

Disclaimer

This Hennepin County Annual Comprehensive Financial Report is historical information as of December 31, 2021. The information has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of Hennepin County's Annual Comprehensive Financial Report dated December 31, 2021.

This online document has been formatted for two-sided printing

HENNEPIN COUNTY
MINNESOTA

2021 Annual
Comprehensive
Financial Report

Year Ended December 31, 2021



**Hennepin County, Minnesota
Financial Highlights**

| | | 2021 | 2020 | Percent Change |
|------------------|--------------------------------|-------------------------|-------------------------|-------------------|
| Government-wide: | Assets | \$ 4,813,753,587 | \$ 4,573,737,516 | 5.2% |
| | Deferred Outflows of Resources | 505,965,222 | 112,709,807 | 348.9% |
| | Liabilities | (3,292,065,967) | (3,494,379,106) | -5.8% |
| | Deferred Inflows of Resources | (643,149,906) | (112,266,303) | 472.9% |
| | Net Position | <u>\$ 1,384,502,936</u> | <u>\$ 1,079,801,914</u> | 28.2% |
| Government-wide: | Program Expenses | \$ 3,187,218,746 | \$ 3,473,923,249 | -8.3% |
| | Program Revenues | 2,348,277,613 | 2,216,735,971 | 5.9% |
| | Net Program Expense | (838,941,133) | (1,257,187,278) | -33.3% |
| | General Revenues | 1,143,642,155 | 1,149,648,018 | -0.5% |
| | Change in Net Position | <u>\$ 304,701,022</u> | <u>\$ (107,539,260)</u> | 383.3% |
| | Expense Per Capita | \$ 2,515 | \$ 2,711 | -7.2% |

See Management's Discussion and Analysis, which begins on page 15 for explanations of the changes reflected above.

| | | | | |
|---|--|-------------------------|-------------------------|---------|
| Funds Available for Investment at December 31: | | | | |
| | General Investible Funds | \$ 1,644,633,672 | \$ 1,391,745,520 | 18.2% |
| | Bond Proceeds/Non-General Investible Funds | 158,197,663 | 185,734,741 | -14.8% |
| | Total Investible Funds | <u>\$ 1,802,831,335</u> | <u>\$ 1,577,480,261</u> | 14.3% |
| | Annual Daily Average of General Investible Funds | \$ 1,790,492,828 | \$ 1,534,611,627 | 16.7% |
| | Average Investment Return for All Funds * | -0.46% | 0.94% | -148.9% |
| | Average Investment Yield for All Funds | 0.42% | 0.86% | -51.2% |

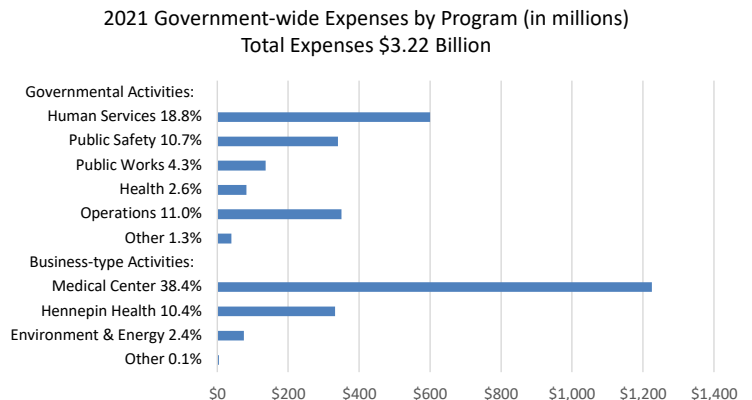
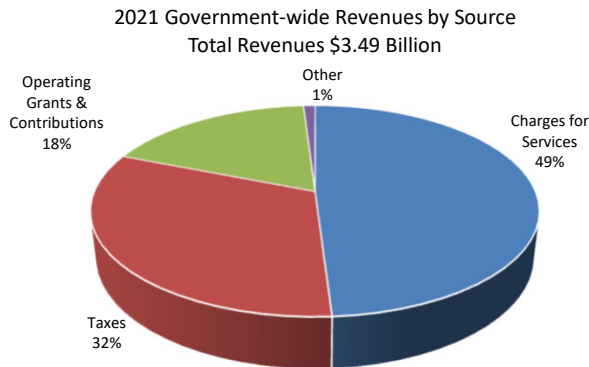
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has reported investments at fair value. Investment income for 2021 before recording the net change in fair value of investments was \$6,810,800 as compared to \$13,121,781 in 2020.

| | | | | |
|--|---|------------------|------------------|-------|
| | Total Outstanding Bonds* | \$ 1,477,240,000 | \$ 1,456,085,000 | 1.5% |
| | Average Interest Rate on General Obligation Debt | 4.31% | 4.38% | -1.5% |
| | Net General Obligation Debt Per Capita | \$ 1,079.25 | \$ 1,053.11 | 2.5% |
| | Ratio of Net General Obligation Debt to Property Market Value | 0.662% | 0.679% | -2.6% |
| | Long-term Bond Ratings:* S&P Global Ratings | AAA | AAA | |
| | Fitch Ratings | AAA | AAA | |

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

| | | | | |
|--|-------------------------|--------------------|--------------------|-------|
| | Net Tax Capacity* | \$ 2,261,068,019 | \$ 2,112,707,400 | 7.0% |
| | Tax Capacity Rates: | | | |
| | City of Minneapolis | 38.198% | 40.967% | -6.8% |
| | Suburban | 38.217% | 41.017% | -6.8% |
| | Estimated Market Value* | \$ 198,784,505,000 | \$ 188,921,092,000 | 5.2% |

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



Hennepin County, Minnesota

Annual Comprehensive Financial Report Year Ended December 31, 2021

Hennepin County Board of Commissioners

Jeffrey Lunde, 1st District

Irene Fernando, 2nd District

Marion Greene, Chair, 3rd District

Angela Conley, 4th District

Debbie Goettel, 5th District

Chris LaTondresse, 6th District

Kevin Anderson, 7th District

Hennepin County Administrator

David Hough





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Introductory Section

HENNEPIN COUNTY

MINNESOTA

June 23, 2022

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 annual comprehensive financial report of Hennepin County (the County) for the fiscal year ended December 31, 2021.

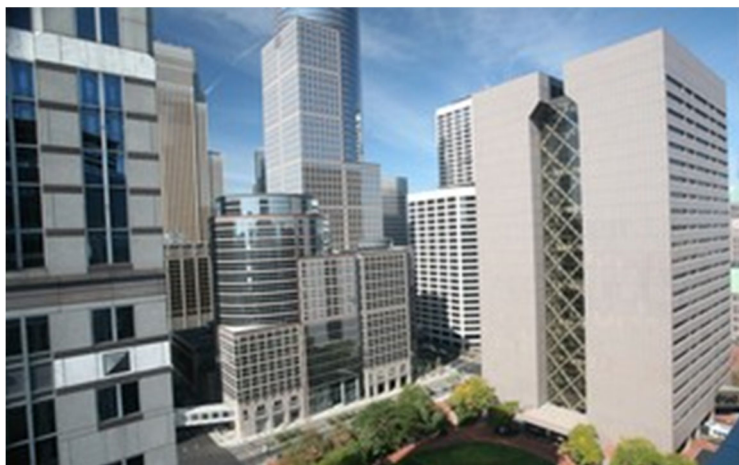
Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is 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, 2021. 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 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. 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.

Profile of the Government – continued

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

| Hennepin County Facts | |
|---|-----------------|
| Population (2021) | 1,267,416 |
| Estimated Per Capita Income (2020) | 79,183 |
| Number of Cities | 45 |
| 2021 Original Budget (Excluding the Medical Center) | \$2,197,873,815 |
| Taxable Property Estimated Market Value | 206,746,289,000 |

County Services

At the end of 2021, 8,165 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2021 department operating indicators.

Public Safety

Number of Employees – 2,153

- Adult Representation Services – Provided high-quality representation to more than 1,500 clients experiencing indigency in child protection and eviction matters
- County Attorney – Evaluated 13,342 adult and juvenile criminal cases and processed 1,535 civil actions
- Public Defender – Handled approximately 25,400 adult criminal, juvenile delinquency and child protection cases
- Sheriff's Office – Answered 614,362 police/fire/medical calls for service
- Community Corrections and Rehabilitation – 575 admissions into the Juvenile Detention Center and 2,600 in-house bookings at the Adult Corrections Facility; as well as supervising approximately 800 juveniles and 20,000 adults on probation



Public Safety includes Hennepin County's activities in emergency response, court security and law enforcement; criminal prosecution, legal consulting and representation for County departments; representation for those experiencing indigency involved in criminal or child protection proceedings; and innovative and client centered rehabilitation programs. The County departments in this program are Public Safety Administration & Integration, County Attorney, Court Functions, Public Defender, Sheriff, and Community Corrections and Rehabilitation.

County Services – continued

Human Services

Number of Employees – 3,151

Human Services and Public Health provide a wide range of required and discretionary financial assistance, social services, and clinical services.

- Serves approximately one in three Hennepin County residents, approximately 430,000 people
- Children in out-of-home placement at the end of December – 1,228
- Emergency shelters for adults and children – 6,111
- Public Health Mental Health Center – 21,351 visits
- Public Health Clinic – 22,207 visits
- Health Care for the Homeless – 16,799
- COPE (Emergency Mental Health) – 47,812 encounters



Health

Number of Employees – 368 (excluding the Medical Center blended component unit)

- Hennepin Health – 33,932 enrolled in Prepaid Medical Assistance/Minnesota Care programs and 2,179 enrolled in the Special Needs Basic Care program
- NorthPoint Health & Wellness Center – 107,011 medical, behavioral, and dental visits
- Medical Examiner's Office – 9,360 cases referred

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



Public Works

Number of Employees – 454

The County transportation system includes:

- 2,214 lane miles of road maintained
- 819 miles of bikeway
- 791 traffic signal systems
- 182 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 2021, these services were provided by five areas: Environment and Energy, Climate and Resiliency, 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 – 2,039

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



| | |
|---------------------|--|
| County Board | 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. |
|------------------------------|--|

| | |
|----------------|---|
| Library | The 41 Hennepin County Library (HCL) locations serve patrons by providing access to library buildings and resources including materials, technology, and staff. |
|----------------|---|

| | |
|-----------------------------|--|
| 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. |
|-----------------------------|--|

| | |
|---|---|
| Housing & Economic Development | Invests local, regional, county, state, and federal resources in partnership with public and private partners to provide a full range of housing choices, housing rehabilitation, lead-safe housing, access to jobs, and long-term community value. |
|---|---|

| | |
|--------------------------|--|
| Facility Services | Builds, manages, operates, and maintains safe and secure Hennepin County buildings which encompass just under 7 million square feet of building space. |
|--------------------------|--|

| | |
|-------------------------------|--|
| Information Technology | Provides innovative, effective, and timely information technology solutions to County departments, building a technical infrastructure that supports the delivery of services to community partners and citizens in a secure, reliable, and accessible manner. |
|-------------------------------|--|

| | |
|----------------------------|--|
| Real Property Group | Administers property assessments, elections, property tax collection activities and distribution to local governments, provides services relating to driver's licenses, motor vehicles, vital records and DNR registrations. |
|----------------------------|--|

| | |
|------------------------|--|
| Human Resources | Provides human resource programs and support services, strategies to retain employees, and provides benefits management. |
|------------------------|--|

| | |
|--|--|
| 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 | Encourages and assists public programs and activities dedicated to cultural enrichment and educational assistance and reserves available funding for contingent activities further defined during the budget year. |
|--------------------------------|--|

Budget

Budget Process

Budgets are adopted on an annual basis consistent with generally accepted accounting principles. 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 107.

2021 Original Budget Focus

The 2021 original budget was committed to set policy for both the near term and for years to come. The 2021 Budget totaled \$2.20 billion dollars, with no property tax increase when compared to 2020. The operating portion of this budget totaled \$2.01 billion dollars, a decrease of \$6.7 million dollars from the adjusted 2020 budget. Personnel expenditures remained a significant driver of budget expenses. Departments were asked to scrutinize each position as it became vacant to reevaluate the tasks and consider innovative alternatives to filling positions. Other issues that departments considered included the uncertainty of federal and state government funding levels; flat to declining property taxes and other revenues; innovative, collaborative partnerships and shared service opportunities; reassessment of contracted services; and focused strategies to achieve the County's goal of reducing disparities in education, employment, health, housing, income, justice and transportation.

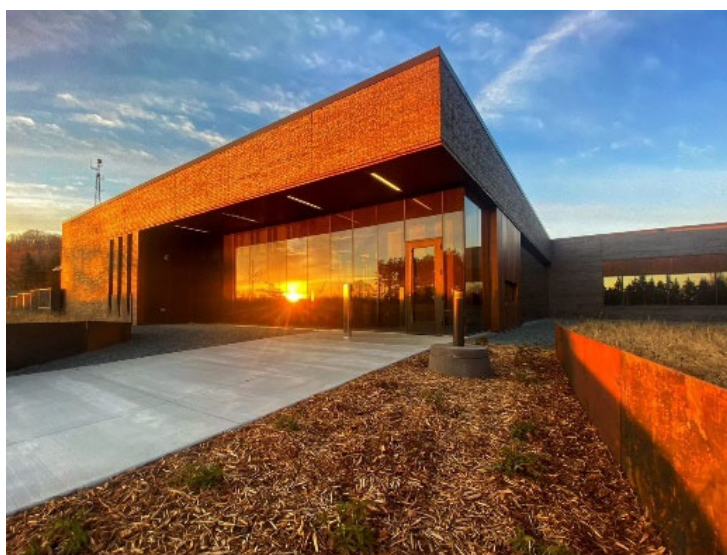
Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 95. The comparison for enterprise funds is presented in the Supplementary Information – Enterprise Funds subsection of this report, which starts on page 131.

Major Initiatives and Achievements

New Regional Medical Examiner Facility

Construction of a new state-of-the-art Regional Medical Examiner's Facility in Minnetonka was completed in 2021. The building will serve the residents of Hennepin, Dakota, and Scott counties along with referral counties in Minnesota. The new \$46.6 million facility provides space for training and infrastructure to support local, regional, and state mass fatality. The facility will enhance the formal teaching mission that includes medical students, pathology residents, and a forensic fellowship program to train future medical examiners. Financing for the project included State bonding dollars and State capital improvement appropriations, along with Hennepin County, Dakota County and Scott County contributions.



Major Initiatives and Achievements – continued

Responding to the COVID-19 Pandemic

Throughout 2021, the County responded to continuing community needs as widespread transmission of the novel coronavirus COVID-19 and its variations persisted. The state of emergency declared by the County Board in 2020 extended throughout 2021, and the remaining \$34.7 million of the \$220.9 million provided to the County in 2020 by the Federal Coronavirus Aid, Relief, and Economic Security Act's Coronavirus Relief Fund (CARES-CRF) for pandemic response was utilized to address many of the economic disruptions caused by the pandemic. CARES-CRF expenditures in 2021 included:



- \$17.5 million for Hennepin County Medical Center
- \$10.3 million for public health, personal protective equipment, and staff costs
- \$2.3 million for limited duration staff and technical assistance
- \$1.9 million for emergency shelter
- \$1.0 million for small business assistance
- \$1.7 million for public engagement and other pandemic response initiatives.

In March 2021, the American Rescue Plan Act's State and Local Fiscal Recovery Plan (ARPA-SLFRF) was approved at the federal level, awarding the County \$245.9 million to combat the health, social and economic effects of the pandemic through the end of the award period in 2024. The County's \$12.3 million of ARPA-SLFRF expenditures in 2021 included:

- \$6.2 million for public health
- \$3 million for household assistance, including food programs
- \$1.7 million for housing supports serving disproportionately impacted communities
- \$1.4 million for other pandemic response initiatives.

The County also received pandemic assistance through other state and federal programs during 2021 to support expenditures including:

- \$25.3 million for small business relief and
- \$38.9 million for rental assistance.

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.

Encompassing the City of Minneapolis (the county seat) and several of its northern and western inner-ring suburbs, Hennepin County is at the core of one of the largest economic centers in the upper Midwest. The County is home to over 22% of the state's population and 10 of the 18 Fortune 500 headquarters located in the state. Trade, transportation and utilities, education and health related entities, professional and business services, government, manufacturing, leisure and hospitality and financial services represent significant economic sectors providing a diverse and strong employment and wage base in the County. Since 2012, the County's property tax base has grown by nearly 40% and growth has continued even during the COVID 19 pandemic. This steady increase has been driven by a strong housing market, including a substantial amount of new multifamily residential construction, as well as continued development of commercial/industrial properties.

Economic and Financial Condition – continued

Employment activity has improved substantially since the onset of the COVID-19 pandemic in 2020. The County's 12-month average unemployment rate for 2021 decreased significantly to 3.6% compared to the 2020 average unemployment rate of 6.2%. The County's 2021 unemployment rate of 3.6% was consistent with the 3.6% State of Minnesota rate but lower than the 5.4% US 12-month average.

Minnesota's economy continues to recover from the recession initiated by the COVID-19 pandemic in 2020. The economic downturn that began in February of 2020 and ended two months later in April brought severe disruptions to Minnesota's economy. The State experienced job and wage income losses and a reduced labor force. Since then, the State's economy has substantially improved. In the Minnesota Management and Budget's February 2022 Budget and Economic Forecast, it was noted that the State's unemployment rate has fallen to 3.1%, the lowest since December 2019, and total employment has risen to 96.4% of the pre-pandemic level. In the forecast, a strong U.S. outlook for consumer spending growth, wage and salary growth, and near-term employment growth supports an expectation of positive Minnesota employment, wage, and income growth through the forecast period.

Excluding the Medical Center component unit, for 2022 the County budgeted \$2.46 billion to provide essential services and to make strategic investments for the future. The adopted budget focuses on five themes: Hennepin County's continued pandemic response, pandemic recovery, disparity reduction, climate action, and the organization's future. The budget includes a net property tax levy of \$899,372,132, a 3.5% increase over 2021.

