,473,186	51,752	4,524,938	(80,681)	-	4,444,257	86
Hanover (part)	899,984	11,146	911,130	108,372	-	1,019,502	122
Hopkins	27,722,178	260,441	27,982,619	(36,059)	(2,693,853)	25,252,707	149
Independence	7,611,273	218,782	7,830,055	101,172	-	7,931,227	115
International Airport	-	12,618,072	12,618,072	-	-	12,618,072	50
Long Lake	3,386,626	41,092	3,427,718	(267,684)	(100,798)	3,059,236	110
Loretto	820,743	12,470	833,213	17,473	(16,873)	833,813	136
Maple Grove	116,539,809	1,848,977	118,388,786	(4,828,534)	(462,038)	113,098,214	108
Maple Plain	2,496,513	34,522	2,531,035	(53,007)	-	2,478,028	132
Medicine Lake	1,089,550	5,952	1,095,502	(8,302)	-	1,087,200	126
Medina	20,523,761	413,388	20,937,149	(818,897)	(569,708)	19,548,544	100
Minneapolis	697,371,254	10,530,632	707,901,886	(23,373,043)	(59,366,690)	625,162,153	127
Minnnetonka	124,069,925	975,477	125,045,402	(10,319,945)	(3,209,805)	111,515,652	113
Minnnetonka Beach	4,325,120	10,294	4,335,414	(17,721)	-	4,317,693	98
Minntrista	19,247,950	380,736	19,628,686	360,951	-	19,989,637	102
Mound	14,779,174	116,896	14,896,070	711,320	(841,118)	14,766,272	112
New Hope	25,019,326	276,748	25,296,074	1,444,710	(1,378,781)	25,362,003	142
Orono	36,465,048	239,644	36,704,692	(224,921)	(91,450)	36,388,321	90
Osseo	3,612,715	58,926	3,671,641	(17,384)	(665,362)	2,988,895	129
Plymouth	155,815,914	2,009,901	157,825,815	(9,269,223)	(2,021,905)	146,534,687	102
Richfield	44,068,235	410,390	44,478,625	1,859,787	(3,763,641)	42,574,771	138
Robbinsdale	13,005,918	199,708	13,205,626	2,765,035	(614,118)	15,356,543	124
Rockford	321,746	124,520	446,266	2,791	-	449,057	134
Rogers	27,191,732	486,121	27,677,853	(3,454,056)	(402,362)	23,821,435	114
St. Anthony (part)	7,529,387	84,022	7,613,409	438,597	-	8,052,006	153
St. Bonifacius	2,502,808	35,226	2,538,034	234,859	-	2,772,893	107
St. Louis Park	95,317,915	739,713	96,057,628	(5,233,557)	(10,875,524)	79,948,547	123
Shorewood	20,168,358	179,696	20,348,054	85,193	(234,715)	20,198,532	101
Spring Park	3,683,231	26,230	3,709,461	(111,637)	(137,391)	3,460,433	102
Tonka Bay	6,960,360	22,010	6,982,370	(42,577)	-	6,939,793	89
Wayzata	28,979,479	146,660	29,126,139	(2,777,852)	(3,538,867)	22,809,420	97
Woodland	3,730,293	7,602	3,737,895	-	-	3,737,895	82
Total	\$ 2,271,044,543	\$ 40,938,527	\$ 2,311,983,070	\$ (79,510,231)	\$ (119,765,439)	\$ 2,112,707,400	

¹ Tax capacity is for the 2019 assessment year, for taxes payable in 2020. 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.



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

Governmental Activities					
Fiscal Year ¹	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2010 ³	\$ 850,726,971	\$ 25,164,681	\$ 335,228,848	\$ 13,423,829	\$ 8,285,886
2011	869,865,700	19,261,626	316,236,629	10,919,839	7,747,727
2012	819,585,366	18,843,242	299,564,410	8,650,720	7,138,254
2013	879,228,943	15,575,000	282,962,191	5,865,470	6,522,175
2014	933,862,600	13,293,242	266,899,972	2,985,220	5,899,012
2015	868,376,433	9,276,778	249,497,753	-	5,380,920
2016 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

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
\$ 1,610,000	\$ 8,197,034	\$ 1,242,637,249	1.99%	\$ 1,078
1,405,000	4,099,772	1,229,536,293	1.94%	1,052
1,265,000	-	1,155,046,992	1.72%	975
1,120,000	-	1,191,273,779	1.71%	994
975,000	-	1,223,915,046	1.68%	1,010
825,000	-	1,133,356,884	1.44%	927
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