The 2022 capital budget finances \$337 million in projects through:

- Continued investment in our roads, bridges and trails.
- Investment in clean energy and the environment, including a new Anaerobic Digestion Facility capable of processing a minimum of 25,000 tons per year of organics to produce clean, renewable energy and beneficial agricultural and soil products.
- Improvements to facilities in the Law, Safety and Justice line of business, such as \$20.0 million toward a new or remodeled Sheriff's Law Enforcement Center to satisfy the significant existing and projected programmatic needs of the Sheriff's Office.
- Supporting the Health and Human Services lines of business including a parking ramp expansion for the Medical Center

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 S&P Global Ratings 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 annual comprehensive financial reports for the years 1974 through 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



David J. Hough
County Administrator



David R. Lawless
Director of Budget and Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hennepin County
Minnesota**

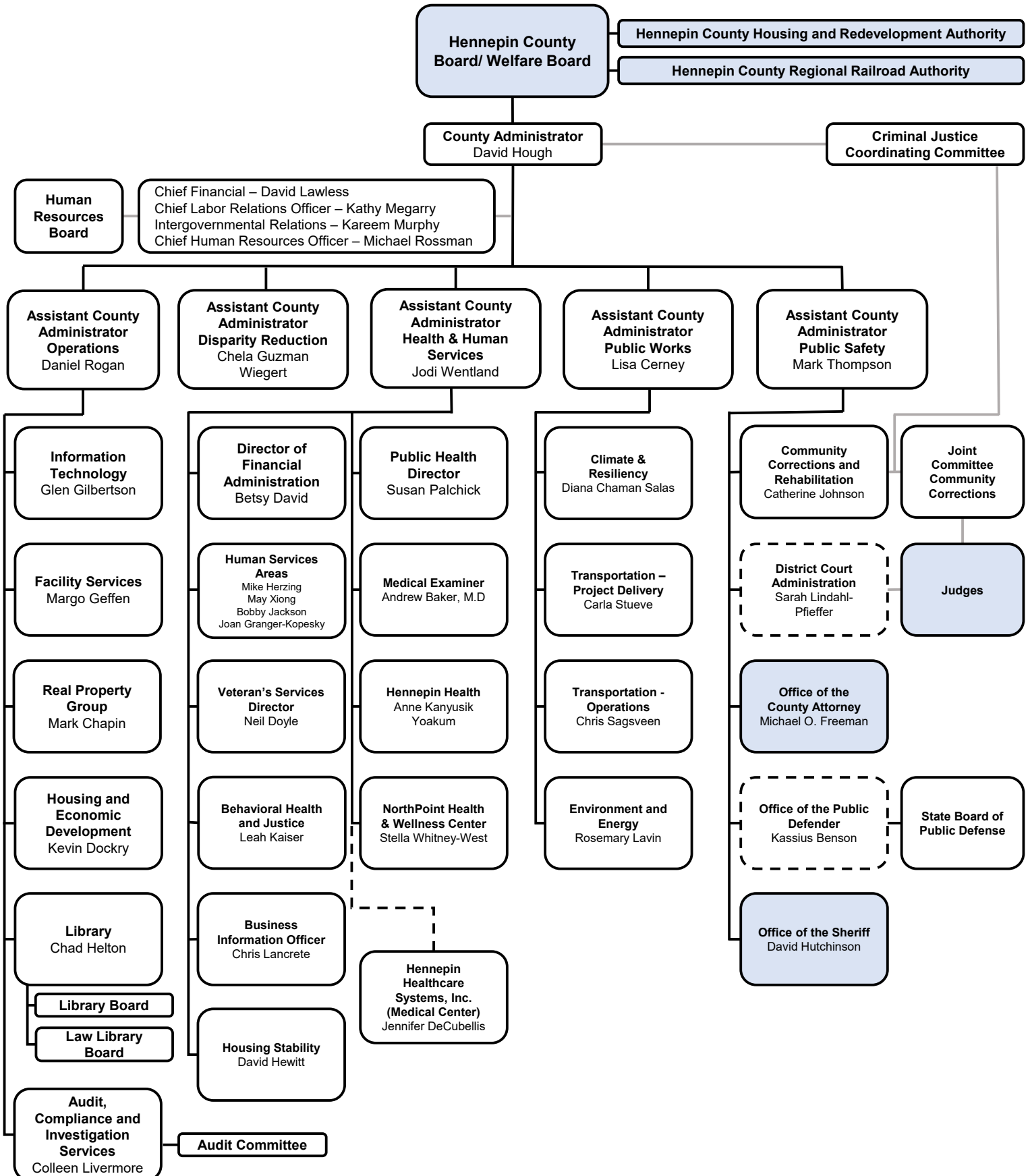
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

Organizational Chart on December 31, 2021



Principal Officials on December 31, 2021



Hennepin County Commissioners:

| | |
|------------|----------------------------|
| District 1 | Jeffrey Lunde |
| District 2 | Irene Fernando |
| District 3 | Marion Greene, Chair |
| District 4 | Angela Conley |
| District 5 | Debbie Goettel, Vice Chair |
| District 6 | Chris LaTondresse |
| District 7 | Kevin Anderson |

County Administrator

Deputy County Administrator – Human Services

Assistant County Administrator – Public Works

Assistant County Administrator – Public Safety

Assistant County Administrator – Operations

Assistant County Administrator – Disparity Reduction

David Hough
Jodi Wentland
Lisa Cerney
Mark Thompson
Daniel Rogan
Chela Guzman Wiegert

Governmental Activities Departments and Directors

Public Works:

Climate & Resiliency
Transportation – Project Delivery
Transportation – Operations

Diana Chaman Salas
Carla Stueve
Chris Sagsveen

Public Safety:

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

Catherine Johnson
Michael Freeman
Kassius Benson
David Hutchinson

Health:

Medical Examiner
NorthPoint Health & Wellness Center

Andrew Baker, M.D.
Stella Whitney-West

Human Services:

Behavioral Health and Justice
Business Information Officer
Financial Analysis, Administration
Housing Stability
Human Services Administration
Human Services Administration
Human Services Administration
Internal Services Administration
Public Health
Veteran's Services

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

Operations:

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

Colleen Livermore
David Lawless
Margo Geffen
Kevin Dockry
Michael Rossman
Glen Gilbertson
Chad Helton
Mark Chapin

Business-type Activities Directors

Hennepin Health
Environment & Energy
Hennepin Healthcare (HCMC)

Anne Kanyusik Yoakum
Rosemary Lavin
Jennifer DeCubellis

Financial Section



Independent Auditor's Report

RSM US LLP

Board of County Commissioners
Hennepin County, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

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

Report of Summarized Comparative Information

We have previously audited the County's 2020 basic financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 Information

Our audit for the year ended December 31, 2021, 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, for the year ended December 31, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the County as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated June 28, 2021, 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, for the year ended December 31, 2020, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information was subjected to the audit procedures applied in the audit of the 2020 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 2020 accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
June 23, 2022



Management's Discussion and Analysis

This discussion and analysis provides 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, 2021. 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* on pages 47 to 93.

FINANCIAL HIGHLIGHTS

Government-wide

Throughout 2021, the County responded to continuing community needs as widespread transmission of the novel coronavirus COVID-19 and its variants persisted. The state of emergency declared by the County Board in 2020 extended throughout 2021, and the remaining \$34.7 million of the \$220.9 million provided to the County in 2020 by the Federal Coronavirus Aid, Relief, and Economic Security Act's Coronavirus Relief Fund (CARES-CRF) for pandemic response was utilized to address many of the economic disruptions caused by the pandemic. In March 2021, the American Rescue Plan Act's State and Local Fiscal Recovery Fund (ARPA-SLFRF) was approved at the Federal level, awarding the County \$245.9 million to combat the health, social and economic effects of the pandemic through the end of the award period in 2024. Half of the ARPA-SLFRF award was advanced to the County in 2021, and \$12.3 million of it was expended during the year. The remaining unspent \$110.6 million of the ARPA-SLFRF advance is reported as unearned revenue to be used for eligible future expenditures. The County also received pandemic assistance from other State and Federal programs during 2021 to support expenditures, including \$25.3 million for small business relief and \$38.9 million for rental assistance.

At December 31, 2021, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1.38 billion. Of this amount, \$572.9 million was restricted by specific statutory requirements or external commitments. The County's net investment in capital assets was \$1.48 billion. The County's net position increased \$304.7 million during the year, which included the \$53.1 million increase in business-type activities and \$251.6 million increase in governmental activities. The increase in business-type activities was largely due to the \$55.3 million increase in net position for the Medical Center blended component unit that was offset by the \$5.3 million decrease in net position for Hennepin Health. The \$251.6 million net position increase in governmental activities primarily relates to the following:

- An \$81.4 million increase in unspent transportation sales tax revenues that are committed for certain operating costs of existing light rail and bus rapid transit lines, and for future light rail and bus rapid transit projects' capital costs.
- A \$52.3 million increase in net position related to Human Services' activities, which was mainly the result of cost savings from staffing shortages, the reassignment of staff to pandemic response activities supported by grant revenues, and reductions in certain Public Aid services when residents reduced utilization due to the risks of contracting COVID-19.
- A \$13.5 million increase in net position restricted for the Regional Railroad Authority, which primarily resulted from an unexpected decrease in the local contribution requirement for the Orange Line project when additional Federal funds were secured.
- A \$62.3 million increase in net position related to the decreases in pension amounts reported under the requirements of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*.
- Additional significant changes included a \$5.5 million increase in unspent ballpark sales tax revenues that are committed to ballpark debt service, various youth sport activities, and extending operating hours at County libraries, along with an \$8.2 million increase in HRA, primarily related to construction and acquisition delays due to the lingering effects of the COVID-19 pandemic.

GASB 68 requires the County to report a net pension liability and related pension amounts. However, the County is not legally liable for these amounts. Therefore, the County's actual contributions to pension plans are not impacted by this reporting requirement. The County's net position is reported approximately \$746.9 million lower under the reporting requirements than net position would be without those requirements,

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS – CONTINUED

Government-wide – continued

resulting in the \$672.0 million deficit unrestricted net position for 2021. 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.

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, which are found on pages 30 to 33 of this report, 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
- The Hennepin County Regional Railroad Authority (RRA) blended component unit
- The Hennepin County Housing and Redevelopment Authority (HRA) blended component unit
- 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
- Other Enterprises

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

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. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities. Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 48 to 52 of the *Notes to the Basic Financial Statements*.

The County maintains the following governmental fund types: the General Fund, special revenue funds, debt service funds, and capital projects funds. The County has five special revenue funds: Human Services 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 statements 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.

Enterprise funds are 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. 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.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Fund Financial Statements – continued

- **Fiduciary funds** are used to account for assets that the County holds for others, including clients' trust funds, inmates' funds, revenues collected on behalf of other governmental units related to taxes, and other governmental agencies' funds that are held in the custody of the County. The County reports two separate Fiduciary Funds. One is for private purpose trust funds and one is for custodial funds. Fiduciary funds are *not* reflected in government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is the same as the method used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 44 to 45 of this report.

The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 47 to 93 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As shown in the table below, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.38 billion on December 31, 2021.

Summary of Net Position
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|----------|--------------------------|----------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current Assets | \$ 1,072.4 | \$ 947.5 | \$ 545.8 | \$ 530.3 | \$ 1,618.2 | \$ 1,477.8 |
| Noncurrent Assets | | | | | | |
| Other assets | 419.0 | 344.9 | 114.7 | 100.7 | 533.7 | 445.6 |
| Net capital assets | 2,117.5 | 2,100.3 | 544.4 | 549.9 | 2,661.9 | 2,650.2 |
| Total Assets | 3,608.9 | 3,392.7 | 1,204.9 | 1,180.9 | 4,813.8 | 4,573.6 |
| Deferred Outflows of Resources | 318.3 | 76.4 | 187.6 | 36.3 | 505.9 | 112.7 |
| Current Liabilities | 359.9 | 310.0 | 272.4 | 259.1 | 632.3 | 569.1 |
| Noncurrent Liabilities | 2,141.5 | 2,314.5 | 518.2 | 610.7 | 2,659.7 | 2,925.2 |
| Total Liabilities | 2,501.4 | 2,624.5 | 790.6 | 869.8 | 3,292.0 | 3,494.3 |
| Deferred Inflows of Resources | 403.6 | 74.0 | 239.6 | 38.2 | 643.2 | 112.2 |
| Net Position | | | | | | |
| Net investment in capital assets | 1,150.9 | 1,140.7 | 332.6 | 334.6 | 1,483.5 | 1,475.3 |
| Restricted | 418.2 | 325.3 | 154.8 | 140.8 | 573.0 | 466.1 |
| Unrestricted (deficit) | (546.9) | (695.4) | (125.1) | (166.2) | (672.0) | (861.6) |
| Total Net Position | \$ 1,022.2 | \$ 770.6 | \$ 362.3 | \$ 309.2 | \$ 1,384.5 | \$ 1,079.8 |

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.

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position

As shown in the table below, the County's net position increased \$304.7 million in the current year from the 2020 net position, a change from 2020 of 28.2%.

| | Changes in Net Position (in millions) | | | | | |
|--|--|-----------------|--------------------------|-----------------|-------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 142.0 | \$ 138.0 | \$ 1,546.5 | \$ 1,277.1 | \$ 1,688.5 | \$ 1,415.1 |
| Operating grants and contributions | 490.1 | 508.2 | 113.9 | 237.1 | 604.0 | 745.3 |
| Capital grants and contributions | 55.9 | 56.3 | - | - | 55.9 | 56.3 |
| General Revenues: | | | | | | |
| Property taxes | 903.9 | 915.9 | - | - | 903.9 | 915.9 |
| Sales tax | 180.8 | 158.9 | - | - | 180.8 | 158.9 |
| Wheelage tax | 20.3 | 19.3 | - | - | 20.3 | 19.3 |
| Other taxes | 5.2 | 3.7 | 2.9 | 4.7 | 8.1 | 8.4 |
| Grants and contributions | 36.0 | 35.9 | - | - | 36.0 | 35.9 |
| Investment earnings | (6.2) | 11.2 | - | - | (6.2) | 11.2 |
| Total Revenues | 1,828.0 | 1,847.4 | 1,663.3 | 1,518.9 | 3,491.3 | 3,366.3 |
| Expenses: | | | | | | |
| Operations | 350.9 | 610.6 | - | - | 350.9 | 610.6 |
| Human Services | 600.5 | 621.0 | - | - | 600.5 | 621.0 |
| Health | 82.2 | 71.3 | - | - | 82.2 | 71.3 |
| Public Safety | 340.3 | 345.7 | - | - | 340.3 | 345.7 |
| Public Works | 136.9 | 218.5 | - | - | 136.9 | 218.5 |
| Housing and Redevelopment Authority | 15.1 | 18.7 | - | - | 15.1 | 18.7 |
| Regional Railroad Authority | 9.3 | 78.3 | - | - | 9.3 | 78.3 |
| Interest on long-term debt | 15.8 | 35.1 | - | - | 15.8 | 35.1 |
| Hennepin Health Plan | - | - | 332.1 | 249.2 | 332.1 | 249.2 |
| Environment and Energy | - | - | 75.1 | 71.9 | 75.1 | 71.9 |
| Medical Center | - | - | 1,224.7 | 1,148.5 | 1,224.7 | 1,148.5 |
| Other enterprises | - | - | 4.5 | 5.0 | 4.5 | 5.0 |
| Total Expenses | 1,551.0 | 1,999.2 | 1,636.4 | 1,474.6 | 3,187.4 | 3,473.8 |
| Increase (Decrease) in Net Position Before Transfers | 277.0 | (151.8) | 26.9 | 44.3 | 303.9 | (107.5) |
| Transfers | (26.2) | (18.9) | 26.2 | 18.9 | - | - |
| Insurance Recoveries | 0.8 | | | | 0.8 | |
| Increase (Decrease) in Net Position | 251.6 | (170.7) | 53.1 | 63.2 | 304.7 | (107.5) |
| Net Position – Beginning | 770.6 | 941.3 | 309.2 | 246.0 | 1,079.8 | 1,187.3 |
| Net Position – Ending | \$ 1,022.2 | \$ 770.6 | \$ 362.3 | \$ 309.2 | \$ 1,384.5 | \$ 1,079.8 |

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position – continued

The County's net position increased \$304.7 million during the year, which included a \$251.6 million increase in governmental activities and a \$53.1 million increase in business-type activities. As discussed in the Financial Highlights, the increase in **governmental activities** was primarily due to:

- An \$81.4 million increase in transportation sales tax committed for transportation projects.
- A \$52.3 million increase in net position committed to Human Services, which was mainly the result of staffing shortages, the reassignment of staff to pandemic response activities supported by grant revenues, and reductions in certain Public Aid services when resident reduced utilization due to the risks of contracting COVID-19.
- A \$13.5 million increase in net position restricted for the Regional Railroad Authority, which primarily resulted from an unexpected decrease in the local contribution requirement for the Orange Line project when additional Federal funds were secured.
- A \$62.3 million increase in net position related to the decreases in pension amounts reported under the requirements of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*.
- Additional significant changes included a \$5.5 million increase in unspent ballpark sales tax revenues that are committed to ballpark debt service, various youth sport activities, and extending operating hours at County libraries, along with an \$8.2 million increase in HRA, primarily related to construction and acquisition delays due to the lingering effects of the COVID-19 pandemic

The increase in **business-type activities** was primarily due to the \$55.3 million increase in the net position for the Medical Center blended component unit. This was offset by a \$5.3 million Hennepin Health net position decrease that was largely due to increased claims costs for the Prepaid Medical Assistance Program and MNCare.

FINANCIAL ANALYSIS OF THE COUNTY'S FUND

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. The County's governmental funds reported combined ending fund balances of \$956.2 million, which is an increase of \$150.2 million from the prior year's ending balances. The 17.0% of total governmental fund balance, or \$162.1 million, that is included in the unassigned (residual) classification for the General Fund, has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in non-spendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

Governmental Fund Revenues. The following table presents the revenues reported in the governmental funds by source, as well as increases or decreases from the prior year. Revenues that changed significantly from the prior year are explained below:

- **Property taxes** decreased \$24.1 million. There was an \$18.6 million increase in property tax refunds in 2021 in comparison to 2020, primarily related to the tax court backlog in 2020 caused by the pandemic. Additionally, there was no increase in the property tax levy from 2020 to 2021.

Management’s Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS – CONTINUED

Governmental Fund Revenues – continued

- Transportation and ballpark **sales tax revenues** increased \$21.9 million, as the sales tax collections recovered from the 2020 decline that had been experienced relating to the pandemic when stay-at home orders, restrictions on the size of gatherings, and the temporary closure of certain non-essential businesses were implemented globally in order to mitigate the spread of COVID-19. **Wheelage tax** and **other tax** revenues increased for similar reasons.
- While **intergovernmental revenues** remained higher than historical levels due to the continuation of State and Federal funding that was received specifically to mitigate the impact of COVID-19 on County residents, total 2021 intergovernmental revenues were \$21.2 million lower than 2020. The COVID-specific Federal awards were \$198.8 million in 2020, decreasing to \$182.3 million in 2021.
- The \$8.7 million reported **investment loss** in 2021 was an \$18.5 million decrease from the \$12.0 million gain in 2020. Investments are required to be reported at fair value. The valuation changes in 2021 resulted from rising interest rates and produced a decrease in fair value (unrealized losses) of \$12.0 million that are included in investment earnings. Governmental fund investment income for 2021 before recording that decrease in fair value was \$5.5 million. The net result was negative investment earnings of \$6.5 million.
- **License and permits revenue** increased \$1.1 million primarily due to an incremental recovery from the COVID-19 pandemic, returning to the pre-pandemic level.

| | 2021 | | 2020 | | Increase (Decrease) | |
|------------------------------|-------------------|------------------|-------------------|------------------|---------------------|----------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent Change |
| Revenues by Source: | | | | | | |
| Property taxes | \$ 909.6 | 49.2% | \$ 933.7 | 49.2% | \$ (24.1) | -2.6% |
| Sales tax | 180.8 | 9.8% | 158.9 | 8.4% | 21.9 | 13.8% |
| Wheelage tax | 20.3 | 1.1% | 19.3 | 1.0% | 1.0 | 5.1% |
| Other taxes | 5.2 | 0.3% | 3.7 | 0.2% | 1.5 | 40.0% |
| Intergovernmental | 572.6 | 30.9% | 593.8 | 31.3% | (21.2) | -3.6% |
| Investment earnings (losses) | (6.5) | -0.4% | 12.0 | 0.6% | (18.5) | -154.4% |
| Charges for services | 134.0 | 7.2% | 139.6 | 7.4% | (5.7) | -4.1% |
| Fines and forfeits | 0.3 | 0.0% | 0.4 | 0.0% | (0.1) | -20.0% |
| Library books and materials | 7.7 | 0.4% | 6.6 | 0.3% | 1.1 | 16.7% |
| Other | 28.7 | 1.5% | 29.5 | 1.6% | (0.8) | -2.8% |
| Total Revenues | <u>\$ 1,852.5</u> | 100% | <u>\$ 1,897.6</u> | 100% | <u>\$ (45.0)</u> | -2.4% |

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Governmental Fund Expenditures. The table below presents expenditures by function as well as increases or decreases from the prior year. In 2021, governmental fund expenditures decreased \$395.9 million compared to the 2020 expenditures.

| Expenditures by Function Governmental Funds (in millions) | | | | | | |
|---|-------------------|------------------|-------------------|------------------|---------------------|----------------|
| | 2021 | | 2020 | | Increase (Decrease) | |
| | Amount | Percent of Total | Amount | Percent of Total | Amount | Percent Change |
| Expenditures by Function: | | | | | | |
| Operations | \$ 387.4 | 21.1% | \$ 699.4 | 31.4% | \$ (312.1) | -14.0% |
| Human services | 619.9 | 33.9% | 629.6 | 28.2% | (9.7) | -0.4% |
| Health | 75.1 | 4.1% | 69.1 | 3.1% | 6.0 | 0.3% |
| Public safety | 336.4 | 18.3% | 337.5 | 15.1% | (1.1) | 0.0% |
| Public works | 66.1 | 3.6% | 59.4 | 2.7% | 6.7 | 0.3% |
| HRA | 13.8 | 0.7% | 41.9 | 1.9% | (28.1) | -1.3% |
| RRA | 11.1 | 0.6% | 81.3 | 3.6% | (70.1) | -3.1% |
| Debt service | | | | | | |
| Principal retirement | 95.8 | 5.2% | 89.0 | 4.0% | 6.8 | 0.3% |
| Interest and fiscal charges | 63.7 | 3.5% | 56.6 | 2.5% | 7.1 | 0.3% |
| Intergovernmental | 23.4 | 1.3% | 21.7 | 1.0% | 1.7 | 0.1% |
| Capital projects | 141.2 | 7.7% | 144.2 | 6.5% | (3.1) | -0.1% |
| Total Expenditures | \$ 1,833.7 | 100% | \$ 2,229.6 | 100% | \$ (395.9) | -17.8% |

Expenditures that changed significantly from the prior year are explained below:

- Expenditures for **Operations** decreased \$312.1 million primarily due to a \$272.3 million decrease in contributions to the Metropolitan Council for the Southwest Light Rail Transit project (SWLRT) and Bottineau Light Rail Transit projects, along with a \$37.6 million decrease in contractual services in the General Fund that primarily related to the decrease in contracted services for COVID-19 response.
- Expenditures for **Human Services** decreased \$9.7 million in 2021. This was primarily due to a \$14.7 million in savings related to planned but deferred and unfilled positions.
- **HRA** expenditures decreased \$28.1 million in 2021, primarily due to the unusually high expenditures related to the COVID-19 pandemic in 2020, which had included the \$23.9 million in acquisition costs for buildings to be used for non-congregate shelter housing and \$2.2 million for small business outreach and emergency funding to assist local businesses.
- **RRA** expenditures decreased \$70.1 million. This change primarily related to the \$65.3 million decrease in expenditures for SWLRT, along with a variance caused by the \$3.1 million land and building acquisition costs incurred in 2020 relating to the future extension of the Blue Line Light Rail Transit project.

Fund Balances in Governmental Funds

The **General Fund** is the County's primary operating fund. Effective January 1, 2021, The *Library Fund*, a special revenue fund was consolidated into the *General Fund*. The 2020 amounts for the General Fund have been reclassified to include the Library Fund balances to be consistent with the current year presentation. Residual fund balance for the libraries was committed by the Board prior to 2021 but was included in the General Fund unassigned fund balance in 2021.

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Fund Balances in Governmental Funds – continued

At the end of 2021, total fund balance for the General Fund was \$242.3 million and unassigned fund balance was \$162.1 million. Comparing the unassigned fund balance and total fund balance to total fund expenditures can be used as a measure of liquidity. The General Fund unassigned fund balance represents 17.0% of the total governmental fund balances and represents 20.3% of the total General Fund expenditures.

In 2020, the unassigned fund balance represented 17.1% of total governmental fund balances and 16.3% of General Fund expenditures. The General Fund ended the year with a decrease of \$2.9 million in fund balance, primarily relating to a \$3.0 million interfund transfer to the Capital Projects Fund for the County's new Community Asset Transition program that supports the acquisition of properties that were impacted by civil unrest during 2020.

The \$52.3 million fund balance increase in the **Human Services Fund** was primarily due to \$43.5 million in underspending in Public Aid Assistance because of lower utilization by residents relating to COVID-19, and the reassignment of staff to pandemic response activities supported by grant revenues totaling \$6.9 million.

The **Ballpark Sales Tax Fund's** fund balance increased \$5.5 million, primarily due to the unspent sales tax proceeds that are restricted for ballpark debt service, various youth sport activities, and extending operating hours at County libraries.

Fund balance in the **Transportation Sales Tax Fund** increased \$81.4 million. This was primarily due to the unspent sales tax proceeds that are restricted for transportation projects. As detailed on page 65, the County has committed to expend \$762.1 million on future light rail and bus rapid transit project capital costs and to support certain additional operating costs of existing light rail and bus rapid transit lines.

The **HRA Fund's** fund balance increased \$8.2 million, primarily due to construction/acquisition delays for approved projects.

The \$13.1 million fund balance increase in the **RRA Fund** primarily resulted from an unexpected decrease in the local contribution requirement for the Orange Line project when additional Federal funds were secured.

The **RRA Debt Service Fund's** fund balance increased \$0.4 million primarily due to a statutory requirement for the tax levies to be such that if collected in full they, together with estimated collections of other pledged revenues, will produce at least 5% more than the amount needed for principal and interest payments on the obligations.

The **General Debt Service Fund** balance decreased \$1.9 million, primarily related to an optional early redemption of bonds.

The **Capital Projects Fund** had a net fund balance decrease of \$5.9 million due to expected variances in timing between debt issuance and project expenditures.

General Fund Budgetary Highlights

The General Fund 2021 budget changed significantly between the time of original approval and the time the amended budget was finalized. The expenditure budget increased \$54.2 million, which was primarily to provide \$48.7 million of additional budget for the increase in COVID-response expenditures funded by Federal CARES-CRF, ARPA-SLFRF, and Emergency Rent Assistance awards. The increased expenditure budgets related to staffing, rent assistance, shelter/isolation services, food assistance, COVID-19 vaccination services, and other pandemic response activities.

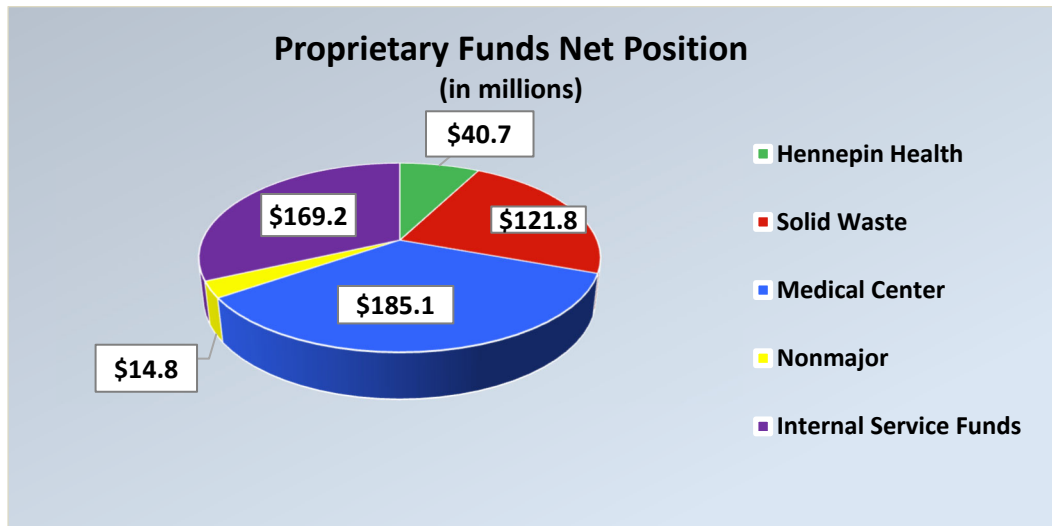
Management’s Discussion and Analysis

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 increased \$53.1 million during 2021, primarily due to the changes in two Funds. The Medical Center Fund increase was largely due to the \$36.9 million pension expense reduction required by GASB 68, with the remainder related to contributions from related parties. The Hennepin Health Fund’s \$5.3 million net position decrease was largely due to the increased claims costs for the Prepaid Medical Assistance Program and MNCare.

Internal Service Funds’ total net position decreased overall by \$5.7 million. This was primarily due to the \$17.6 million decrease in the Employee Health Plan Self Insurance Fund, which related to \$3.5 million contributed to employees’ Health Care Flexible Spending Accounts, along with higher medical utilization due to COVID-19 testing and treatment and an increase in non-critical elective services that were deferred from the beginning of the pandemic. The decrease in net position in the Employee Health Plan Self Insurance Fund was offset by a \$9.4 million increase in the Information Technology Fund, which primarily resulted from budgeted, but deferred hiring and unfilled vacant positions.

Fiduciary Funds

As previously mentioned, the County reports two separate Fiduciary Funds. The Fiduciary Funds’ net position totaled \$82.5 million, a 1.6% increase from the prior year. The change is largely due to the distribution of \$1.1 million to former participating entities of the Counties Transit Improvement Board, as projects have been completed.

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the following table, the County's net capital assets for both governmental and business-type activities as of December 31, 2021, totals approximately \$2.66 billion. Additional information on the County's capital assets can be found in Note 5 on pages 61 to 62 of this report.

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------|--------------------------|----------|------------|------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 107.5 | \$ 108.9 | \$ 56.8 | \$ 46.1 | \$ 164.3 | \$ 155.0 |
| Land improvements | 33.5 | 33.5 | 1.9 | 1.9 | 35.4 | 35.4 |
| Buildings | 1,021.5 | 974.6 | 789.9 | 774.0 | 1,811.4 | 1,748.6 |
| Equipment | 189.4 | 183.4 | 386.6 | 363.3 | 576.0 | 546.7 |
| Software | 21.8 | 21.8 | 8.4 | 7.6 | 30.2 | 29.4 |
| Library books and other media | 38.2 | 39.4 | - | - | 38.2 | 39.4 |
| Leasehold improvements | 14.6 | 16.2 | 30.2 | 28.3 | 44.8 | 44.5 |
| Arts & historical treasures | 5.3 | 5.3 | - | - | 5.3 | 5.3 |
| Infrastructure | 1,803.9 | 1,691.5 | - | - | 1,803.9 | 1,691.5 |
| Construction in progress | 108.5 | 207.9 | 11.8 | 17.3 | 120.3 | 225.2 |
| Total capital assets | 3,344.2 | 3,282.5 | 1,285.5 | 1,238.5 | 4,629.7 | 4,521.0 |
| Less: accumulated depreciation and amortizations | (1,226.8) | (1,182.1) | (741.1) | (688.5) | (1,967.9) | (1,870.6) |
| Total capital assets, net | \$ 2,117.5 | \$ 2,100.4 | \$ 544.4 | \$ 550.0 | \$ 2,661.9 | \$ 2,650.4 |

Governmental activities' net capital assets increased \$17.1 million in 2021. Primary net capital asset changes related to \$68.6 million of construction in progress additions, which were offset by a \$44.7 million net increase in accumulated depreciation. Of the 42 additions to construction in progress during the year, the largest were:

- \$8.6 million for the project replacing two bridges built in 1964 along West Broadway Avenue over Lowry Avenue in the cities of Robbinsdale and Minneapolis.
- \$7.5 million for work on the reconstruction of Webber Parkway from Penn Avenue to 42nd Avenue in the City of Minneapolis.
- \$5.2 million for the project replacing a bridge built in 1979 along Shoreline Drive over Browns Bay and Tanager Channel in the City of Orono.
- \$4.8 million relating to safety and mobility improvements at two locations where County Road 92 intersects Highway 12 in the City of Independence.

Business-type activities' net capital assets decreased \$5.6 million, primarily related to the activities of the Medical Center blended component unit.

Management’s Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

Debt Administration

As shown in the following table, G.O. bonds increased \$5.2 million during 2021. The change is mainly attributable to the following:

- In **governmental activities**, \$100.0 million of G.O. bonds were issued at a premium of \$27.2 million to finance the County’s capital improvements. This increase was offset by scheduled principal payments and premium amortizations, a transfer of bonds to business-type activities, and the \$12.0 million optional redemption of Series 2018B bonds.
- \$5.5 million of G.O. bonds were transferred to **business-type activities** from governmental activities to finance improvements for the Hennepin Energy Recovery Center. This increase in business-type activities debt was offset by scheduled principal payments.

Revenue bonds decreased \$26.6 million during 2021 due to an optional early redemption of \$9.9 million for Series 2017D bonds, along with scheduled principal payments and amortizations.

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------|-------------------------|-------------------|--------------------------|-----------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| G.O. bonds | \$ 1,519.1 | \$ 1,512.6 | \$ 208.0 | \$ 209.3 | \$ 1,727.1 | \$ 1,721.9 |
| Revenue bonds | 106.2 | 135.8 | - | - | 106.2 | 135.8 |
| Notes payable | 2.3 | 2.8 | - | - | 2.3 | 2.8 |
| | <u>\$ 1,627.6</u> | <u>\$ 1,651.2</u> | <u>\$ 208.0</u> | <u>\$ 209.3</u> | <u>\$ 1,835.6</u> | <u>\$ 1,860.5</u> |

In 2021, the General Debt Service Fund received \$89.6 million of levy support, as budgeted. State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the estimated market value of property. The County’s \$1.37 billion outstanding net levy-supported debt is significantly below the \$6.20 billion statutory limit.

The County’s credit ratings on long-term G.O. bonds as of December 31, 2021 were:

| | |
|--------------------|-----|
| S&P Global Ratings | AAA |
| Fitch Ratings | AAA |

Additional information on the County’s long-term debt can be found in Notes 9 and 10 on pages 67 to 70 of this report and on the Schedule of Changes in Long-term Debt, located on pages 128-129.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The overall State budget and economic outlook as of the State’s February 2022 report has improved since the November 2020 report for the biennium ending on June 30, 2023. The February 2022 State budget and interim economic forecast predicted a \$9.25 billion surplus for the biennium ending on June 30, 2023, a favorable \$1.51 billion change compared to the November’s forecast. The change is due to a one-time adjustment for higher income and consumer spending, increased corporate profit forecast results, and an improved revenue projection while spending is slower than initially anticipated in E-12 education and Health and Human Services. However, the State report notes that inflation and geopolitical conflict pose risk to the budget projections and overall economic outlook.

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – CONTINUED

In December 2021, Minnesota's seasonally adjusted unemployment rate was 3.1%, a return to the State's pre-pandemic rate and below the U.S. unemployment rate of 3.9% in December. Predictions relating to unemployment are challenging to estimate due to the unprecedented impacted and economic consequences of the COVID-19 pandemic, so economic and budget predictions remain volatile. However, the State predicts State employment growth of 3.4% in 2022 and 1.5% in 2023, before decelerating to an average of 0.8% in 2024 and 2025. The State's February report forecasts employment in the State to return to pre-pandemic levels in mid-2023. In addition, the State forecasts a strong U.S. outlook for consumer spending growth, wage and salary growth, and near-term employment growth resulting in positive Minnesota employment, wage, and income growth through the forecast period

Excluding blended component units, the 2022 County budget of \$2.46 billion reflects an increase of 7.0% or \$159.6 million from the 2021 adjusted budget of \$2.30 billion, including a net property tax levy of \$899.4 million, which increased 3.5% over the 2021 budget. The 2022 budget includes funding for a total of 9,258.1 full-time equivalent employees. The budgeted property tax revenues for 2022 of \$899.4 million increased \$30.4 million due to a 3.5% levy increase from the 2021 budgeted property tax revenue of \$856.7 million. The 2021 budgeted Sales and Other Taxes revenues increased \$16.2 million in anticipated higher economic and sales activities due to incremental recovery from disruptions caused by the COVID-19 pandemic.

The 2022 budgeted revenues for Fees for Services increased \$83.7 million from the 2021 adjusted budget of \$460.5 million, which is largely due to an anticipated \$83.8 million increase in the base premium for the Prepaid Medical Assistance Program (PMAP) and an increased enrollment for services provided by the NorthPoint Health and Wellness Center and Hennepin Health.

The budgeted Federal revenues for 2022 decreased \$77.1 million from the 2021 adjusted budget of \$316.6 million. Of the decrease, \$34.4 million is attributed to a one-time 2021 grant for service related to the Federal CARES Act that the Housing and Economic Development department received for emergency housing assistance, and a general reduction in Federal reimbursement due to the reduced need in the provision of emergency services relating to the COVID-19 pandemic.

The 2022 budgeted bond proceeds increased \$109.2 million from the 2021 adjusted budget of \$130.6 million, which are primarily due to the anticipated issuance of new debt to finance capital projects, including:

- \$43.5 million for a new Anaerobic Digestion Facility capable of processing a minimum of 25,000 tons per year of organics to produce clean, renewable energy and beneficial agricultural and soil products.
- \$20.0 million toward a new or remodeled Sheriff's Law Enforcement Center to satisfy the significant existing and projected programmatic needs of the Sheriff's Office.
- \$46.0 million for a Medical Center parking ramp expansion that includes spaces for approximately 1,000 vehicles to offset parking space reductions across the campus that will result from future projects associated with the Master Campus Plan initiative.

These projects are also the main contributors to the \$146.0 million increase in the 2022 capital budget totaling \$337.0 million as compared to 191.0 million in 2021.

The County's 12-month average unemployment rate (not seasonally adjusted) for 2021 was 3.6%, a decrease from the 2020 average of 6.2%. The County's average unemployment rate is the same as the State's rate and significantly lower than the national 5.4% 12-month non-seasonally adjusted averages.

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – CONTINUED

The 2022 County budget does not yet reflect all potential fiscal consequences and ongoing management challenges relating to the COVID-19 pandemic. The impact of the pandemic which began in late March 2020, will continue to impact the County's 2022 operations and financial performance to a largely unknown degree as of the date of this report. The County, like all government entities, will continue to face unprecedented challenges relating to the ongoing response and management of the social and economic consequences of the COVID-19 pandemic.

As of June 16, 2022, the County has recorded significant 2022 expenditures and intergovernmental revenues related to the COVID-19 pandemic, including the \$110.6 million unspent advance received in 2021 and a \$122.9 million advance received in 2022 from ARPA-SLFRF. The advances can only be spent on pandemic-related costs incurred through December 31, 2024, within restrictions imposed by ARPA-SLFRF. While management believes that the financial disruptions caused by the pandemic are temporary, there is significant uncertainty regarding what the ultimate impact of the pandemic will be on the County's financial position, results of operations, and cash flows.

REQUESTS FOR INFORMATION

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

Basic Financial Statements



Hennepin County, Minnesota

Statement of Net Position

December 31, 2021

| | Primary Government | | |
|--|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS AND DEFERRED OUTFLOWS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 936,298,744 | \$ 302,160,098 | \$ 1,238,458,842 |
| Receivables, net | 116,057,555 | 217,227,345 | 333,284,900 |
| Internal balances | 2,114,290 | (2,114,290) | - |
| Prepaid items | 13,434,403 | 14,531,841 | 27,966,244 |
| Inventories | 2,962,030 | 14,035,962 | 16,997,992 |
| Land held for resale | 1,548,100 | - | 1,548,100 |
| Total Current Assets | <u>1,072,415,122</u> | <u>545,840,956</u> | <u>1,618,256,078</u> |
| Noncurrent Assets: | | | |
| Cash and investments | 106,444,591 | 24,060,977 | 130,505,568 |
| Restricted cash and investments | 296,821,223 | 80,130,384 | 376,951,607 |
| Land held for resale | 2,385,689 | - | 2,385,689 |
| Notes receivable and other | 13,253,239 | 10,525,003 | 23,778,242 |
| Capital assets: | | | |
| Land | 107,510,321 | 56,749,593 | 164,259,914 |
| Land improvements | 33,526,684 | 1,893,908 | 35,420,592 |
| Buildings | 1,021,523,745 | 789,861,137 | 1,811,384,882 |
| Equipment | 189,393,877 | 386,562,488 | 575,956,365 |
| Software | 21,796,580 | 8,436,892 | 30,233,472 |
| Library books and other media | 38,165,005 | - | 38,165,005 |
| Leasehold improvements | 14,634,716 | 30,159,606 | 44,794,322 |
| Art and historical treasures | 5,305,544 | - | 5,305,544 |
| Infrastructure | 1,803,893,285 | - | 1,803,893,285 |
| Construction in progress | 108,480,973 | 11,833,742 | 120,314,715 |
| Total capital assets | <u>3,344,230,730</u> | <u>1,285,497,366</u> | <u>4,629,728,096</u> |
| Less accumulated depreciation and amortization | <u>(1,226,763,362)</u> | <u>(741,088,331)</u> | <u>(1,967,851,693)</u> |
| Net Capital Assets | <u>2,117,467,368</u> | <u>544,409,035</u> | <u>2,661,876,403</u> |
| Total Noncurrent Assets | <u>2,536,372,110</u> | <u>659,125,399</u> | <u>3,195,497,509</u> |
| Total Assets | <u>3,608,787,232</u> | <u>1,204,966,355</u> | <u>4,813,753,587</u> |
| Deferred Outflows of Resources: | | | |
| Pension-related | 294,264,118 | 183,271,470 | 477,535,588 |
| Postemployment healthcare related | 18,890,245 | 4,353,054 | 23,243,299 |
| Deferred charge on debt refunding | 5,186,335 | - | 5,186,335 |
| Total Deferred Outflows of Resources | <u>318,340,698</u> | <u>187,624,524</u> | <u>505,965,222</u> |
| Total Assets and Deferred Outflows | <u>\$ 3,927,127,930</u> | <u>\$ 1,392,590,879</u> | <u>\$ 5,319,718,809</u> |