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					
2010	\$ 877,501,652	\$ 112,295,000	\$ 7,256,597	\$ 757,950,055	\$ 132,425,360,000	1,152,425	0.57 %	\$ 657.70
2011	890,532,326	108,060,000	6,621,844	775,850,482	128,108,465,000	1,168,431	0.61	664.01
2012	839,693,608	100,275,000	5,817,703	733,600,905	123,606,811,000	1,184,576	0.59	619.29
2013	895,923,943	96,440,000	13,088,237	786,395,706	124,508,068,000	1,198,778	0.63	656.00
2014	948,130,842	105,960,000	14,597,849	827,572,993	134,691,712,000	1,212,064	0.61	682.78
2015	878,478,211	101,195,000	17,702,437	759,580,774	144,409,721,000	1,223,149	0.53	621.00
2016	1,064,054,939	96,250,000	26,697,045	941,107,894	154,120,886,000	1,232,483	0.61	763.59
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

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

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				
2010	\$ 877,501,652	\$ 7,256,597	\$ 870,245,055	\$ 132,425,360,000	1,152,425	0.66 %	\$ 755.14
2011	890,532,326	6,621,844	883,910,482	128,108,465,000	1,168,431	0.69	756.49
2012	839,693,608	5,817,703	833,875,905	123,606,811,000	1,184,576	0.67	703.94
2013	895,923,943	13,088,237	882,835,706	124,508,068,000	1,198,778	0.71	736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74
2016	1,064,054,939	26,697,045	1,037,357,894	154,120,886,000	1,232,483	0.67	841.68
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

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

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

³ 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, 2019

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 980,380,000	\$ 965,730,818	100.00 %	\$ 965,730,818
Hennepin County Regional Railroad	98,385,000	98,373,372	100.00	98,373,372
Total Direct Debt	<u>1,078,765,000</u>	<u>1,064,104,190</u>		<u>1,064,104,190</u>
Overlapping:				
Metropolitan Council ³	1,555,384,035	142,583,705	47.50	67,727,260
Metropolitan Airport Commission	1,588,525,000	-	-	-
Total Overlapping Debt	<u>3,143,909,035</u>	<u>142,583,705</u>		<u>67,727,260</u>
Underlying:				
School Districts	2,425,720,000	2,090,536,632	100.00	2,090,536,632
Municipalities	1,894,595,377	634,177,778	100.00	634,177,778
Three Rivers Park District	61,035,000	39,123,902	100.00	39,123,902
Miscellaneous (Watersheds,HRAs, EDAs,etc.) - Excludes RRA	21,340,000	14,407,716	100.00	14,407,716
Total Underlying Debt	<u>4,402,690,377</u>	<u>2,778,246,028</u>		<u>2,778,246,028</u>
Total	\$ <u>8,625,364,412</u>	\$ <u>3,984,933,923</u>		\$ <u>3,910,077,478</u>

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

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

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying Governmental Activities Debt
 December 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding ¹</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
Direct:			
Hennepin County	\$ 1,342,575,849	100.00 %	\$ 1,342,575,849
Hennepin County Regional Railroad	98,385,000	100.00	98,385,000
Total Direct Debt	<u>1,440,960,849</u>		<u>1,440,960,849</u>
Overlapping:			
Metropolitan Council	1,555,384,035	47.50	738,807,417
Metropolitan Airport Commission	1,588,525,000	47.50	754,549,375
Total Overlapping Debt	<u>3,143,909,035</u>		<u>1,493,356,792</u>
Total Direct and Overlapping Debt	<u>\$ 4,584,869,884</u>		<u>\$ 2,934,317,641</u>
Underlying:			
School Districts	2,425,720,000	100.00	2,425,720,000
Municipalities	1,894,595,377	100.00	1,894,595,377
Three Rivers Park District	61,035,000	100.00	61,035,000
Miscellaneous (Watersheds,HRAs, EDAs,etc.) - Excludes RRA	21,340,000	100.00	21,340,000
Total Underlying Debt	<u>\$ 4,402,690,377</u>		<u>\$ 4,402,690,377</u>

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

Unaudited

Hennepin County, Minnesota
Legal Debt Margin Information
 Last Ten Years

	<u>Debt Limit ¹</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2010	\$ 3,964,962,407	\$ 751,148,403	\$ 3,213,814,004	18.94%
2011	3,684,028,463	763,313,156	2,920,715,307	20.72%
2012	3,543,193,158	710,177,297	2,833,015,861	20.04%
2013	3,570,836,690	786,395,706	2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%
2016	4,623,626,544	941,107,894	3,682,518,650	20.35%
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%

Computation of 2019 Legal Debt Margin

2019 estimated market value of taxable property	<u>\$ 188,921,092,000</u>
Debt limit, 3% of estimated market value	\$ 5,667,632,760
Amount of levy supported debt	\$ 1,276,005,779
Less amount available for debt service	<u>16,559,894</u>
Legal Debt Margin	<u>\$ 4,408,186,875</u>

¹ See MN Statute 475.53.