Continued on next page

Hennepin County, Minnesota

Statement of Net Position

December 31, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | |
| Current Liabilities: | | | |
| Accounts and contracts payable | \$ 114,140,153 | \$ 96,432,718 | \$ 210,572,871 |
| Accrued interest payable | 4,398,134 | - | 4,398,134 |
| Accrued liabilities | 40,789,042 | 160,654,979 | 201,444,021 |
| Unearned revenue | 111,531,105 | - | 111,531,105 |
| Workers' compensation claims | 2,900,000 | 6,308,000 | 9,208,000 |
| Revenue bonds | 5,220,000 | - | 5,220,000 |
| General obligation bonds | 68,566,954 | 7,338,046 | 75,905,000 |
| Notes payable | 518,092 | - | 518,092 |
| Compensated absences | 11,860,000 | 1,700,000 | 13,560,000 |
| Total Current Liabilities | 359,923,480 | 272,433,743 | 632,357,223 |
| Noncurrent Liabilities: | | | |
| Workers' compensation claims | 8,109,000 | 11,259,653 | 19,368,653 |
| Revenue bonds | 100,965,341 | - | 100,965,341 |
| General obligation bonds | 1,450,560,669 | 200,686,198 | 1,651,246,867 |
| Notes payable | 1,754,276 | - | 1,754,276 |
| Net pension | 360,831,121 | 234,055,461 | 594,886,582 |
| Postemployment healthcare benefits | 122,651,790 | 28,111,354 | 150,763,144 |
| Compensated absences | 96,586,554 | 44,137,327 | 140,723,881 |
| Total Noncurrent Liabilities | 2,141,458,751 | 518,249,993 | 2,659,708,744 |
| Total Liabilities | 2,501,382,231 | 790,683,736 | 3,292,065,967 |
| Deferred Inflows of Resources: | | | |
| Pension-related | 393,429,954 | 236,162,896 | 629,592,850 |
| Postemployment healthcare related | 10,123,981 | 3,433,075 | 13,557,056 |
| Total Deferred Inflows of Resources | 403,553,935 | 239,595,971 | 643,149,906 |
| Net Position: | | | |
| Net investment in capital assets | 1,150,924,259 | 332,684,247 | 1,483,608,506 |
| Restricted for: | | | |
| Grant and donor restrictions | 8,127,919 | 148,067 | 8,275,986 |
| Capital projects | 529,260 | - | 529,260 |
| Debt service | 39,300,369 | - | 39,300,369 |
| Statutory requirements relating to: | | | |
| Housing and redevelopment | 39,996,993 | - | 39,996,993 |
| Regional Railroad Authority | 54,181,531 | - | 54,181,531 |
| Metropolitan health plan | - | 39,544,576 | 39,544,576 |
| Solid waste management | - | 46,767,792 | 46,767,792 |
| Transportation | 256,847,798 | - | 256,847,798 |
| Youth sports | 7,396,331 | - | 7,396,331 |
| County Recorder technology and other | 11,745,299 | - | 11,745,299 |
| Medical Center expendable | - | 40,630,797 | 40,630,797 |
| Medical Center nonexpendable | - | 27,667,623 | 27,667,623 |
| Unrestricted (deficit) | (546,857,995) | (125,131,930) | (671,989,925) |
| Total Net Position | 1,022,191,764 | 362,311,172 | 1,384,502,936 |
| Total Liabilities, Deferred Inflows and Net Position | \$ 3,927,127,930 | \$ 1,392,590,879 | \$ 5,319,718,809 |

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

Statement of Activities

For the Year Ended December 31, 2021

| FUNCTIONS/PROGRAMS | Program Expenses | | | |
|---|---------------------------------|------------------------------------|-----------------------------|----------------------|
| | All Other Direct Expenses | Direct Depreciation Expenses | Total Direct Expenses | Indirect Expenses |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| Operations | \$ 368,757,358 | \$ 22,553,072 | \$ 391,310,430 | \$ (40,520,348) |
| Human Services | 577,454,806 | 2,820,224 | 580,275,030 | 20,142,919 |
| Health | 78,512,935 | 1,289,625 | 79,802,560 | 2,373,276 |
| Public Safety | 318,875,183 | 6,998,395 | 325,873,578 | 14,436,955 |
| Public Works | 102,265,662 | 31,306,344 | 133,572,006 | 3,345,175 |
| | | | | |
| Housing and Redevelopment Authority | 13,746,587 | 1,326,428 | 15,073,015 | 58,268 |
| Regional Railroad Authority | 9,041,610 | 138,612 | 9,180,222 | 163,755 |
| Interest on Long-term Debt | 15,840,147 | - | 15,840,147 | - |
| | | | | |
| Total Governmental Activities | <u>1,484,494,288</u> | <u>66,432,700</u> | <u>1,550,926,988</u> | <u>-</u> |
| | | | | |
| Business-type Activities: | | | | |
| Hennepin Health Plan | 331,732,840 | 332,680 | 332,065,520 | - |
| Environment and Energy | 65,582,164 | 9,546,045 | 75,128,209 | - |
| Medical Center | 1,180,974,858 | 43,585,096 | 1,224,559,954 | - |
| Other Enterprises | 2,872,835 | 1,665,240 | 4,538,075 | - |
| | | | | |
| Total Business-type Activities | <u>1,581,162,697</u> | <u>55,129,061</u> | <u>1,636,291,758</u> | <u>-</u> |
| | | | | |
| Total | <u>\$ 3,065,656,985</u> | <u>\$ 121,561,761</u> | <u>\$ 3,187,218,746</u> | <u>\$ -</u> |

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

| Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | |
|--|--|--|--|-----------------------------|-------------------------|
| Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| \$ 42,414,586 | \$ 78,039,213 | \$ - | \$ (230,336,283) | \$ - | \$ (230,336,283) |
| 48,991,682 | 339,841,065 | - | (211,585,202) | - | (211,585,202) |
| 24,573,788 | 11,021,045 | - | (46,581,003) | - | (46,581,003) |
| 13,930,470 | 43,853,859 | - | (282,526,204) | - | (282,526,204) |
| 6,608,286 | 15,617,050 | 56,220,369 | (58,471,476) | - | (58,471,476) |
| 4,871,872 | 1,605,324 | - | (8,654,087) | - | (8,654,087) |
| 577,727 | 83,262 | (288,597) | (8,971,585) | - | (8,971,585) |
| - | - | - | (15,840,147) | - | (15,840,147) |
| <u>141,968,411</u> | <u>490,060,818</u> | <u>55,931,772</u> | <u>(862,965,987)</u> | <u>-</u> | <u>(862,965,987)</u> |
| 327,212,725 | (465,160) | - | - | (5,317,955) | (5,317,955) |
| 70,787,987 | 3,892,863 | - | - | (447,359) | (447,359) |
| 1,143,140,548 | 110,423,161 | - | - | 29,003,755 | 29,003,755 |
| 5,324,488 | - | - | - | 786,413 | 786,413 |
| <u>1,546,465,748</u> | <u>113,850,864</u> | <u>-</u> | <u>-</u> | <u>24,024,854</u> | <u>24,024,854</u> |
| <u>\$ 1,688,434,159</u> | <u>\$ 603,911,682</u> | <u>\$ 55,931,772</u> | <u>(862,965,987)</u> | <u>24,024,854</u> | <u>(838,941,133)</u> |
| General Revenues: | | | | | |
| Property taxes | | | 903,936,662 | - | 903,936,662 |
| Sales tax | | | 180,764,048 | - | 180,764,048 |
| Wheelage tax | | | 20,294,603 | - | 20,294,603 |
| Other taxes | | | 5,182,898 | 2,890,853 | 8,073,751 |
| Grants & contributions not restricted to specific programs . . | | | 36,043,078 | - | 36,043,078 |
| Unrestricted investment earnings | | | (6,238,737) | - | (6,238,737) |
| Transfers | | | (26,186,000) | 26,186,000 | - |
| Insurance recoveries | | | 768,750 | - | 768,750 |
| Total General Revenues and Transfers | | | <u>1,114,565,302</u> | <u>29,076,853</u> | <u>1,143,642,155</u> |
| Change in Net Position | | | 251,599,315 | 53,101,707 | 304,701,022 |
| Net Position - Beginning | | | 770,592,449 | 309,209,465 | 1,079,801,914 |
| Net Position - Ending | | | <u>\$ 1,022,191,764</u> | <u>\$ 362,311,172</u> | <u>\$ 1,384,502,936</u> |

Governmental Funds - Balance Sheets

December 31, 2021

With Comparative Totals for December 31, 2020

| | General | Human Services | Ballpark Sales Tax | Transportation Sales Tax |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 396,312,969 | \$ 182,737,421 | \$ - | \$ - |
| Delinquent taxes receivable, net | 4,837,061 | 1,850,132 | - | - |
| Due from other governmental agencies | 8,194,317 | 58,840,385 | 7,462,395 | 13,213,512 |
| Accrued investment interest | 2,307,250 | - | - | - |
| Interfund receivable | 1,265,193 | 1,792,488 | - | - |
| Other receivable | 14,202,374 | 294,854 | - | 126,201 |
| Prepaid items | 2,458,989 | 153,841 | - | - |
| Inventories | 2,485,871 | - | - | - |
| Land held for resale | - | - | - | - |
| Notes receivable, net | 130,787 | - | - | - |
| Restricted cash and investments | 5,589,212 | - | 18,428,615 | 243,631,657 |
| Total Assets | \$ 437,784,023 | \$ 245,669,121 | \$ 25,891,010 | \$ 256,971,370 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts and contracts payable | \$ 48,010,223 | \$ 27,380,620 | \$ 58,277 | \$ 123,572 |
| Accrued liabilities | 16,660,306 | 10,984,477 | - | - |
| Interfund payable | 13,055,737 | 717,754 | - | - |
| Unearned revenue | 110,980,351 | 116,809 | - | - |
| Total Liabilities | 188,706,617 | 39,199,660 | 58,277 | 123,572 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 3,823,561 | 1,473,232 | - | - |
| Unavailable revenue - intergovernmental | 2,945,146 | 4,089,414 | - | - |
| Total Deferred Inflows of Resources | 6,768,707 | 5,562,646 | - | - |
| Fund Balances: | | | | |
| Nonspendable | 6,998,271 | 153,841 | - | - |
| Restricted | 22,658,602 | 2,557,536 | 25,832,733 | 256,847,798 |
| Committed | - | 198,195,438 | - | - |
| Assigned | 50,561,810 | - | - | - |
| Unassigned | 162,090,016 | - | - | - |
| Total Fund Balances | 242,308,699 | 200,906,815 | 25,832,733 | 256,847,798 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 437,784,023 | \$ 245,669,121 | \$ 25,891,010 | \$ 256,971,370 |

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 | |
|----|---|---|------------------------|----------------------------|---------------------|----------------------|----------------------|
| | | | | | | 2021 | 2020 |
| \$ | 31,021,270 | \$ 53,465,431 | \$ 1,247,461 | \$ 16,469,396 | \$ 114,318,079 | \$ 795,572,027 | \$ 672,833,124 |
| | 92,107 | 200,470 | - | 575,870 | 19,579 | 7,575,219 | 8,395,369 |
| | 52,624 | 1,375 | - | 329,880 | 1,965,954 | 90,060,442 | 82,362,871 |
| | - | - | - | - | 3,791 | 2,311,041 | 3,851,102 |
| | - | - | - | - | - | 3,057,681 | 2,969,735 |
| | 181,980 | 150,170 | - | - | 1,433 | 14,957,012 | 13,185,985 |
| | 243,842 | - | - | - | - | 2,856,672 | 2,793,242 |
| | - | - | - | - | - | 2,485,871 | 1,957,214 |
| | 3,933,789 | - | - | - | - | 3,933,789 | 3,933,789 |
| | 5,187,452 | - | - | 7,935,000 | - | 13,253,239 | 12,055,604 |
| | 1,230,226 | 533,123 | - | 996,821 | 33,764,130 | 304,173,784 | 247,068,112 |
| | <u>41,943,290</u> | <u>54,350,569</u> | <u>1,247,461</u> | <u>26,306,967</u> | <u>150,072,966</u> | <u>1,240,236,777</u> | <u>1,051,406,147</u> |
| \$ | 1,268,510 | \$ 1,046,470 | \$ - | \$ 876,226 | \$ 27,581,102 | \$ 106,345,000 | \$ 139,639,140 |
| | - | - | - | - | - | 27,644,783 | 24,336,451 |
| | - | - | - | - | 1,991,664 | 15,765,155 | 25,340,064 |
| | 433,945 | - | - | - | - | 111,531,105 | 35,960,867 |
| | <u>1,702,455</u> | <u>1,046,470</u> | <u>-</u> | <u>876,226</u> | <u>29,572,766</u> | <u>261,286,043</u> | <u>225,276,522</u> |
| | 70,107 | 159,970 | - | 454,970 | 17,579 | 5,999,419 | 6,000,269 |
| | 100,595 | - | - | 7,935,000 | 1,668,221 | 16,738,376 | 14,157,301 |
| | <u>170,702</u> | <u>159,970</u> | <u>-</u> | <u>8,389,970</u> | <u>1,685,800</u> | <u>22,737,795</u> | <u>20,157,570</u> |
| | 243,842 | - | - | - | - | 7,395,954 | 6,805,583 |
| | 39,826,291 | 53,144,129 | 1,247,461 | 17,040,771 | 118,814,400 | 537,969,721 | 436,897,743 |
| | - | - | - | - | - | 198,195,438 | 162,847,915 |
| | - | - | - | - | - | 50,561,810 | 61,861,604 |
| | - | - | - | - | - | 162,090,016 | 137,559,210 |
| | <u>40,070,133</u> | <u>53,144,129</u> | <u>1,247,461</u> | <u>17,040,771</u> | <u>118,814,400</u> | <u>956,212,939</u> | <u>805,972,055</u> |
| \$ | <u>41,943,290</u> | <u>54,350,569</u> | <u>1,247,461</u> | <u>26,306,967</u> | <u>150,072,966</u> | <u>1,240,236,777</u> | <u>1,051,406,147</u> |

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

December 31, 2021

| | |
|--|-------------------------|
| Total governmental fund balances (page 35) | \$ 956,212,939 |
| 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.) | 2,057,907,887 |
| 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. | 22,737,795 |
| 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. | 183,428,740 |
| 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. | (571,298,466) |
| Long-term liabilities and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period. | (1,626,797,131) |
| Net position of governmental activities (page 31) | \$ <u>1,022,191,764</u> |

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



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

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

| | General | Human Services | Ballpark Sales Tax | Transportation Sales Tax |
|--|-----------------------|-----------------------|-----------------------|-----------------------------|
| REVENUES | | | | |
| Property taxes | \$ 493,105,430 | \$ 279,068,437 | \$ - | \$ - |
| Sales tax | - | - | 41,531,281 | 139,232,767 |
| Wheelage tax | 20,294,603 | - | - | - |
| Other taxes | 4,668,797 | 177,689 | - | - |
| Intergovernmental | 168,189,307 | 344,865,350 | - | - |
| Investment earnings (losses) | (6,128,863) | - | 3,083 | - |
| Charges for services | 88,214,798 | 44,320,143 | - | - |
| Fines and forfeits | 319,584 | - | - | - |
| Licenses and permits | 5,764,062 | 1,934,128 | - | - |
| Other | 18,519,157 | 1,785,473 | - | - |
| Total Revenues | 792,946,875 | 672,151,220 | 41,534,364 | 139,232,767 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Operations | 325,977,985 | - | 2,320,619 | - |
| Human services | - | 619,846,072 | - | - |
| Health | 75,092,172 | - | - | - |
| Public safety | 336,422,920 | - | - | - |
| Public works | 60,455,661 | - | - | 665,104 |
| Housing and Redevelopment Authority | - | - | - | - |
| Regional Railroad Authority | - | - | - | - |
| Debt service: | | | | |
| Principal retirement | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Intergovernmental | - | - | - | 23,356,858 |
| Capital projects | - | - | - | - |
| Total Expenditures | 797,948,738 | 619,846,072 | 2,320,619 | 24,021,962 |
| Excess (Deficiency) of Revenues Over Expenditures | (5,001,863) | 52,305,148 | 39,213,745 | 115,210,805 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers in | 5,061,425 | - | - | - |
| Transfers out | (3,700,000) | - | (33,752,865) | (33,791,058) |
| Sale of capital assets | - | - | - | - |
| Debt premiums | - | - | - | - |
| Insurance recoveries | 768,750 | - | - | - |
| Total Other Financing Sources (Uses) | 2,130,175 | - | (33,752,865) | (33,791,058) |
| Net Change in Fund Balances | (2,871,688) | 52,305,148 | 5,460,880 | 81,419,747 |
| Fund Balances - Beginning | 245,180,387 | 148,601,667 | 20,371,853 | 175,428,051 |
| Fund Balances - Ending | <u>\$ 242,308,699</u> | <u>\$ 200,906,815</u> | <u>\$ 25,832,733</u> | <u>\$ 256,847,798</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 | |
|----|---|-----------------------------------|------------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| | | | | | | 2021 | 2020 |
| \$ | 16,281,982 | \$ 20,526,403 | \$ 9,173,483 | \$ 89,570,151 | \$ 1,843,927 | \$ 909,569,813 | \$ 933,749,484 |
| | - | - | - | - | - | 180,764,048 | 158,887,776 |
| | - | - | - | - | - | 20,294,603 | 19,305,219 |
| | - | - | - | 56,860 | 279,552 | 5,182,898 | 3,667,703 |
| | 986,637 | 87,414 | - | 2,228,463 | 56,220,369 | 572,577,540 | 593,777,977 |
| | (160,536) | (288,597) | - | 1,301 | 46,278 | (6,527,334) | 12,022,313 |
| | 859,366 | 563,636 | - | - | - | 133,957,943 | 139,617,240 |
| | - | - | - | - | - | 319,584 | 369,143 |
| | - | - | - | - | - | 7,698,190 | 6,630,582 |
| | 4,012,506 | 14,091 | - | - | 4,373,007 | 28,704,234 | 29,542,793 |
| | <u>21,979,955</u> | <u>20,902,947</u> | <u>9,173,483</u> | <u>91,856,775</u> | <u>62,763,133</u> | <u>1,852,541,519</u> | <u>1,897,570,230</u> |
| | - | - | - | - | 59,049,720 | 387,348,324 | 699,420,462 |
| | - | - | - | - | - | 619,846,072 | 629,564,177 |
| | - | - | - | - | - | 75,092,172 | 69,065,962 |
| | - | - | - | - | - | 336,422,920 | 337,506,137 |
| | - | - | - | - | 5,000,000 | 66,120,765 | 59,416,248 |
| | 13,746,587 | - | - | - | - | 13,746,587 | 41,887,215 |
| | - | 11,129,473 | - | - | - | 11,129,473 | 81,257,409 |
| | - | - | 4,125,000 | 91,623,002 | - | 95,748,002 | 89,001,244 |
| | - | - | 4,646,600 | 59,058,096 | - | 63,704,696 | 56,595,823 |
| | - | - | - | - | - | 23,356,858 | 21,650,626 |
| | - | - | - | - | 141,189,533 | 141,189,533 | 144,239,058 |
| | <u>13,746,587</u> | <u>11,129,473</u> | <u>8,771,600</u> | <u>150,681,098</u> | <u>205,239,253</u> | <u>1,833,705,402</u> | <u>2,229,604,361</u> |
| | 8,233,368 | 9,773,474 | 401,883 | (58,824,323) | (142,476,120) | 18,836,117 | (332,034,131) |
| | - | - | - | - | 100,000,000 | 100,000,000 | 291,620,000 |
| | - | - | - | - | - | - | (51,665,000) |
| | - | - | - | 56,915,365 | 9,408,558 | 71,385,348 | 97,711,411 |
| | - | (141,425) | - | - | - | (71,385,348) | (97,711,411) |
| | - | 3,448,774 | - | - | - | 3,448,774 | 398,640 |
| | - | - | - | - | 27,187,243 | 27,187,243 | 87,076,660 |
| | - | - | - | - | - | 768,750 | - |
| | - | 3,307,349 | - | 56,915,365 | 136,595,801 | 131,404,767 | 327,430,300 |
| | 8,233,368 | 13,080,823 | 401,883 | (1,908,958) | (5,880,319) | 150,240,884 | (4,603,831) |
| | 31,836,765 | 40,063,306 | 845,578 | 18,949,729 | 124,694,719 | 805,972,055 | 810,575,886 |
| \$ | <u>40,070,133</u> | <u>\$ 53,144,129</u> | <u>\$ 1,247,461</u> | <u>\$ 17,040,771</u> | <u>\$ 118,814,400</u> | <u>\$ 956,212,939</u> | <u>\$ 805,972,055</u> |

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2021

| | |
|--|-----------------------|
| Net change in governmental fund balances (page 39) | \$ 150,240,884 |
| 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. | 20,794,373 |
| 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. | (2,594,059) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | 2,580,225 |
| 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. | (24,312,381) |
| 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). | 110,997,222 |
| The net revenue of certain activities of internal service funds is reported with governmental activities. | (6,106,949) |
| Change in net position of governmental activities (page 33) | \$ <u>251,599,315</u> |

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

Statements of Net Position - Proprietary Funds

December 31, 2021

With Comparative Totals for December 31, 2020

| | Business-type Activities - Enterprise Funds | | | | | | 2021 Internal Service Funds |
|---|---|-----------------------|-------------------------|----------------------|-------------------------|-------------------------|--------------------------------|
| | Hennepin Health | Solid Waste | Medical Center | Total Nonmajor | Totals | | |
| | | | | | 2021 | 2020 | |
| ASSETS & DEFERRED OUTFLOWS | | | | | | | |
| Current Assets: | | | | | | | |
| Cash..... | \$ 70,432,305 | \$ 33,667,664 | \$ 193,329,563 | \$ 4,730,566 | \$ 302,160,098 | \$ 285,207,458 | \$ 239,818,747 |
| Interfund receivable..... | - | - | 5,709,230 | 27,778 | 5,737,008 | 4,070,435 | 14,821,764 |
| Other receivable..... | 26,512,629 | 7,768,470 | 182,679,691 | 266,555 | 217,227,345 | 211,746,356 | 1,153,841 |
| Inventories..... | - | 2,839,165 | 11,191,446 | 5,351 | 14,035,962 | 15,670,170 | 476,159 |
| Prepaid items..... | 53,924 | 385 | 14,474,137 | 3,395 | 14,531,841 | 18,198,215 | 10,577,731 |
| Total Current Assets | 96,998,858 | 44,275,684 | 407,384,067 | 5,033,645 | 553,692,254 | 534,892,634 | 266,848,242 |
| Noncurrent Assets: | | | | | | | |
| Cash and investments..... | - | - | 24,060,977 | - | 24,060,977 | 20,567,511 | - |
| Restricted cash and investments..... | 500,000 | 16,900,658 | 62,729,726 | - | 80,130,384 | 70,535,208 | - |
| Notes receivable and other..... | - | 575,877 | 9,949,126 | - | 10,525,003 | 9,605,565 | - |
| Capital assets: | | | | | | | |
| Land..... | - | 8,179,432 | 47,585,069 | 985,092 | 56,749,593 | 46,068,140 | 1,040,600 |
| Land improvements..... | - | - | - | 1,893,908 | 1,893,908 | 1,893,908 | - |
| Buildings..... | - | 165,533,871 | 623,484,099 | 843,167 | 789,861,137 | 774,047,262 | 47,543,394 |
| Equipment..... | 746,004 | 54,744,771 | 313,750,644 | 17,321,069 | 386,562,488 | 363,257,557 | 116,432,637 |
| Software..... | 392,455 | - | 8,044,437 | - | 8,436,892 | 7,587,268 | 4,702,015 |
| Leasehold improvements..... | 1,301,599 | - | 28,858,007 | - | 30,159,606 | 28,325,360 | - |
| Construction in progress..... | - | 3,444,127 | 8,389,615 | - | 11,833,742 | 17,254,968 | 2,671,157 |
| Total capital assets | 2,440,058 | 231,902,201 | 1,030,111,871 | 21,043,236 | 1,285,497,366 | 1,238,434,463 | 172,389,803 |
| Less accumulated depreciation and amortization..... | 1,302,755 | 121,404,033 | 607,173,149 | 11,208,394 | 741,088,331 | 688,488,760 | 112,830,322 |
| Net Capital Assets | 1,137,303 | 110,498,168 | 422,938,722 | 9,834,842 | 544,409,035 | 549,945,703 | 59,559,481 |
| Total Noncurrent Assets | 1,637,303 | 127,974,703 | 519,678,551 | 9,834,842 | 659,125,399 | 650,653,987 | 59,559,481 |
| Total Assets | 98,636,161 | 172,250,387 | 927,062,618 | 14,868,487 | 1,212,817,653 | 1,185,546,621 | 326,407,723 |
| Deferred Outflows of Resources: | | | | | | | |
| Pension related..... | 3,605,150 | 2,693,888 | 176,972,432 | - | 183,271,470 | 33,038,406 | - |
| Postemployment healthcare related..... | 82,990 | 92,233 | 4,177,831 | - | 4,353,054 | 3,224,874 | 518,388 |
| Total Deferred Outflows of Resources | 3,688,140 | 2,786,121 | 181,150,263 | - | 187,624,524 | 36,263,280 | 518,388 |
| Total Assets and Deferred Outflows | \$ 102,324,301 | \$ 175,036,508 | \$ 1,108,212,881 | \$ 14,868,487 | \$ 1,400,442,177 | \$ 1,221,809,901 | \$ 326,926,111 |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | | | | | |
| Current Liabilities: | | | | | | | |
| Interfund payable..... | \$ 2,624,070 | \$ - | \$ 5,227,228 | \$ - | \$ 7,851,298 | \$ 4,557,665 | \$ - |
| Accounts and contracts payable..... | 7,620,149 | 7,988,631 | 80,709,493 | 114,445 | 96,432,718 | 116,030,582 | 7,795,153 |
| Accrued expenses..... | 40,892,838 | 300,372 | 119,461,769 | - | 160,654,979 | 129,958,913 | 13,144,259 |
| Current portion of: | | | | | | | |
| Workers' compensation claims..... | - | - | 6,308,000 | - | 6,308,000 | 4,849,000 | 2,900,000 |
| General obligation bonds and notes..... | - | 1,594,052 | 5,743,994 | - | 7,338,046 | 6,721,577 | 1,161,401 |
| Compensated absences..... | 110,000 | 140,000 | 1,450,000 | - | 1,700,000 | 1,540,000 | 11,860,000 |
| Total Current Liabilities | 51,247,057 | 10,023,055 | 218,900,484 | 114,445 | 280,285,041 | 263,657,737 | 36,860,813 |
| Noncurrent Liabilities, Net of Current Portion: | | | | | | | |
| Workers' compensation claims..... | - | - | 11,259,653 | - | 11,259,653 | 12,710,657 | 8,109,000 |
| General obligation bonds and notes..... | - | 34,028,734 | 166,657,464 | - | 200,686,198 | 202,545,896 | 13,097,378 |
| Net pension..... | 3,862,358 | 3,695,580 | 226,497,523 | - | 234,055,461 | 323,665,199 | - |
| Postemployment healthcare benefits..... | 528,248 | 680,188 | 26,902,918 | - | 28,111,354 | 27,010,526 | 2,857,019 |
| Compensated absences..... | 1,159,193 | 1,179,948 | 41,798,186 | - | 44,137,327 | 44,767,985 | 96,586,554 |
| Total Noncurrent Liabilities | 5,549,799 | 39,584,450 | 473,115,744 | - | 518,249,993 | 610,700,263 | 120,649,951 |
| Total Liabilities | 56,796,856 | 49,607,505 | 692,016,228 | 114,445 | 798,535,034 | 874,358,000 | 157,510,764 |
| Deferred Inflows of Resources: | | | | | | | |
| Pension related..... | 4,799,912 | 3,580,442 | 227,782,542 | - | 236,162,896 | 34,322,202 | - |
| Postemployment healthcare related..... | 45,654 | 57,320 | 3,330,101 | - | 3,433,075 | 3,920,234 | 245,386 |
| Total Deferred Inflows of Resources | 4,845,566 | 3,637,762 | 231,112,643 | - | 239,595,971 | 38,242,436 | 245,386 |
| Net Position: | | | | | | | |
| Net investment in capital assets..... | 1,137,303 | 74,875,382 | 246,836,720 | 9,834,842 | 332,684,247 | 334,564,780 | 45,300,702 |
| Restricted for: | | | | | | | |
| Statutory requirements relating to: | | | | | | | |
| Metropolitan health plan..... | 39,544,576 | - | - | - | 39,544,576 | 44,529,851 | - |
| Solid waste management..... | - | 46,767,792 | - | - | 46,767,792 | 36,406,692 | - |
| Medical Center expendable..... | - | - | 40,630,797 | - | 40,630,797 | 34,547,294 | - |
| Medical Center nonexpendable..... | - | - | 27,667,623 | - | 27,667,623 | 25,338,120 | - |
| Brownfield assessment and cleanup..... | - | 148,067 | - | - | 148,067 | - | - |
| Unrestricted (deficit)..... | - | - | (130,051,130) | 4,919,200 | (125,131,930) | (166,177,272) | 123,869,259 |
| Total Net Position | 40,681,879 | 121,791,241 | 185,084,010 | 14,754,042 | 362,311,172 | 309,209,465 | 169,169,961 |
| Total Liabilities, Deferred Inflows and Net Position | \$ 102,324,301 | \$ 175,036,508 | \$ 1,108,212,881 | \$ 14,868,487 | \$ 1,400,442,177 | \$ 1,221,809,901 | \$ 326,926,111 |

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

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

For the Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

| | Business-type Activities - Enterprise Funds | | | | | | |
|---|---|----------------|-------------------|-------------------|------------------|------------------|--------------------------------|
| | Hennepin Health | Solid Waste | Medical Center | Total Nonmajor | Total | | 2021 Internal Service Funds |
| | | | | | 2021 | 2020 | |
| OPERATING REVENUES | | | | | | | |
| Net charges for services..... | \$ 327,212,725 | \$ 70,787,987 | \$ 1,143,140,548 | \$ 5,324,488 | \$ 1,546,465,748 | \$ 1,277,141,391 | \$ 269,196,396 |
| Intergovernmental..... | - | - | 80,138,198 | - | 80,138,198 | 74,391,928 | - |
| Total Operating Revenues | 327,212,725 | 70,787,987 | 1,223,278,746 | 5,324,488 | 1,626,603,946 | 1,351,533,319 | 269,196,396 |
| OPERATING EXPENSES | | | | | | | |
| Personal services..... | 11,964,319 | 8,646,372 | 814,965,556 | 1,983,561 | 837,559,808 | 797,007,146 | 207,366,181 |
| Commodities..... | 12,697 | 132,005 | 291,191,583 | 183,161 | 291,519,446 | 267,792,386 | 10,313,284 |
| Contractual services..... | 311,146,364 | 46,884,744 | 63,714,497 | 535,513 | 422,281,118 | 328,197,532 | 39,661,635 |
| Depreciation and amortization..... | 332,680 | 9,546,045 | 43,585,096 | 1,665,240 | 55,129,061 | 54,746,664 | 14,301,277 |
| Other..... | 8,600,005 | 3,164,046 | 7,537,142 | 160,775 | 19,461,968 | 16,255,176 | 5,169,319 |
| Total Operating Expenses | 332,056,065 | 68,373,212 | 1,220,993,874 | 4,528,250 | 1,625,951,401 | 1,463,998,904 | 276,811,696 |
| Operating Income (Loss) | (4,843,340) | 2,414,775 | 2,284,872 | 796,238 | 652,545 | (112,465,585) | (7,615,300) |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Intergovernmental..... | - | 4,174,844 | - | - | 4,174,844 | 6,262,181 | - |
| Investment earnings (losses)..... | (470,362) | (281,981) | 7,927,463 | - | 7,175,120 | 7,632,672 | (311,554) |
| Interest expense..... | (9,455) | (926,370) | (3,566,080) | - | (4,501,905) | (4,841,784) | (424,555) |
| Gain (Loss) on capital asset disposal..... | - | - | - | (9,825) | (9,825) | (3,131) | 1,919,030 |
| Other..... | - | (3,068,174) | 130,400 | - | (2,937,774) | (1,107,997) | - |
| Pandemic relief funds..... | 5,202 | - | 22,357,500 | - | 22,362,702 | 137,785,084 | 137,066 |
| Total Nonoperating Revenues (Expenses) | (474,615) | (101,681) | 26,849,283 | (9,825) | 26,263,162 | 145,727,025 | 1,319,987 |
| Income (Loss) Before Contributions | (5,317,955) | 2,313,094 | 29,134,155 | 786,413 | 26,915,707 | 33,261,440 | (6,295,313) |
| Capital contributions..... | - | - | 26,186,000 | - | 26,186,000 | 29,870,414 | 596,711 |
| Change in Net Position | (5,317,955) | 2,313,094 | 55,320,155 | 786,413 | 53,101,707 | 63,131,854 | (5,698,602) |
| Total Net Position - Beginning | 45,999,834 | 119,478,147 | 129,763,855 | 13,967,629 | 309,209,465 | 246,077,611 | 174,868,563 |
| Total Net Position - Ending | \$ 40,681,879 | \$ 121,791,241 | \$ 185,084,010 | \$ 14,754,042 | \$ 362,311,172 | \$ 309,209,465 | \$ 169,169,961 |

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

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2021

| | 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 | \$ 331,495,692 | \$ 71,159,261 | \$ 1,117,885,109 | \$ 5,281,959 | \$ 1,525,822,021 | \$ 281,315,819 |
| Operating grants | - | - | 80,139,198 | - | 80,139,198 | - |
| Other operating receipts | - | - | 16,262,696 | - | 16,262,696 | - |
| Payments to suppliers for goods and services | (308,081,785) | (48,279,695) | (328,233,732) | (674,924) | (685,270,136) | (45,645,465) |
| Payments to employees for services | (12,343,613) | (9,056,235) | (873,381,790) | (1,983,561) | (896,765,199) | (207,308,456) |
| Other operating disbursements | (8,600,005) | (3,164,046) | - | (160,775) | (11,924,826) | (5,169,319) |
| Net Cash Provided by Operating Activities | 2,470,289 | 10,659,285 | 12,671,481 | 2,462,699 | 28,263,754 | 23,192,579 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Net grants and contributions | - | 1,211,196 | 44,037 | - | 1,255,233 | - |
| Interfund loans | 2,446,860 | - | - | (8,000) | 2,438,860 | (1,802,133) |
| Pandemic relief funds | 5,202 | - | 22,357,500 | - | 22,362,702 | 137,066 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 2,452,062 | 1,211,196 | 22,401,537 | (8,000) | 26,056,795 | (1,665,067) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Purchase of capital assets | - | - | (19,953,133) | (1,121,343) | (21,074,476) | (9,984,704) |
| Interest paid | (9,455) | (926,370) | (3,566,080) | - | (4,501,905) | (424,555) |
| Debt issuance cost and principal payments | - | (1,349,972) | (5,371,605) | - | (6,721,577) | (1,130,419) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (9,455) | (2,276,342) | (28,890,818) | (1,121,343) | (32,297,958) | (11,539,678) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Investment income (loss) | (470,362) | (281,981) | 3,116,823 | - | 2,364,480 | (311,554) |
| Purchase of investments | - | - | (4,122,295) | - | (4,122,295) | - |
| Sale of investments | - | - | 1,211,910 | - | 1,211,910 | - |
| Net Cash Provided (Used) by Investing Activities | (470,362) | (281,981) | 206,438 | - | (545,905) | (311,554) |
| Net Increase in Cash | 4,442,534 | 9,312,158 | 6,388,638 | 1,333,356 | 21,476,686 | 9,676,280 |
| Cash at Beginning of Year | 66,489,771 | 41,256,164 | 197,585,751 | 3,397,210 | 308,728,896 | 230,142,467 |
| Cash at End of Year | \$ 70,932,305 | \$ 50,568,322 | \$ 203,974,389 | \$ 4,730,566 | \$ 330,205,582 | \$ 239,818,747 |
| CASH COMPONENTS: | | | | | | |
| Cash | \$ 70,432,305 | \$ 33,667,664 | \$ 193,329,563 | \$ 4,730,566 | \$ 302,160,098 | \$ 239,818,747 |
| Restricted cash | 500,000 | 16,900,658 | 10,644,826 | - | 28,045,484 | - |
| Cash at End of Year | \$ 70,932,305 | \$ 50,568,322 | \$ 203,974,389 | \$ 4,730,566 | \$ 330,205,582 | \$ 239,818,747 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | |
| Operating income (loss) | \$ (4,843,340) | \$ 2,414,775 | \$ 2,284,872 | \$ 796,238 | \$ 652,545 | \$ (7,615,300) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation and amortization | 332,680 | 9,546,045 | 43,585,096 | 1,665,240 | 55,129,061 | 14,301,277 |
| (Increase) decrease in: | | | | | | |
| Receivables and prepaid items | (6,013,009) | 338,452 | 1,215,329 | (45,924) | (4,505,152) | 10,789,220 |
| Inventories | - | 44,443 | 1,586,238 | 3,527 | 1,634,208 | 177,614 |
| Increase (decrease) in: | | | | | | |
| Accounts payable and accrued expenses | 13,600,916 | (1,217,821) | 2,543,826 | 43,618 | 14,970,539 | 5,675,909 |
| Unearned revenue | - | - | - | - | - | - |
| Net pension liability | (1,992,079) | (1,469,261) | (86,148,398) | - | (89,609,738) | - |
| Deferred outflows | (3,017,788) | (2,283,998) | (146,059,458) | - | (151,361,244) | (85,239) |
| Deferred inflows | 4,402,909 | 3,286,650 | 193,663,976 | - | 201,353,535 | (50,902) |
| Net Cash Provided by Operating Activities | \$ 2,470,289 | \$ 10,659,285 | \$ 12,671,481 | \$ 2,462,699 | \$ 28,263,754 | \$ 23,192,579 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | | | |
| Contributions of capital assets | \$ - | \$ - | \$ 26,186,000 | \$ - | \$ 26,186,000 | \$ 596,711 |
| Gain (loss) on disposal of capital assets | - | - | (1,243,803) | (9,825) | (1,253,628) | (3,507) |
| Increase (decrease) in fair value of investments | (747,437) | (446,621) | (4,609,718) | - | (5,803,776) | (488,784) |
| Transfer of G.O. Bonds and related capital assets | - | 5,478,348 | 722,072 | - | 6,200,420 | - |

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

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2021

| | Private Purpose Trust Funds | Custodial Funds |
|---|--------------------------------|-----------------------|
| ASSETS | | |
| Cash and investments | \$ 502,062 | \$ 118,785,294 |
| Receivables, net | - | 29,074,240 |
| Total Assets | <u>\$ 502,062</u> | <u>\$ 147,859,534</u> |
| LIABILITIES AND NET POSITION | | |
| Liabilities: | | |
| Accounts and contracts payable | \$ - | \$ 46,329 |
| Due to other governments. | - | 65,804,856 |
| Total Liabilities | <u>-</u> | <u>65,851,185</u> |
| Net Position | | |
| Restricted for individuals, organizations, and other governments. | 502,062 | 82,008,349 |
| Total Liabilities and Net Position | <u>\$ 502,062</u> | <u>\$ 147,859,534</u> |

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2021

| | Private Purpose Trust Funds | Custodial Funds |
|--|--------------------------------|----------------------|
| ADDITIONS | | |
| Property taxes collected for other governments. \$ | - | \$ 2,132,676,517 |
| Fees collected for other governments. | - | 223,236,780 |
| Other additions for other governments. | - | 102,677,234 |
| Forfeitures collected for entities. | - | 1,453,822 |
| Collections for individual beneficiaries | 3,454,969 | 29,281,702 |
| Total Additions | 3,454,969 | 2,489,326,055 |
| DEDUCTIONS | | |
| Property tax distributions to other governments. | - | 2,132,676,517 |
| Fees distributed to other governments. | - | 223,236,780 |
| Other distributions to other governments. | - | 101,177,006 |
| Forfeiture distributions to entities. | - | 1,620,783 |
| Beneficiary payments to individuals. | 3,529,758 | 29,281,702 |
| Total Deductions | 3,529,758 | 2,487,992,788 |
| Change in Net Position | (74,789) | 1,333,267 |
| Total Net position - Beginning | 576,851 | 80,675,082 |
| Total Net Position - Ending | \$ 502,062 | \$ 82,008,349 |

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



Notes to the Basic Financial Statements

December 31, 2021

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Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

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, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's various functions where elimination would distort the direct costs and program revenues reported for the functions concerned.

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

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

Statement of Activities – This statement demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect expenses are allocated based on the annual County-wide Cost Allocation Plan. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are reported as general revenues. Just as the Statement of Net Position includes all capital assets, the Statement of Activities includes all depreciation expense. In the Statement of Activities, the operations of internal service funds have been consolidated into the governmental activities that they primarily benefit.

➤ **Fund Financial Statements**

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

Notes to the Basic Financial Statements

December 31, 2021

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, pensions, 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; other taxes when collected by merchants; 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. Grants received in advance of incurring eligible expenditures are recorded as unearned revenue (a liability).