Unaudited



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

	2010	2011	2012	2013
Net Revenues ²	<u>\$ 27,745,206</u>	<u>\$ 29,589,411</u>	<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>
First Lien Revenue Bond Coverage:				
First lien principal	\$ 750,000	\$ 900,000	\$ 1,050,000	\$ 1,150,000
First lien interest	7,192,375	7,154,875	7,109,875	7,057,375
Total first lien debt service	<u>\$ 7,942,375</u>	<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>
First lien coverage	3.49	3.67	3.81	4.01
<i>First lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Second Lien Revenue Bond Coverage:				
Total first lien debt service	<u>\$ 7,942,375</u>	<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>
Second lien principal	2,300,000	2,720,000	3,450,000	3,280,000
Second lien interest	5,327,175	5,212,175	5,087,025	4,949,025
Total second lien debt service	<u>7,627,175</u>	<u>7,932,175</u>	<u>8,537,025</u>	<u>8,229,025</u>
Total first and second lien debt service	<u>\$ 15,569,550</u>	<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>
Second lien coverage	1.78	1.85	1.86	2.00
<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	<u>\$ 15,569,550</u>	<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>
Third lien principal	800,000	800,000	400,000	800,000
Third lien interest	171,325	123,963	87,976	42,312
Third lien remarketing and liquidity provider fees	227,178	264,128	271,463	238,964
Total third lien debt service	<u>1,198,503</u>	<u>1,188,091</u>	<u>759,439</u>	<u>1,081,276</u>
Total first, second and third lien debt service	<u>\$ 16,768,053</u>	<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>
Third lien coverage	1.65	1.72	1.78	1.88
<i>Third lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ 14,200,000	\$ 11,400,000	\$ 11,000,000
Total Sales Tax Revenue Bond and Note Coverage:				
Sales tax revenue bond and note principal	\$ 3,850,000	\$ 4,420,000	\$ 4,900,000	\$ 5,230,000
Sales tax revenue bond and note interest	12,690,875	12,491,013	12,284,876	12,048,712
Remarketing and liquidity provider fees	227,178	264,128	271,463	238,964
Total sales tax revenue bond and note debt service	<u>\$ 16,768,053</u>	<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>
Total coverage	1.65	1.72	1.78	1.88
<i>Total principal optionally redeemed using sales tax revenues</i>	\$ -	\$ 14,200,000	\$ 11,400,000	\$ 11,000,000

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

2014	2015	2016	2017	2018	2019
<u>\$ 33,771,519</u>	<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>
\$ 1,300,000	\$ 1,400,000	\$ 1,550,000	\$ 4,370,000	\$ 3,975,000	\$ 4,230,000
<u>6,999,875</u>	<u>6,934,875</u>	<u>6,864,875</u>	<u>5,113,719</u>	<u>5,625,750</u>	<u>5,427,000</u>
<u>\$ 8,299,875</u>	<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>
4.07	4.23	4.28	3.84	3.93	4.07
\$ -	\$ -	\$ -	\$ 9,019,206	\$ -	\$ -
<u>\$ 8,299,875</u>	<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>
3,590,000	3,930,000	4,280,000	4,655,000	-	-
4,789,925	4,616,925	4,454,725	4,267,725	-	-
<u>8,379,925</u>	<u>8,546,925</u>	<u>8,734,725</u>	<u>8,922,725</u>	<u>-</u>	<u>-</u>
<u>\$ 16,679,800</u>	<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>
2.02	2.09	2.10	1.98	N/A	N/A
\$ -	\$ -	\$ -	\$ 18,822,940	\$ -	\$ -
<u>\$ 16,679,800</u>	<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>
800,000	800,000	-	-	13,600,000	14,100,000
16,375	6,676	21,289	-	1,412,272	1,294,401
132,514	93,937	49,715	-	-	-
<u>948,889</u>	<u>900,613</u>	<u>71,004</u>	<u>-</u>	<u>15,012,272</u>	<u>15,394,401</u>
<u>\$ 17,628,689</u>	<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>
1.92	1.98	2.09	1.98	1.53	1.57
\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ -	\$ -	\$ 5,000,000
\$ 5,690,000	\$ 6,130,000	\$ 5,830,000	\$ 9,025,000	\$ 17,575,000	\$ 18,330,000
11,806,175	11,558,476	11,340,889	9,381,444	7,038,022	6,721,401
132,514	93,937	49,715	-	-	-
<u>\$ 17,628,689</u>	<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>
1.92	1.98	2.09	1.98	1.53	1.57
\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ 27,842,146	\$ -	\$ 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		
2010	\$ 45,150,152	\$ 27,169,336	\$ 72,319,488	\$ 1,497,289,609	4.83 %
2011	49,708,497	30,895,111	80,603,608	1,323,642,251	6.09
2012	58,560,914	29,771,868	88,332,782	1,301,261,894	6.79
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26
2016 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