The County reports the following governmental funds:

The *Library Fund*, a special revenue fund was consolidated into the *General Fund* beginning in 2021.

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 County administration, libraries, public safety, and public works.

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

- The *Human Services Fund* is used to account for specific state and federal revenues, property taxes levied for human services, and expenditures for financial, social and public health services.
- 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, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds – continued.

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

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

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

Proprietary Funds. The proprietary funds use the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

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

The County reports the following proprietary funds:

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

- The *Hennepin Health Fund* provides health care coverage to County residents who are enrolled in Minnesota health care programs, including a Prepaid Medical Assistance Plan, MinnesotaCare, and Special Needs Basic Care. Hennepin Health is a nonprofit, state-certified health maintenance organization that contracts with the Minnesota Department of Human Services.
- The *Solid Waste Fund* is used to account for the management of the solid waste system pursuant to Hennepin County Ordinance 15 and Minnesota Statutes, sections 473.811 and 400.08. Fund activities include the resource recovery facilities, transfer stations, recycling and household hazardous waste programs, and the environmental response fund program. All money received by the Solid Waste Fund is restricted for the purposes of providing solid waste activities, functions, and facilities.

Notes to the Basic Financial Statements

December 31, 2021

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 *Fleet Services Fund* is used to account for the costs of purchasing, operating, and replacing all automotive and other fleet equipment used by departments.
- The *Information Technology Fund* is used to account for the costs of data processing and data processing equipment leasing services provided to departments. Additionally, the *Central Services Fund*, an internal service fund was consolidated into this fund beginning in 2021. Central services costs include those related to activities such as receiving and distribution, mail handling, printing, document imaging, and other services.
- The *Energy Center Fund* is used to account for the costs of operating the Energy Center, which provides heat and air conditioning primarily to County-owned facilities.
- The *Self Insurance Fund* is used to account for workers' compensation and tort liabilities, and for amounts relating to building and contents property insurance retentions.
- The *Employee Health Plan Self Insurance Fund* is used to account for the County's self-insured health and dental benefit plans.
- The *Other Employee Benefits Fund* is used to account for earned and unused compensated absences for governmental funds.

Fiduciary Funds. The County reports two separate Fiduciary Funds in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. One is for Private Purpose Trust Funds and one is for Custodial Funds. The funds are used to account for assets that the County holds for others, including clients' trust funds, inmates' funds, revenues collected on behalf of other governmental units related to taxes, and other governmental agency's funds that are held in the custody of the County. The fiduciary 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.

Notes to the Basic Financial Statements

December 31, 2021

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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

Deferred Outflows/Inflows of Resources. In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has three items that meet this criterion, including certain amounts related to pension plans, postemployment healthcare, and debt refunding.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County's deferrals of certain pension and postemployment healthcare expenses are in this category. The governmental funds' unavailable revenue items are also in this category and are deferred and recognized as an inflow of resources in the period that the amounts become available.

Notes to the Basic Financial Statements

December 31, 2021

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, liabilities, and deferred inflows that are not included in the determination of the other two components of net position.

D. Comparative Data, Reclassifications, and Use of Estimates

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes to provide an understanding of certain changes in the County's financial position and operations. Other 2020 amounts have been reclassified to be consistent with the current year's presentation, such as the consolidation of the Library special revenue fund into the General Fund, as well as the consolidation of the Central Services internal service fund into the Information Technology fund, as mentioned in Note 1B.

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, 2020, 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, 2021

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.) | \$ 3,171,840,927 |
| Accumulated depreciation related to governmental activities | <u>(1,113,933,040)</u> |
| Total Capital Assets Reconciliation Item | <u><u>\$ 2,057,907,887</u></u> |

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

| | |
|---|----------------------------------|
| General obligation (G.O.) bonds payable | \$ (1,269,215,756) |
| Net G.O. premiums and discounts (to be amortized as interest expense) | (249,911,867) |
| Revenue bonds | (94,875,000) |
| Revenue bond premiums (to be amortized as interest expense) | (11,310,341) |
| Notes payable | (2,272,368) |
| Accrued interest payable | (4,398,134) |
| Deferred charge on debt refunding | 5,186,335 |
| Total Long-Term Liabilities Reconciliation Item | <u><u>\$ (1,626,797,131)</u></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 | \$ 72,925,796 |
| Less depreciation expense | <u>(52,131,423)</u> |
| Total Capital Outlays and Depreciation Reconciliation Item | <u><u>\$ 20,794,373</u></u> |

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

| | |
|---|-------------------------------|
| Issuance of debt | \$ (100,000,000) |
| Bond premiums | (27,187,243) |
| Debt transferred from governmental activities to business-type activities | 5,478,348 |
| Principal repayments – G.O. debt | 72,123,422 |
| Principal repayments – Ballpark revenue bonds | 24,755,000 |
| Principal repayments – note payable | 518,092 |
| Total Long-term Debt Reconciliation Item | <u><u>\$ (24,312,381)</u></u> |

The reconciling item relating to expenses consists of the following:

| | |
|---|------------------------------|
| Accrued interest on long-term debt | \$ (167,258) |
| Changes in pension liabilities and related deferred outflows and inflows of resources | 62,330,600 |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | 802,073 |
| Amortization of bond premiums and discounts and deferred amounts of refundings | 48,031,807 |
| Total Long-term Debt Reconciliation Item | <u><u>\$ 110,997,222</u></u> |

Notes to the Basic Financial Statements

December 31, 2021

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 \$81,955,774. 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 \$72,620,020. County and fiduciary cash and investments are pooled.

Management of Investment Risk. At December 31, 2021, 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 | \$ 1,329,073,548 | 2.98 |
| Repurchase agreements | 281,650,463 | 0.02 |
| Commercial paper | 90,000,000 | 0.01 |
| Money market funds | 9,686,399 | 0.07 |
| Municipal securities | 6,101,069 | 2.06 |
| Total fair value | <u>\$ 1,716,511,479</u> | |
| Effective duration | | 2.32 |
| | | |
| <u>Fiduciary Investments</u> | <u>Carrying Value</u> | <u>Effective Duration in Years</u> |
| Money market funds | \$ 5,201,194 | .11 |

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. While the County's investments in the bonds of U.S. government and agencies are not required by Minnesota law to be rated, these investments generally carry the following ratings: AA+ by S&P Global Ratings (S&P) or Aaa by Moody's Investors Service (Moody's) or AAA by Fitch Ratings (Fitch). The County's investments in money market funds were rated AAAm by S&P or Aaa-mf by Moody's or AAAMmf by Fitch. Commercial paper investments were rated P-1 by Moody's, A-1+ by S&P, and F1+ by Fitch. Local government investment was rated Aaa by Moody's. The County's general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of banker's acceptances, guaranteed investment contracts, and shares of investment companies.

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County's total investments is in each of the following: 37% Federal Home Loan Bank, 15% Federal Farm Credit Banks Funding Corporation, 10% Federal Home Loan Mortgage Corporation, and 5 U.S. Bank Commercial Paper.

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, 2021

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 2021 is as follows:

| <u>Fund</u> | <u>Investment Income and Realized Gains and Losses</u> | <u>Net Change in the Fair Value of Investments</u> | <u>Total Investment Earnings</u> |
|----------------------------|--|--|--|
| Governmental Funds: | | | |
| General | \$ 5,212,111 | \$ (11,340,974) | \$ (6,128,863) |
| Special Revenue: | | | |
| Ballpark Sales Tax | 3,083 | - | 3,083 |
| Housing and Redevelopment | 94,470 | (255,006) | (160,536) |
| Regional Railroad | 159,348 | (447,945) | (288,597) |
| Debt Service | 1,301 | - | 1,301 |
| Capital Projects | 46,278 | - | 46,278 |
| | <u>5,516,591</u> | <u>(12,043,925)</u> | <u>(6,527,334)</u> |
| Proprietary Funds: | | | |
| Enterprise: | | | |
| Hennepin Health | 277,075 | (747,437) | (470,362) |
| Solid Waste | 164,640 | (446,621) | (281,981) |
| Medical Center | 675,264 | (1,805,328) | (1,130,064) |
| Internal Service | 177,230 | (488,784) | (311,554) |
| | <u>1,294,209</u> | <u>(3,488,170)</u> | <u>(2,193,961)</u> |
| Total | <u>\$ 6,810,800</u> | <u>\$ (15,532,095)</u> | <u>\$ (8,721,295)</u> |

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

| | <u>2021</u> | <u>2020</u> |
|---|-----------------------|----------------------|
| Investment income and realized gains and losses | \$ 6,810,800 | \$ 13,121,781 |
| Net annual increase (decrease) in the fair value of investments | <u>(15,532,095)</u> | <u>1,246,721</u> |
| Total Investment Earnings (Losses) | <u>\$ (8,721,295)</u> | <u>\$ 14,368,502</u> |

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

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by GAAP based on the priority of the valuation inputs in a three-level fair value hierarchy. In instances where the County does not have a readily determinable fair value, the County is permitted to establish fair value by using the observable or determinable value.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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, 2021 (the last active market day).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement or can be determined by third parties such as a pricing service using accepted methodologies. The level 2 investments were valued by a pricing service that uses matrix pricing.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2021. 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 | \$ 74,997,250 | \$ - | \$ - | \$ 74,997,250 |
| U.S. Treasury Notes | 58,219,700 | - | - | 58,219,700 |
| U.S. Agency Debentures | - | 1,195,856,597 | - | 1,195,856,597 |
| Municipal Securities | - | 6,101,069 | - | 6,101,069 |
| | <u>\$ 133,216,950</u> | <u>\$ 1,201,957,666</u> | <u>\$ -</u> | <u>\$ 1,335,174,616</u> |

B. Investments Held Separately by the Medical Center

Management of Investment Risk. 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.

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.

Credit Risk. At December 31, 2021, the Medical Center investments included \$24,685,443 of fixed income mutual funds rated AAA - BB by Moody’s and \$51,460,527 of unrated equity mutual funds.

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, 2021, 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

B. Investments Held Separately by the Medical Center – continued

Investment Income. In addition to the Medical Center's investment income from the pooled investments discussed in Note 3A, the Medical Center earned investment income from non-pooled investments totaling \$9,057,527.

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, 2021.

| Investments | Fair Value Measurements at Report Date Using: | | |
|-----------------------------|---|---------|---------|
| | Level 1 | Level 2 | Level 3 |
| Mutual funds – fixed income | \$ 24,685,443 | \$ - | \$ - |
| Mutual funds – equities | 51,460,527 | - | - |
| Total Investments | \$ 76,145,970 | \$ - | \$ - |

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:

- \$5,589,212 of General Fund cash is restricted by agreements related to library donations.
- \$18,428,615 of Ballpark Sales Tax Fund and \$996,821 of Debt Service Fund cash is restricted for purposes specified by Minnesota Statutes, section 473.757.
- \$243,631,657 of Transportation Sales Tax cash is restricted for purposes specified by Minnesota Statutes, section 297A.993.
- \$1,230,226 of HRA cash is restricted for specific housing projects and held by the Minnesota Housing Finance Agency.
- \$533,123 of RRA restricted cash is restricted because it is held for a separate legal entity.
- \$33,764,130 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
- \$16,900,658 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota Statutes, section 383B.81.
- \$62,729,726 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

| | Balance January 1, 2021 | Additions and Transfers In | Deletions and Transfers Out | Balance December 31, 2021 |
|--|-------------------------------|----------------------------------|-----------------------------------|---------------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Art & historical treasures | \$ 5,301,244 | \$ 4,300 | \$ - | \$ 5,305,544 |
| Land | 108,871,232 | - | (1,360,911) | 107,510,321 |
| Construction in progress | 207,908,504 | 68,584,154 | (168,011,685) | 108,480,973 |
| Total capital assets not being depreciated | <u>322,080,980</u> | <u>68,588,454</u> | <u>(169,372,596)</u> | <u>221,296,838</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 974,602,212 | 46,921,533 | - | 1,021,523,745 |
| Equipment | 183,361,466 | 15,023,909 | (8,991,498) | 189,393,877 |
| Software | 21,796,580 | - | - | 21,796,580 |
| Library books and materials | 39,371,297 | 4,766,286 | (5,972,578) | 38,165,005 |
| Leasehold improvements | 16,216,189 | - | (1,581,473) | 14,634,716 |
| Land improvements | 33,526,684 | - | - | 33,526,684 |
| Infrastructure | 1,691,502,101 | 118,961,275 | (6,570,091) | 1,803,893,285 |
| Total capital assets being depreciated | <u>2,960,376,529</u> | <u>185,673,003</u> | <u>(23,115,640)</u> | <u>3,122,933,892</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 449,939,112 | 19,963,916 | - | 469,903,028 |
| Equipment | 132,976,749 | 15,371,579 | (8,871,972) | 139,476,356 |
| Software | 21,358,693 | 404,187 | - | 21,762,880 |
| Library books and materials | 24,019,502 | 5,452,143 | (5,972,578) | 23,499,067 |
| Leasehold improvements | 15,177,915 | 657,711 | (1,423,325) | 14,412,301 |
| Land improvements | 21,547,626 | 1,559,419 | - | 23,107,045 |
| Infrastructure | 517,092,098 | 23,023,745 | (5,513,158) | 534,602,685 |
| Total accumulated depreciation | <u>1,182,111,695</u> | <u>66,432,700</u> | <u>(21,781,033)</u> | <u>1,226,763,362</u> |
| Total capital assets being depreciated, net | <u>1,778,264,834</u> | <u>119,240,303</u> | <u>(1,334,607)</u> | <u>1,896,170,530</u> |
| Governmental activities capital assets, net | <u>2,100,345,814</u> | <u>187,828,757</u> | <u>(170,707,203)</u> | <u>2,117,467,368</u> |
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 46,068,140 | 10,681,453 | - | 56,749,593 |
| Construction in progress | 17,254,968 | 5,482,080 | (10,903,306) | 11,833,742 |
| Total capital assets not being depreciated | <u>63,323,108</u> | <u>16,163,533</u> | <u>(10,903,306)</u> | <u>68,583,335</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 774,047,262 | 15,867,204 | (53,329) | 789,861,137 |
| Equipment | 363,257,557 | 24,921,574 | (1,616,643) | 386,562,488 |
| Software | 7,587,268 | 849,624 | - | 8,436,892 |
| Leasehold improvements | 28,325,360 | 3,947,392 | (2,113,146) | 30,159,606 |
| Land improvements | 1,893,908 | - | - | 1,893,908 |
| Total capital assets being depreciated | <u>1,175,111,355</u> | <u>45,585,794</u> | <u>(3,783,118)</u> | <u>1,216,914,031</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 409,878,316 | 28,335,951 | (49,848) | 438,164,419 |
| Equipment | 255,024,480 | 23,856,731 | (1,289,359) | 277,591,852 |
| Software | 4,459,083 | 1,021,123 | (303,306) | 5,176,900 |
| Leasehold improvements | 17,308,731 | 1,839,498 | (886,977) | 18,261,252 |
| Land improvements | 1,818,150 | 75,758 | - | 1,893,908 |
| Total accumulated depreciation | <u>688,488,760</u> | <u>55,129,061</u> | <u>(2,529,490)</u> | <u>741,088,331</u> |
| Total capital assets being depreciated, net | <u>486,622,595</u> | <u>(9,543,267)</u> | <u>(1,253,628)</u> | <u>475,825,700</u> |
| Business-type activities capital assets, net | <u>549,945,703</u> | <u>6,620,266</u> | <u>(12,156,934)</u> | <u>544,409,035</u> |
| Total Capital Assets, Net | <u>\$ 2,650,291,517</u> | <u>\$ 194,449,023</u> | <u>\$ (182,864,137)</u> | <u>\$ 2,661,876,403</u> |

Notes to the Basic Financial Statements

December 31, 2021

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 \$19,235,162, Human Services \$1,423,494, Health \$1,097,726, Public Safety \$3,816,771, Public Works, \$25,093,230, RRA \$138,612, and HRA \$1,326,428.

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, 2021 was as follows:

| | Balance January 1, 2021 | Additions | Deletions | Balance December 31, 2021 |
|--|-------------------------------|----------------|----------------|---------------------------------|
| RRA: | | | | |
| Capital assets not being depreciated: | | | | |
| Land (including rail corridor) | \$ 24,439,745 | \$ - | \$ (1,360,911) | \$ 23,078,834 |
| Capital assets being depreciated: | | | | |
| Buildings | 3,290,383 | - | - | 3,290,383 |
| Less accumulated depreciation | 890,049 | 138,612 | - | 1,028,661 |
| | 2,400,334 | (138,612) | - | 2,261,722 |
| RRA Capital Assets, Net | \$ 26,840,079 | \$ (138,612) | \$ (1,360,911) | \$ 25,340,556 |
| HRA: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 11,464,095 | \$ - | \$ - | \$ 11,464,095 |
| Capital assets being depreciated: | | | | |
| Buildings | 26,528,557 | - | - | 26,528,557 |
| Less accumulated depreciation | 9,334,900 | 1,326,428 | - | 10,661,328 |
| Total capital assets being depreciated, net | 17,193,657 | (1,326,428) | - | 15,867,229 |
| HRA Capital Assets, Net | \$ 28,657,752 | \$ (1,326,428) | \$ - | \$ 27,331,324 |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

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 | Intergovernmental Receivable | Interest Receivable | Accounts Receivable | Allowance for Uncollectibles | Total Net Receivables |
|--------------------------|--------------------|------------------------------|---------------------|----------------------|------------------------------|-----------------------|
| General | \$6,107,930 | \$ 8,194,317 | \$2,307,250 | \$ 14,202,374 | \$ (1,270,869) | \$ 29,541,002 |
| Human Services | 2,575,679 | 58,840,385 | - | 294,854 | (725,547) | 60,985,371 |
| Ballpark Sales Tax | - | 7,462,395 | - | - | - | 7,462,395 |
| Transportation Sales Tax | - | 13,213,512 | - | 126,201 | - | 13,339,713 |
| HRA | 129,756 | 52,624 | - | 181,980 | (37,649) | 326,711 |
| RRA | 276,341 | 1,375 | - | 150,170 | (75,871) | 352,015 |
| General Debt Service | 796,364 | 329,880 | - | - | (220,494) | 905,750 |
| Capital Projects | 25,857 | 1,965,954 | 3,791 | 1,433 | (6,278) | 1,990,757 |
| Hennepin Health | - | - | - | 26,682,616 | (169,987) | 26,512,629 |
| Solid Waste | - | - | - | 7,768,470 | - | 7,768,470 |
| Medical Center | - | - | - | 254,340,137 | (71,660,446) | 182,679,691 |
| Nonmajor Enterprise | - | - | - | 266,555 | - | 266,555 |
| Internal Service | - | - | - | 1,153,841 | - | 1,153,841 |
| Total | \$9,911,927 | \$90,060,442 | \$2,311,041 | \$305,168,631 | \$(74,167,141) | \$333,284,900 |

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 \$2,336,708 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:

| | <u>2021</u> |
|---|--------------------------------|
| Gross patient charges | \$ 3,133,449,909 |
| Deductions from gross patient charges | (1,966,571,614) |
| Intergovernmental transfers | 46,124,613 |
| Uncompensated care reimbursements from County General Fund | 26,000,000 |
| Provision for bad debts | (136,967,002) |
| Net patient service revenue | <u>\$ 1,102,035,906</u> |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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 2021 patient charges and related year-end receivables by payor category as a percent of totals were approximately as follows:

| | <u>Accounts Receivable</u> | <u>Gross Charges</u> |
|------------------|--------------------------------|--------------------------|
| Commercial/other | 40% | 20% |
| Medicaid | 32 | 45 |
| Medicare | 17 | 28 |
| Self-pay | 11 | 7 |
| | <u>100%</u> | <u>100%</u> |

Notes Receivable. The County reports the following notes receivable:

- Notes receivable relating to lead abatement totaling \$145,319 are reported in the General Fund at \$130,787 after netting an \$14,532 allowance for uncollectible amounts.
- Notes receivable of \$6,370,186 relating to transit-oriented development and community asset transition fund loans are reported in the HRA Fund at \$5,187,452 after netting a \$1,182,734 allowance for uncollectible amounts.
- Notes receivable of \$7,935,000 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 \$575,877 of Solid Waste Fund Brownsfield Cleanup Revolving Loans are used to provide additional loans for this purpose.

Deferred Long-term Loans Receivable. The HCHRA Affordable Housing Incentive Fund (AHIF) Program assists 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, 2021, there are 211 AHIF deferred loans outstanding, with original terms ranging from 10 to 55 years. Loans totaling \$24,016,075 are underwritten with no interest payments and will be forgiven at the end of the loan period if all program conditions are met. Additional loans totaling \$43,910,788 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. Additionally, a \$1,000,000 Supportive Housing Program loan, which provided targeted capital assistance to client-focused housing is similarly deferred for the full term of the loans and expected to be repaid or refinanced with extended terms at their due date. Given the nature of the AHIF and Supportive Housing loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

Notes to the Basic Financial Statements

December 31, 2021

6. REVENUES AND RECEIVABLES – CONTINUED

Deferred Long-term Loans Receivable – continued. A total of \$11,468,001 is outstanding at year-end for 573 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 10 to 30 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, they are not recognized in the financial statements. 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, 2021 there are 390 HOME deferred loans totaling \$38,492,601 outstanding, with original terms ranging from 20 to 30 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 home buyers 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, 2021 the RRA has committed to expend:

- \$149,600,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$47,375,272 to the project. The total remaining commitment is \$102,224,728; 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 supported by the 0.5% transportation sales and use tax and \$20 per motor vehicle excise tax revenues received by the County (“transportation sales tax”), as well as debt with debt service supported by transportation sales tax receipts. As of December 31, 2021, the County has committed to expend:

- \$792,892,368 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$560,427,854 to the project. The total remaining commitment is \$232,464,514; 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 \$3,849,363 to the project. The total remaining commitment is \$526,250,637; and
- \$24,868,488 for the Orange Line bus rapid transit project capital costs. As of December 31, the County has contributed \$21,479,489 to the project. The total remaining commitment is \$3,388,999.

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

Solid Waste Facilities. The County is obligated under service agreements to make certain payments and supply solid waste to seven solid waste facilities. Payments are being made from Solid Waste Fund user charges, and future expenses are expected to be \$31,591,762 in 2022, \$31,178,725 in each year for 2023 through 2025, and \$2,800,000 in 2026.

Notes to the Basic Financial Statements

December 31, 2021

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 on December 31, 2021 consisted of the following:

| Fund Due From | Fund Due To | Purpose | Amount |
|--|---------------------|--|---------------|
| Between Funds Within Governmental Activities: | | | |
| General | Internal Service | Compensated absences benefits, \$8,500,000 is not expected to be repaid within one year | \$9,338,171 |
| Human Services | Internal Service | Compensated absences benefits | 717,754 |
| Between Funds Within Business-type Activities: | | | |
| Medical Center | Nonmajor Enterprise | Radio communications services | 27,778 |
| Between Governmental Activities and Business-type Activities: | | | |
| General | Medical Center | Uncompensated care, medical services, investment earnings | 3,717,566 |
| Capital Projects | Medical Center | Campus design study | 1,991,664 |
| Hennepin Health | General | Risk-share arrangement | 855,767 |
| Hennepin Health | Human Services | Risk-share arrangement | 1,768,303 |
| Medical Center | General | Legal services, security services | 409,426 |
| Medical Center | Human Services | Human services | 24,185 |
| Medical Center | Internal Service | Provision of heat to buildings, self-insured workers compensation, vehicle rental, technology services | 4,765,839 |

Interfund transfers during 2021 consisted of the following:

| Fund Transferred From | Fund Transferred To | Purpose | Amount |
|------------------------------|----------------------------|--|---------------|
| General | Capital Projects | Facility Preservation and support of the Community Asset Transition Fund | \$ 3,700,000 |
| Ballpark Sales Tax | General | Youth sports and extended library hours | 4,920,000 |
| Ballpark Sales Tax | General Debt Service | Ballpark debt service | 28,832,865 |
| Transportation Sales Tax | Capital Projects | Transportation projects | 5,708,558 |
| Transportation Sales Tax | General Debt Service | Transportation project debt service | 28,082,500 |
| RRA | General | Management of transportation projects | 141,425 |
| | | | \$ 71,385,348 |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2021 are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---------------------------------------|------------------------------|-----------------------|-------------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| G.O. bonds – levy supported | \$ 799,637,526 | \$100,000,000 | \$ (62,001,770) | \$ 837,635,756 | \$ 52,131,954 |
| RRA limited authority G.O. bonds | 94,705,000 | - | (4,125,000) | 90,580,000 | 4,345,000 |
| G.O. bonds – non-levy supported | 352,475,000 | - | (11,475,000) | 341,000,000 | 12,090,000 |
| Unamortized premiums | 265,817,797 | 27,187,243 | (43,093,173) | 249,911,867 | - |
| Total G.O. bonds | 1,512,635,323 | 127,187,243 | (120,694,943) | 1,519,127,623 | 68,566,954 |
| Sales tax revenue bonds | 119,630,000 | - | (24,755,000) | 94,875,000 | 5,220,000 |
| Unamortized premiums | 16,207,299 | - | (4,896,958) | 11,310,341 | - |
| Total revenue bonds | 135,837,299 | - | (29,651,958) | 106,185,341 | 5,220,000 |
| Total G.O. & revenue bonds | 1,648,472,622 | 127,187,243 | (150,346,901) | 1,625,312,964 | 73,786,954 |
| Notes payable | 2,790,460 | - | (518,092) | 2,272,368 | 518,092 |
| Compensated absences | 107,833,742 | 10,780,780 | (10,167,968) | 108,446,554 | 11,860,000 |
| Governmental Activities Total | 1,759,096,824 | 137,968,023 | (161,032,961) | 1,736,031,886 | 86,165,046 |
| Business-type Activities: | | | | | |
| G.O. bonds Solid Waste | 31,494,410 | 5,478,348 | (1,349,972) | 35,622,786 | 1,594,052 |
| G.O. bonds Medical Center | 177,773,063 | - | (5,371,605) | 172,401,458 | 5,743,994 |
| Total G.O. bonds | 209,267,473 | 5,478,348 | (6,721,577) | 208,024,244 | 7,338,046 |
| Compensated absences | 46,307,985 | 1,241,201 | (1,711,859) | 45,837,327 | 1,700,000 |
| Business-type Activities Total | 255,575,458 | 6,719,549 | (8,433,436) | 253,861,571 | 9,038,046 |
| Government-wide Total | \$ 2,014,672,282 | \$ 144,687,572 | \$ (169,466,397) | \$ 1,989,893,457 | \$ 95,203,092 |

The Schedule of Changes in Long-term Debt (page 128) provides additional detail on bonds. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Notes to the Basic Financial Statements

December 31, 2021

10. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities included in the County's annual five-year capital improvement program. During the year, \$100,000,000 of G.O. bonds were issued to finance the County's capital improvements.

In December 2021, \$5,478,348 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, \$124,253,500 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2032. Excluding \$9,855,000 of optionally redeemed principal, the principal and interest paid during the current year totaled \$19,978,805 and pledged net sales tax revenues received were \$41,139,355.

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, 2021

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

| | <u>G.O. Bonds</u> | | <u>Sales Tax Revenue Bonds</u> | | <u>Total</u> |
|----------------------------------|------------------------|-----------------------|--------------------------------|----------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| Governmental Activities: | | | | | |
| 2022 | \$ 68,566,954 | \$ 59,173,594 | \$ 5,220,000 | \$ 4,743,750 | \$ 137,704,298 |
| 2023 | 63,167,862 | 55,887,933 | 7,495,000 | 4,482,750 | 131,033,545 |
| 2024 | 66,039,594 | 53,075,743 | 8,030,000 | 4,108,000 | 131,253,337 |
| 2025 | 68,702,641 | 50,105,651 | 8,570,000 | 3,706,500 | 131,084,792 |
| 2026 | 71,822,508 | 47,016,994 | 8,975,000 | 3,278,000 | 131,092,502 |
| 2027-31 | 347,884,558 | 187,088,641 | 55,060,000 | 8,983,250 | 599,016,449 |
| 2032-36 | 371,279,983 | 107,457,263 | 1,525,000 | 76,250 | 480,338,496 |
| 2037-41 | 211,751,656 | 24,078,094 | - | - | 235,829,750 |
| | <u>1,269,215,756</u> | <u>583,883,913</u> | <u>94,875,000</u> | <u>29,378,500</u> | <u>1,977,353,169</u> |
| Business-type Activities: | | | | | |
| 2022 | 7,338,046 | 4,403,128 | - | - | 11,741,174 |
| 2023 | 7,772,138 | 4,243,205 | - | - | 12,015,343 |
| 2024 | 8,210,406 | 4,073,075 | - | - | 12,283,481 |
| 2025 | 8,667,359 | 3,892,477 | - | - | 12,559,836 |
| 2026 | 8,997,492 | 3,701,160 | - | - | 12,698,652 |
| 2027-31 | 49,410,442 | 15,411,228 | - | - | 64,821,670 |
| 2032-36 | 57,660,017 | 9,684,305 | - | - | 67,344,322 |
| 2037-41 | 59,968,344 | 3,488,942 | - | - | 63,457,286 |
| | <u>208,024,244</u> | <u>48,897,520</u> | <u>-</u> | <u>-</u> | <u>256,921,764</u> |
| | <u>\$1,477,240,000</u> | <u>\$ 632,781,433</u> | <u>\$ 94,875,000</u> | <u>\$ 29,378,500</u> | <u>\$2,234,274,933</u> |

Notes to the Basic Financial Statements

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10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

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

The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2017B expires October 1, 2026. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2026 debt service for governmental activities' G.O. bond principal will be \$115,582,508 rather than the \$71,822,508 shown in the table on the previous page for the year 2026.

The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2018B expires October 30, 2026. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2026 debt service for governmental activities' G.O. bond principal will be \$167,907,508 rather than the \$71,822,508 shown in the table on the previous page for the year 2026.

Notes Payable annual debt service requirements are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-----------------|---------------------|
| Governmental Activities: | | | |
| 2022 | \$ 518,092 | \$ - | \$ 518,092 |
| 2023 | 518,092 | - | 518,092 |
| 2024 | 518,092 | - | 518,092 |
| 2025 | 518,092 | - | 518,092 |
| 2026 | 200,000 | - | 200,000 |
| | <u>\$ 2,272,368</u> | <u>\$ -</u> | <u>\$ 2,272,368</u> |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

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 2020 | Balance December 31, 2021 |
|--|---|---|--|
| Minneapolis Stone Arch Partners, LLC, May 2002 | \$ 20,120,000 | \$ 18,090,000 | \$ - |
| Ebenezer York Assisted Living LLC December 2009 | 16,000,000 | 12,397,064 | 11,956,746 |
| East Town Apartments May 2017 | 9,885,638 | 3,949,634 | - |
| Redwell Apartments July 2019 | 16,065,000 | 16,065,000 | 16,065,000 |
| Parkview Apartments September 2019 | 28,800,000 | 28,307,038 | 27,865,779 |
| Olson Townhomes December 2020 | 14,248,000 | 50,001 | 13,261,496 |
| Elliot Twins June 2020 | 26,500,000 | 11,195,273 | 26,119,103 |
| Fort Snelling Upper Post November 2020 | 88,000,000 | - | 27,325,818 |
| Loring Towers April 2021 | 25,000,000 | - | 25,000,000 |
| 2025 West River Road December 2021 | 28,500,000 | - | 2,572,500 |
| Stonehouse Square December 2021 | 14,042,600 | - | 14,042,600 |
| | <u>\$ 287,161,238</u> | <u>\$ 90,054,010</u> | <u>\$ 164,209,042</u> |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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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.

| Fund and Purpose | Classification and Amount at December 31, 2021 | | | |
|--|---|-------------------|------------------|-----------------|
| | Nonspendable | Restricted | Committed | Assigned |
| General Fund: | | | | |
| Inventories | \$ 2,485,871 | | | |
| Endowments | 2,053,411 | | | |
| Prepays | 2,458,989 | | | |
| Grant requirements | | \$ 775,339 | | |
| Statutory requirements - primarily relating to youth sports, extended library hours & County Recorder technology | | 17,088,219 | | |
| Donor requirements specific to media category or library location | | 4,795,044 | | |
| Subsequent year's budget - appropriation of fund balance including carryovers | | | | \$ 50,561,810 |
| Human Services Fund: | | | | |
| Prepays | 153,841 | | | |
| Grant requirements | | 2,557,536 | | |
| Public assistance, poor relief, & categories under the federal Social Security Act | | | \$ 198,195,438 | |
| Ballpark Sales Tax Fund: | | | | |
| Debt service & statutory requirements | | 25,832,733 | | |
| Transportation Sales Tax Fund: | | | | |
| Transportation & statutory requirements | | 256,847,798 | | |
| HRA Fund: | | | | |
| Prepays | 243,842 | | | |
| Land held for resale | | 3,933,789 | | |
| HRA general expenditures | | 35,892,502 | | |
| RRA Fund: | | | | |
| RRA general expenditures | | 53,144,129 | | |
| RRA Debt Service Fund: | | | | |
| Debt service | | 1,247,461 | | |
| General Debt Service Fund: | | | | |
| Debt service | | 17,040,771 | | |
| Capital Projects Fund: | | | | |
| Bond requirements relating to capital projects | | 118,814,400 | | |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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, 2021 as shown below:

| <u>Tax Abatement Program</u> | <u>Taxes Abated</u> |
|---|----------------------|
| Tax Increment Financing, City of: | |
| Eden Prairie | \$ 838,713 |
| Minneapolis | 3,090,600 |
| Richfield | 964,002 |
| St Louis Park | 3,680,625 |
| Wayzata Housing & Redevelopment Authority | 847,542 |
| Thirteen other cities and authorities | 1,472,851 |
| | <u>\$ 10,894,333</u> |

14. RISK MANAGEMENT

A. Risk Management – Excluding the Medical Center

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

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

Outstanding and incurred but not reported (IBNR) tort claims are evaluated through a combination of case-by-case reviews and application of historical experience. The balance of the estimated tort liability in the Self Insurance fund at December 31, 2021 is \$1,600,000 and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year. In addition to the estimated tort liability, the County has determined that it is reasonably possible that other claims may result in approximately \$1,300,000 of adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

14. RISK MANAGEMENT – CONTINUED

A. Risk Management – Excluding the Medical Center – continued

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

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|-------------------|
| Estimated liability at beginning of year | \$ 500,000 | \$ 750,000 |
| Estimated incurred claims (including IBNR) | 1,312,477 | 505,156 |
| Claim payments | <u>(212,477)</u> | <u>(755,156)</u> |
| Estimated liability at end of year | <u>\$ 1,600,000</u> | <u>\$ 500,000</u> |

Workers’ Compensation Claims. The County is self-insured for workers’ compensation. The County carries reinsurance for claims in excess of \$2,000,000 per occurrence. During 2021, \$4,655,089 in benefits and administrative costs were paid and charged to the workers’ compensation liability account. The liability reported at December 31, 2021 was \$11,009,000. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

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

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Estimated liability at beginning of year | \$ 11,445,000 | \$ 11,991,500 |
| Estimated incurred claims (including IBNR) | 4,219,089 | 3,768,603 |
| Claim payments and expenses | <u>(4,655,089)</u> | <u>(4,315,103)</u> |
| Estimated liability at end of year | <u>\$ 11,009,000</u> | <u>\$ 11,445,000</u> |

Property Claims. Commercial property insurance is carried for the County and Medical Center’s buildings and contents, subject to deductible amounts. Settled claims from insured losses did not exceed commercial insurance coverage in 2021 or in 2019. Settled claims from insured losses exceeded commercial coverage by \$1,625,194 in 2020, however, a \$768,750 payment to the County by the State of Minnesota’s Disaster Contingency Fund related to the 2020 losses is reported as an insurance recovery in 2021.

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, 2021

14. RISK MANAGEMENT – continued

B. Risk Management – Medical Center – continued

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

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Estimated liability at beginning of year | \$ 5,311,311 | \$ 3,990,273 |
| Estimated incurred claims (including IBNR) | 1,441,201 | 2,089,000 |
| Claims payments and expenses | <u>(1,230,116)</u> | <u>(767,962)</u> |
| Estimated liability at end of year | <u>\$ 5,522,396</u> | <u>\$ 5,311,311</u> |

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

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Estimated liability at beginning of year | \$ 17,559,657 | \$ 13,700,000 |
| Estimated incurred claims (including IBNR) | 7,148,649 | 9,848,399 |
| Claims payments and expenses | <u>(7,140,653)</u> | <u>(5,988,742)</u> |
| Estimated liability at end of year | <u>\$ 17,567,653</u> | <u>\$ 17,559,657</u> |

15. SELF-INSURED EMPLOYEE HEALTH PLANS

A. Employee Health Plan – Excluding the Medical Center

Employee Health and Dental Claims are accounted for in the Employee Health Plan Self Insurance internal service fund. The County makes premium payments to the fund that include both employer and employee contributions. A stop-loss insurance policy covering medical and pharmacy claims was purchased for the plan, which limits the County’s annual exposure to \$2,000,000 per person. A liability was recorded at year-end for estimated open and IBNR claims. Outstanding and IBNR claims are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

15. SELF-INSURED EMPLOYEE HEALTH PLANS – continued

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

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

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Estimated liability at beginning of year | \$ 9,428,820 | \$ 8,226,198 |
| Estimated incurred claims (including IBNR) | 113,808,226 | 110,217,939 |
| Claim payments and expenses | <u>(131,819,188)</u> | <u>(109,015,317)</u> |
| Estimated liability at end of year | <u>\$ 11,417,858</u> | <u>\$ 9,428,820</u> |

B. Employee Health Plan –Medical Center

Employee Health and Dental Claims are self-insured. The accrual for estimated claims includes estimates of the ultimate cost for IBNR claims and are based upon estimated cost of settlement. The Medical Center purchases reinsurance on a specific-case basis in order to reduce its liability on individual risks. All reinsurance contracts are excess-of-loss contracts, which indemnify the Medical Center for losses in excess of stated reinsurance policy limits. As of December 31, 2021 and 2020, the limits were \$600,000 for specific claims and were \$116,100,000 and \$108,100,000 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:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Estimated liability at beginning of year | \$ 2,556,948 | \$ 2,302,745 |
| Estimated incurred claims (including IBNR) | 96,679,096 | 80,638,000 |
| Claim payments and expenses | <u>(94,729,501)</u> | <u>(80,383,797)</u> |
| Estimated liability at end of year, net of imprest funds | <u>\$ 4,506,543</u> | <u>\$ 2,556,948</u> |

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 \$7,965,035 in 2021. 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 \$111,035,695. At the government-wide level, \$2,589,141 is reported in business-type activities. The remaining amount of \$108,446,554 is reported in governmental activities, of which \$92,026,285 is funded in the Other Employee Benefits internal service fund.

Single-Employer Postemployment Healthcare Benefit Program

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

Plan Description Employees who have County-sponsored health coverage in force as of their termination date and who meet certain age and length of service requirements may be eligible for one of the County's retiree healthcare coverage categories. Eligible retirees may continue health coverage in the County's group health insurance program indefinitely. The current retiree healthcare benefit plan is approved by the County Board on a year-to-year basis. According to Minnesota Statutes, section 179A.20, subdivision 2a, a contract may not obligate an employer to fund all or part of the cost of healthcare benefits for a former employee beyond the duration of the contract. The statute also states that a personnel policy may not obligate an employer to fund all or part of healthcare benefits for a former employee beyond the duration of the policy. Within the dictates of existing contracts, the County Board may change the benefit structure at any time. The retiree healthcare plan does not issue a publicly available financial report.

Benefits Provided. While they are under age 65, retirees may participate in the County's group health coverage program with access to the same health plan (and benefit levels) available to active employees. Qualifying retirees who were hired or rehired on or before January 1, 2008 receive a County contribution toward their health plan premium (an amount equal to that contributed to an active employee electing employee-only health coverage) until they reach age 65. Examples of qualifying criteria include requirements relating to hire date, age, length of service requirements, approval for a full retirement payment from an approved public sector retirement program, and other factors. 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, 2021 and 2020 were \$1,258,400 and \$1,081,400, respectively.