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 \$4,000,000 in 2010, \$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, and \$6,165,000 in 2019 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, 2017 would be 4.18%, 2018 would be 4.64%, and 2019 would be 5.04%.

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
2010	1,152,425	\$ 54,949	\$ 63,324,601,325	35.9	92.1 %	157,170	6.6 %
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	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	N/A ⁵	N/A ⁵	N/A ⁵	93.2	178,657	2.8

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.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
2010	663,880	6.6%	1,860,461	6.9%	2,963,402	7.3%	153,889,000	9.7%
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9
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

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.

Unaudited

Hennepin County, Minnesota
Employment Information by Industry
 Last Ten Years

<u>Industry</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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
Government and government enterprises	3	3	3	3	3	3	3	3	3	3
Finance and insurance	4	4	4	4	4	4	4	4	4	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	7	8	8	8	8	8	8	8	7	7
Administrative and waste services	8	7	7	7	7	7	7	7	8	8
Wholesale trade	9	9	9	9	9	9	9	9	9	9
Real estate	11	11	10	11	12	12	12	11	11	10
Other services, except public administration	10	10	11	10	10	10	10	10	10	11
Transportation and warehousing	13	13	13	13	14	13	13	13	13	12
Management of companies and enterprises	12	12	12	12	11	11	11	12	12	13
Construction	14	14	14	14	13	14	14	14	14	14
Arts, entertainment, and recreation	15	15	16	15	15	15	15	15	15	15
Educational services	16	16	15	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: 2019 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>	2019 ²			2010 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	43,000	1	1.38%			
State of Minnesota	41,000	2	1.32%			
United States Federal Government	35,000	3	1.12%			
Fairview Health Services	34,000	4	1.09%			
Allina Health	29,000	5	0.93%			
Target Corporation	29,000	6	0.93%			
University of Minnesota	26,000	7	0.84%	17,053	1	2.57%
HealthPartners	25,000	8	0.80%			
UnitedHealth Group, Inc.	19,000	9	0.61%			
Wells Fargo Bank Minnesota	18,000	10	0.58%			
Tyco Electronics				9,300	2	1.40%
Hennepin County				7,800	5	1.17%
Ameriprise Financial				7,000	6	1.05%
Methodist Hospital				8,000	4	1.21%
Best Buy Co Inc				6,000	7	0.90%
Park Nicollet Health Systems				6,000	8	0.90%
Abbott Northwestern Hospital				5,300	9	0.80%
Fairview University Medical Center				8,000	3	1.21%
Fairview Southdale Hospital				5,000	10	0.75%
	299,000		9.60%	79,453		11.96%

¹ Source for 2010: ACINT.ORG and Hennepin County Office of Budget and Finance.

² 2019 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



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

	2010	2011	2012	2013
<u>Employees by Function/Program*</u>				
Operations	1,045	1,034	1,078	1,122
Human Services	2,909	2,878	2,896	2,955
Health ¹	330	311	320	335
Public Safety	2,321	2,224	2,224	2,203
Public Works	432	427	427	441
Libraries	759	735	727	722
	7,796	7,609	7,672	7,778
 Unionized Employees	 5,311	 5,242	 5,237	 5,315
 Full-Time Equivalents	 7,314	 7,197	 7,256	 7,379

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1,263	1,313	1,364	1,512	1,474	1,473
3,084	3,264	3,482	3,586	3,506	3,274
341	350	7,658	7,542	7,690	7,655
2,249	2,245	2,313	2,369	2,386	2,426
428	457	467	460	471	471
<u>742</u>	<u>760</u>	<u>774</u>	<u>777</u>	<u>777</u>	<u>784</u>
<u>8,107</u>	<u>8,389</u>	<u>16,058</u>	<u>16,246</u>	<u>16,304</u>	<u>16,083</u>
5,315	5,504	10,275	10,404	10,507	10,395
7,608	7,890	14,305	14,450	14,497	14,330

Hennepin County, Minnesota
Operating Indicators
 Last Ten Years

	2010	2011	2012
<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	77,072	77,026	84,412
Medical Examiner			
Number of Autopsies Performed	N/A	N/A	N/A
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	5,985	4,957	4,132
Number of jail bookings	35,413	34,503	35,857
Community Corrections:			
Percent of adult client recidivism	21.0%	23.4%	23.5%
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	54%	53%	61%
Percent of bridges with sufficiency rating less than 50	7%	7%	8%
Engineering costs as a percent of actual capital project costs	N/A	N/A	N/A
<u>Libraries</u>			
Items circulated (millions)	17.5	18.4	16.6
eLibrary visits (millions)	19.9	21.5	21.1
Number of volunteer hours supplementing service	91,779	99,862	101,924
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Hennepin Health</u>			
Administrative Cost Ratio	14.5%	13.6%	15.4%
Enrollment ¹	18,113	19,009	3,981
<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	N/A

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

Sources: Various County departments

Unaudited

Table 28

2013	2014	2015	2016	2017	2018	2019
N/A	N/A	N/A	52,273	51,609	50,390	47,440
N/A	N/A	N/A	145,080	132,602	138,088	135,920
N/A	N/A	N/A	1,437	1,179	1,276	1,498
N/A	N/A	N/A	117,026	111,901	108,064	103,003
82,069	85,358	96,962	95,345	104,054	105,113	121,707
N/A	1,060	1,100	1,288	1,310	1,310	1,323
2,596	1,752	1,545	1,054	809	630	1,000
35,910	34,116	34,343	31,554	32,154	31,240	32,000
28.8%	22.9%	20.0%	24.3%	20.4%	20.7%	20.5%
62%	59%	60%	66%	63%	65%	67%
8%	10%	7%	7%	5%	5%	5%
22%	18%	18%	18%	24%	18%	18%
15.8	16.0	16.0	16.0	15.1	18.3	17.7
19.5	20.0	20.0	20.0	12.8	12.2	12.0
92,773	100,000	100,000	100,000	75,076	72,045	62,774
14.8%	14.0%	15.5%	15.0%	10.4%	12.0%	12.3%
11,888	13,290	13,734	12,144	25,529	27,500	29,890
N/A	N/A	N/A	620,781	628,037	628,735	643,739
N/A	N/A	N/A	23,051	22,050	21,718	21,349
41.0%	41.0%	45.0%	51.0%	50.0%	51.0%	53.0%

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

	2010	2011	2012
<u>Operations</u>			
Building square footage occupied by Operations	233,053	232,709	233,053
<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	360,510	359,083
Building square footage occupied by the Corrections Department	605,225	605,225	605,225
Building square footage occupied by the Sheriff's Office (w/o Jail)	152,621	152,621	152,621
<u>Public Works</u>			
County roads and highways (center line miles)	572	570	570
Number of bridges	136	139	143
<u>Libraries</u>			
Building square footage occupied by the Libraries	997,735	997,735	1,006,021
Size of Library collection (copies)	5,030,570	4,910,846	4,910,846
<u>Hennepin Health</u>			
Building square footage occupied by Hennepin Health	59,106	59,106	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

2013	2014	2015	2016	2017	2018	2019
187,821	190,343	233,684	246,979	254,889	257,319	261,606
452,108	422,338	421,624	337,666	288,858	397,514	397,304
39,964	39,964	39,964	43,422	43,422	43,422	52,083
29,430	29,430	29,430	29,430	29,430	29,311	29,311
N/A	N/A	N/A	3,301,101	3,314,481	3,761,310	3,801,977
359,083	359,083	383,128	383,128	385,312	409,101	409,101
562,480	571,792	571,792	571,879	571,878	565,448	581,635
153,437	174,229	174,229	174,305	174,108	174,723	168,435
570	570	570	570	570	570	570
143	145	146	147	147	147	147
1,005,367	1,017,502	1,017,502	1,041,136	1,074,505	1,072,901	1,075,285
4,670,388	4,815,158	4,995,316	4,995,316	4,943,703	4,979,909	4,984,797
32,957	32,957	32,957	32,957	25,574	25,574	25,574

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

	2010	2011	2012	2013
PROPERTY TAX LEVY				
County ¹	\$ 630	622	595	596
% Change	6.4	(1.3)	(4.3)	0.1
County and other ²	\$ 2,173	2,207	2,154	2,171
% Change	1.0	1.6	(2.4)	0.8
REVENUES				
Total governmental funds ³	\$ 1,103	1,106	1,077	1,100
% Change	3.6	0.3	(2.6)	2.1
Intergovernmental	\$ 345	341	317	339
% Change	5.5	(1.2)	(7.0)	7.0
EXPENDITURES				
Total governmental funds ³	\$ 1,299	1,149	1,099	1,188
% Change	18.0	(11.5)	(4.4)	8.1
Capital projects	\$ 114	125	88	121
% Change	(15.6)	9.6	(29.6)	37.0
LEVY-SUPPORTED GENERAL OBLIGATION DEBT				
Net direct ⁴	\$ 658	664	619	656
% Change	16.8	1.0	(6.7)	5.9
Net direct, overlapping, and underlying G.O.	\$ 2,474	2,397	2,179	2,157
% Change	2.6	(3.1)	(9.1)	(1.0)
PROPERTY ESTIMATED MARKET VALUE	\$ 114,910	109,641	104,347	103,862
% Change	(6.3)	(4.6)	(4.8)	(0.5)
EMPLOYEES PER 10,000 CAPITA ⁵	63.5	62.5	61.3	61.6
% Change	(1.2)	(1.6)	(1.9)	0.4

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

2014	2015	2016	2017	2018	2019
608	617	640	658	680	709
2.0	1.5	3.7	2.7	3.5	4.2
2,221	2,243	2,328	2,363	2,469	2,588
2.3	1.0	3.8	1.5	4.5	4.8
1,187	1,162	1,192	1,292	1,360	1,390
7.9	(2.1)	2.6	8.4	5.2	2.2
414	364	383	437	385	357
22.2	(12.1)	5.2	14.1	(12.0)	(7.3)
1,195	1,222	1,331	1,450	1,477	1,496
0.5	2.2	8.9	8.9	1.9	1.3
113	123	149	138	196	125
(6.4)	9.1	20.9	(7.3)	41.9	(36.2)
683	621	764	838	938	995
4.1	(9.1)	23.0	9.6	12.0	6.1
2,238	2,240	2,507	2,622	2,944	3,089
3.7	0.1	11.9	4.6	12.3	4.9
111,126	118,064	125,049	131,651	140,672	149,245
7.0	6.2	5.9	5.3	6.9	6.1
62.8	64.5	114.3	115.4	115.1	113.2
1.9	2.7	77.1	1.0	(0.3)	(1.6)

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt service expenditures for property tax supported bonds to: ¹				
County property tax levy	10.0 %	11.2 %	12.5 %	11.8 %
Governmental fund expenditures	4.8	6.1	6.8	5.9
Net general obligation debt to:				
Property taxable market value	0.57	0.63	0.62	0.66
Legal debt margin	23.6	26.6	25.9	28.2
Direct, overlapping, and underlying net G.O. debt	23.1	27.6	27.9	30.4
Governmental fund revenues	59.6	60.9	57.5	59.6
General obligation debt due within ten years				
To total general obligation debt	63.0	56.5	58.5	59.3
Unassigned General Fund fund balance ²				
To general fund expenditures	13.3	20.3	32.8	25.8

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.

² Governmental Accounting Standards Board Statement 54 was effective for 2011, resulting in new fund balance categories where undesignated is most comparable to unassigned.

Unaudited

Table 31

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
11.2 % 5.7	12.4 % 6.3	15.9 % 7.4	13.4 % 6.1	11.8 % 5.4	11.3 % 5.4
0.64	0.53	0.61	0.64	0.67	0.68
27.0	21.3	25.6	26.9	28.6	28.6
30.5	27.7	30.5	31.9	31.9	32.2
57.5	53.5	64.1	64.8	69.0	71.6
58.5	61.7	55.0	58.0	58.0	58.0
23.4	24.6	22.1	25.6	23.6	24.4





Regional medical examiner's facility

A new regional medical examiner's facility serving Dakota, Hennepin and Scott counties will open in 2021.



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/cafr

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

 Printed on 30% recycled post-consumer fiber.