17. OTHER EMPLOYEE BENEFITS – continued

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

Single-Employer Postemployment Healthcare Benefit Program – continued

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

Funding Policy. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75. In 2021, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$91.06 per month to the County for the benefit. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

Employees Covered by Benefit Terms. At December 31, 2021 and 2020, the following employees were covered by the benefit terms:

| | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 590 | 592 |
| Active employees | <u>7,709</u> | <u>8,016</u> |
| | <u>8,299</u> | <u>8,608</u> |

Actuarial assumptions and other inputs. The total OPEB liabilities as of December 31, 2021 and December 31, 2020 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-------------------|-------------------|
| Reporting date | December 31, 2021 | December 31, 2020 |
| Measurement date | December 31, 2020 | December 31, 2019 |
| Actuarial valuation date | December 31, 2019 | December 31, 2019 |
| Discount rate ¹ | 2.12% | 2.74% |
| Salary increase rate ² | 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 | 8.3 years | 6.6 years |

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

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

** A healthcare cost trend rate of 6%, decreasing to an ultimate rate of 3.8% in 2074 was used.

The OPEB liabilities as of December 31, 2021 and December 31, 2020 were based on the results of an actuarial experience study for the period of June 27, 2019 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.

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Single-Employer Postemployment Healthcare Benefit Program – continued

Changes in Total OPEB Liability during 2021 and 2020 were:

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| Total OPEB liability, beginning | \$ 120,009,246 | \$ 120,806,089 |
| Changes for the year: | | |
| Service cost | 4,640,136 | 4,559,386 |
| Interest | 3,303,319 | 4,968,052 |
| Liability Gains or Losses | - | 7,737,491 |
| Changes of assumptions or other inputs | 4,143,818 | (9,589,746) |
| Benefit payments | <u>(8,236,293)</u> | <u>(8,472,026)</u> |
| Total OPEB liability, ending | <u>\$ 123,860,226</u> | <u>\$ 120,009,246</u> |

Changes of assumptions or other inputs reflect a change in the discount rate from 2.74% as of December 31, 2020, to 2.12% as of December 31, 2021.

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

| | 1% Lower 1.12% | Current Discount Rate 2.12% | 1% Higher 3.12% |
|----------------------|---------------------------------|--|----------------------------------|
| Total OPEB Liability | <u>\$ 130,629,233</u> | <u>\$ 123,860,226</u> | <u>\$ 117,206,261</u> |

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

| | 1% Lower 5.0% decreasing to 2.8% | Current Trend Rate 6.0% decreasing to 3.8% | 1% Higher 7.0% decreasing to 4.8% |
|----------------------|---|---|--|
| Total OPEB Liability | <u>\$ 112,458,470</u> | <u>\$ 123,860,226</u> | <u>\$ 136,872,743</u> |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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, 2021 and 2020, the County recognized OPEB expenses of \$7,650,988 and \$8,734,510, respectively. At December 31, 2021 and 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>2021</u> | | <u>2020</u> | |
|---|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 5,868,531 | \$ - | \$ 6,803,011 | \$ - |
| Changes of assumptions or other inputs | 4,619,938 | (10,226,957) | 1,347,905 | (12,325,689) |
| Employer contributions subsequent to the measurement date | 8,577,000 | - | 8,236,000 | - |
| | <u>\$ 19,065,469</u> | <u>\$ (10,226,957)</u> | <u>\$ 16,386,916</u> | <u>\$ (12,325,689)</u> |

Employer contributions subsequent to the measurement date of December 31, 2020 of \$8,577,000, which are reported as deferred outflows of resources as of December 31, 2021, will be recognized as a reduction of the OPEB liability in the County's fiscal year ending December 31, 2022. Other amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2021, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

| <u>Years ending December 31:</u> | <u>OPEB Expense Amount</u> |
|----------------------------------|----------------------------|
| 2022 | \$ (292,467) |
| 2023 | (207,253) |
| 2024 | (199,545) |
| 2025 | (170,693) |
| 2026 | 276,759 |
| Thereafter | 854,711 |
| | <u>\$ 261,512</u> |

B. Other Employee Benefits – Medical Center

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

Compensated Absences. Medical Center compensated absences, including vacation and sick time, are reported as an expense and an accrued liability as the benefits are earned and expected to be paid. At December 31, the liability for accumulated compensated absences for all Medical Center employees totaled \$43,248,186.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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 2021, 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, 2021 and 2020, the following employees were covered by the benefit terms:

| | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 92 | 104 |
| Active employees | 5,947 | 6,116 |
| | <u>6,039</u> | <u>6,195</u> |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

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, 2021 and December 31, 2020 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-------------------|-------------------|
| Reporting date | December 31, 2021 | December 31, 2020 |
| Measurement date | December 31, 2020 | December 31, 2019 |
| Actuarial valuation date | December 31, 2019 | December 31, 2019 |
| Discount rate ¹ | 2.12% | 2.74% |
| Salary increase rate ² | 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 | 9.6 years | 9.6 years |

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

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

** A healthcare cost trend rate of 6.6% decreasing to an ultimate rate of 3.7% in 2074 was used.

Changes in Total OPEB Liability during 2021 and 2020 were:

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| Total OPEB liability, beginning | \$ 25,810,557 | \$ 28,668,746 |
| Changes for the year: | | |
| Service cost | 1,756,507 | 1,691,909 |
| Interest | 719,615 | 1,187,494 |
| Liability Gains or Losses | - | (2,324,832) |
| Changes of assumptions or other inputs | 1,241,435 | (589,613) |
| Benefit payments | (2,625,196) | (2,823,147) |
| Total OPEB liability, ending | <u>\$ 26,902,918</u> | <u>\$ 25,810,557</u> |

Changes of assumptions or other inputs reflect a change in the discount rate from 2.74% as of December 31, 2020, to 2.12% as of December 31, 2021.

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

Single-Employer Postemployment Healthcare Benefit Program – continued

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

| | 1% Lower 1.12% | Current Discount Rate 2.12% | 1% Higher 3.12% |
|----------------------|-------------------|-----------------------------------|--------------------|
| Total OPEB Liability | \$28,989,932 | \$26,902,917 | \$24,922,703 |

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

| | 1% Lower 5.6% decreasing to 2.7% | Current Trend Rate 6.6% decreasing to 3.7% | 1% Higher 7.6% decreasing to 4.7% |
|----------------------|---|--|--|
| Total OPEB Liability | \$ 23,943,150 | \$26,902,917 | \$30,475,252 |

OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB. For the years ended December 31, 2021 and 2020, the Medical Center recognized OPEB expense of \$2,201,503 and \$2,475,871, respectively. At December 31, 2021 and 2020, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2021 | | 2020 | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ (1,862,941) | \$ - | \$ (2,083,674) |
| Changes of assumptions or other inputs | 1,466,830 | (1,467,158) | 416,855 | (1,712,373) |
| Employer contributions subsequent to the measurement date | 2,711,000 | - | 2,625,196 | - |
| | <u>\$ 4,177,830</u> | <u>\$ (3,330,099)</u> | <u>\$ 3,042,051</u> | <u>\$ (3,796,047)</u> |

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, 2020 of \$2,711,000, which are reported as deferred outflows of resources as of December 31, 2021, will be recognized as a reduction of the OPEB liability in the Medical Center’s fiscal year ending December 31, 2022. Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2021, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

| <u>Years ending December 31:</u> | <u>2021</u> |
|----------------------------------|-----------------------|
| 2022 | \$ (274,619) |
| 2023 | (274,619) |
| 2024 | (274,619) |
| 2024 | (274,619) |
| 2026 | (263,829) |
| Thereafter | (500,964) |
| | <u>\$ (1,863,269)</u> |

The total OPEB expenses for all County plans including the Medical Center for the years ended December 31, 2021 and 2020 were \$9,852,491 and \$11,210,381, respectively.

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS

Plan Description. All full-time and certain part-time employees of the County are covered by the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. **The General Employees Retirement Plan** members belong to the Coordinated Plan, and they are covered by Social Security.
2. **The Public Employees Police and Fire Plan**, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.
3. **The Local Government Correctional Plan** was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

Notes to the Basic Financial Statements

December 31, 2021

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

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

1. General Employees Plan Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the Social Security Administration (SSA), with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits for members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

3. Correctional Plan Benefits for members first hired after June 30, 2010 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase is equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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

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

- 1. General Employees Fund Contributions.** Coordinated Plan members were required to contribute 6.5% of their annual covered salary in 2021 and the County was required to contribute 7.5% for Coordinated Plan members. The County’s contributions to the General Employees Fund for the year ended December 31, 2021 were \$73,192,473. The County’s contributions were equal to the required contributions as set by state statute.
- 2. Police and Fire Fund Contributions.** Police and Fire members’ contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.7% on January 1, 2021. The County’s contributions to the Police and Fire Fund for the year ended December 31, 2021 were \$8,829,581. 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 2021. The County’s contributions to the Correctional Fund for the year ended December 31, 2021 were \$3,233,626. 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, 2021 the County recognized total pension expense of \$18,642,399 for all pension plans.

- 1. General Employees Fund Pension Costs.** At December 31, 2021, the County reported a liability of \$567,756,062 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 2021. 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 \$17,338,093. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s proportionate share of the net pension liability was based on the County’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportionate share was 13.3% at the end of the measurement period and 13.02% for the beginning of the period.

| | |
|---|-----------------------|
| County’s proportionate share of the net pension liability | \$ 567,756,062 |
| State’s proportionate share of the net pension liability associated with the County | <u>17,338,093</u> |
| Total | <u>\$ 585,094,155</u> |

For the year ended December 31, 2021 the County recognized pension expense of \$24,509,757 for its proportionate share of the General Employees Plan’s pension expense. In addition, the County recognized an additional \$1,398,907 as pension expense (and grant revenue) for its proportionate share of the State’s contribution of \$16,000,000 to the General Employees Fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

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

Pension Costs – continued.

1. General Employees Fund Pension Costs – continued. At December 31, 2021, the County reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected & actual economic experience | \$ 3,409,625 | \$ (17,332,733) |
| Changes in actuarial assumptions | 346,660,079 | (12,289,505) |
| Net difference between projected and actual investment earnings | - | (492,899,850) |
| Changes in proportion | 13,974,683 | (4,222,913) |
| Contributions paid to PERA subsequent to measurement date | 37,780,571 | - |
| | <u>\$ 401,824,958</u> | <u>\$ (526,745,002)</u> |

The \$37,780,571 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, 2022. 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 |
|-----------------------------------|-----------------------------------|
| 2022 | \$ (23,558,594) |
| 2023 | (4,384,695) |
| 2024 | (644,811) |
| 2025 | (134,112,515) |
| | <u>\$ (162,700,615)</u> |

2. Police and Fire Fund Pension Costs. At December 31, 2021 the County reported a liability of \$29,971,101 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County’s 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportion share was 3.88% at the end of the measurement period and 4.11% for the beginning of the period.

The County’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$18.0 million in 2021. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct State aid was paid on October 1, 2020. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million of supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

Notes to the Basic Financial Statements

December 31, 2021

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS – CONTINUED**Pension Costs – continued.**

2. Police and Fire Fund Pension Costs – continued. For the year ended December 31, 2021, the County recognized pension expense reduction of \$177,035 for its proportionate share of the Police and Fire Plan's pension expense. The County recognized an additional \$170,176 as pension expense (and grant revenue) for its proportionate share of the State's contribution of \$9,000,000. The County also recognized \$242,350 as revenue with an offsetting reduction of net pension liability for its proportionate share of the State's \$9,000,000 contributions to the Police and Fire Fund. At year end, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected & actual economic experience | \$ 5,847,689 | \$ - |
| Changes in actuarial assumptions | 44,049,668 | (17,454,182) |
| Net difference between projected and actual investment earnings | - | (56,959,770) |
| Changes in proportion | 1,946,205 | (3,722,603) |
| Contributions paid to PERA subsequent to measurement date | 4,485,924 | - |
| | <u>\$ 56,329,486</u> | <u>\$ (78,136,555)</u> |

The \$4,485,924 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, 2022. 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 |
|-----------------------------------|---------------------------------------|
| 2022 | \$ (20,823,234) |
| 2023 | (4,133,852) |
| 2024 | (4,084,286) |
| 2025 | (6,394,942) |
| 2026 | 9,143,321 |
| | <u>\$ (26,292,993)</u> |

3. Correctional Plan Pension Costs. At December 31, 2021 the County reported a liability reduction of \$2,840,581 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The County's proportionate share was 17.29% at the end of the measurement period and 17.4% for the beginning of the period.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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

Pension Costs – continued.

3. Correctional Plan Pension Costs – continued. For the year ended December 31, 2021, the County recognized a \$7,334,612 pension expense reduction for its proportionate share of the Correctional Plan’s pension expense. At year end the County reported its proportionate share of the Correctional Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected & actual economic experience | \$ - | \$ (1,625,396) |
| Changes in actuarial assumptions | 17,781,303 | (266,311) |
| Net difference between projected and actual investment earnings | - | (22,789,281) |
| Changes in proportion | 23,189 | (30,305) |
| Contributions paid to PERA subsequent to measurement date | <u>1,576,652</u> | <u>-</u> |
| | <u>\$ 19,381,144</u> | <u>\$ (24,711,293)</u> |

The \$1,576,652 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

| <u>Year Ended December 31</u> | <u>Pension Expense Amount</u> |
|-----------------------------------|-----------------------------------|
| 2022 | \$ (944,096) |
| 2023 | (171,160) |
| 2024 | 407,401 |
| 2025 | <u>(6,198,946)</u> |
| | <u>\$ (6,906,801)</u> |

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | <u>General Employees Fund</u> | <u>Police and Fire Fund</u> | <u>Correctional Fund</u> |
|------------------------------|-----------------------------------|---------------------------------|------------------------------|
| Inflation | 2.25% | 2.25% | 2.25% |
| Active Member Payroll Growth | 3.00% | 3.00% | 3.00% |
| Investment Rate of Return | 6.50% | 6.50% | 6.50% |

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. Salary increases were based on a service-related table. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and Pub-2010 Public Safety Mortality table for the Police and Fire Correctional Plans. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Notes to the Basic Financial Statements

December 31, 2021

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

Actuarial Assumptions – continued

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

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

1. General Employees Fund

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2. Police and Fire Fund

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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

Actuarial Assumptions – continued

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

3. Correctional Fund

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 33.50% | 5.10% |
| Private Markets | 25.00% | 5.30% |
| Fixed Income | 25.00% | 0.75% |
| International Equity | 16.50% | 5.90% |
| | <u>100.00%</u> | |

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2021

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

Actuarial Assumptions – continued

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

Discount Rate. The discount rate used to measure the total pension liability in 2021 was 6.50%. 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)

| | <u>General Employees Fund</u> | | <u>Police and Fire Fund</u> | | <u>Correctional Fund</u> | |
|-----------|-------------------------------|------------------|-----------------------------|---------------|--------------------------|---------------|
| 1% lower | 5.50% | \$ 1,157,932,545 | 5.50% | \$ 95,153,178 | 5.50% | \$ 29,562,766 |
| Current % | 6.50% | 567,756,062 | 6.50% | 29,971,101 | 6.50% | (2,840,581) |
| 1% higher | 7.50% | 83,480,235 | 7.50% | (23,462,052) | 7.50% | (4,966,079) |

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 2021, County governmental activities’ pension liabilities were liquidated at a rate of approximately 60.0% General Fund, 34.5% Human Services Fund, and 5.5% internal service funds.

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

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

GASB Statement No, 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was effective for the County on January 1, 2022. The specific retirement plan issues clarified in the guidance were not relevant to the County.

GASB Statement No, 98, *The Annual Comprehensive Financial Report*, was implemented and the new term and its acronym ACFR replace instances of *Comprehensive Annual Financial Report* and its acronym in this report.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2021

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

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

GASB Statement No. 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.

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.

GASB Statement No. 99, *Omnibus 2022* requirements relating to leases and certain other arrangements are effective for the County on January 1, 2023, while other requirements are effective for the County on January 1, 2024.

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

20. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 23, 2022, the date these financial statements were available to be issued. As a result of the continuation of the COVID-19 pandemic, economic uncertainties continue which may impact the financial position, results of operations, and cash flows of the County. Global actions taken in 2022 to help mitigate the spread of COVID-19 have included vaccination and booster vaccination efforts, which have allowed the expansion of on-site services and more use of public spaces in 2022. The County has incurred 2022 costs and has received significant intergovernmental revenues in 2022 that are specifically related to the pandemic, including the \$122,937,582 second advance from the Federal American Rescue Plan Act – Local Fiscal Recovery Fund.

Required Supplementary Information



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

| <u>OPEB - Excluding the Medical Center</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Service cost | \$ 4,640,136 | \$ 4,559,386 | \$ 4,943,170 | \$ 4,476,499 | \$ 4,500,514 |
| Interest | 3,303,319 | 4,968,052 | 4,308,362 | 4,592,534 | 4,384,787 |
| Effect of liability gains and losses | - | 7,737,491 | - | - | - |
| Changes in assumptions or other inputs . . . | 4,143,818 | (9,589,746) | (4,708,874) | 2,461,877 | (1,526,977) |
| Benefit payments | (8,236,293) | (8,472,026) | (8,005,202) | (8,484,000) | (8,841,000) |
| Net change in total OPEB liability | 3,850,980 | (796,843) | (3,462,544) | 3,046,910 | (1,482,676) |
| Total OPEB liability, beginning | 120,009,246 | 120,806,089 | 124,268,633 | 121,221,723 | 122,704,399 |
| Total OPEB liability, ending | <u>\$ 123,860,226</u> | <u>\$ 120,009,246</u> | <u>\$ 120,806,089</u> | <u>\$ 124,268,633</u> | <u>\$ 121,221,723</u> |
| Covered payroll | \$ 650,305,219 | \$ 640,258,904 | \$ 627,819,446 | \$ 597,177,479 | \$ 547,497,898 |
| Total OPEB liability as a percentage of covered payroll | 19.05% | 18.74% | 19.24% | 20.81% | 22.14% |
| | | | | | |
| <u>OPEB - Medical Center</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Service cost | \$ 1,756,507 | \$ 1,691,909 | \$ 1,775,119 | \$ 1,601,420 | \$ 1,613,801 |
| Interest | 719,615 | 1,187,494 | 1,041,775 | 1,117,968 | 1,064,259 |
| Effect of liability gains and losses | - | (2,324,832) | - | - | - |
| Changes in assumptions or other inputs . . . | 1,241,433 | (589,612) | (1,233,262) | 603,506 | (348,870) |
| Benefit payments | (2,625,196) | (2,823,146) | (2,824,000) | (2,751,000) | (2,358,000) |
| Net change in total OPEB liability | 1,092,359 | (2,858,187) | (1,240,368) | 571,894 | (28,810) |
| Total OPEB liability, beginning | 25,810,558 | 28,668,745 | 29,909,113 | 29,337,219 | 29,366,029 |
| Total OPEB liability, ending | <u>\$ 26,902,917</u> | <u>\$ 25,810,558</u> | <u>\$ 28,668,745</u> | <u>\$ 29,909,113</u> | <u>\$ 29,337,219</u> |
| Covered payroll | \$ 368,856,177 | \$ 368,922,416 | \$ 358,103,573 | \$ 349,253,599 | \$ 348,227,603 |
| Total OPEB liability as a percentage of covered payroll | 7.29% | 7.00% | 8.01% | 8.56% | 8.42% |

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

See notes to required supplementary information.

Hennepin County, Minnesota

Schedule of Defined Benefit Pension Plan Contributions

Last Seven Calendar Years

| Year Ended | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|--------------------------------|--|--|---|---------------------------|--|
| <u>General Employees Fund:</u> | | | | | |
| 12/31/2015 | \$ 59,766,423 | \$ 59,766,423 | \$ - | \$ 796,885,637 | 7.50% |
| 12/31/2016 | 61,729,416 | 61,729,416 | - | 823,058,880 | 7.50% |
| 12/31/2017 | 65,213,219 | 65,213,219 | - | 869,509,587 | 7.50% |
| 12/31/2018 | 67,962,777 | 67,962,777 | - | 906,170,360 | 7.50% |
| 12/31/2019 | 69,641,908 | 69,641,908 | - | 928,558,773 | 7.50% |
| 12/31/2020 | 70,155,574 | 70,155,574 | - | 935,407,563 | 7.50% |
| 12/31/2021 | 73,192,473 | 73,192,473 | - | 975,899,638 | 7.50% |
| <u>Police and Fire Fund:</u> | | | | | |
| 12/31/2015 | \$ 6,263,212 | \$ 6,263,212 | \$ - | \$ 38,661,801 | 16.20% |
| 12/31/2016 | 6,394,335 | 6,394,335 | - | 39,471,204 | 16.20% |
| 12/31/2017 | 6,917,586 | 6,917,586 | - | 42,701,148 | 16.20% |
| 12/31/2018 | 7,087,821 | 7,087,821 | - | 43,751,982 | 16.20% |
| 12/31/2019 | 7,365,803 | 7,365,803 | - | 43,456,065 | 16.95% |
| 12/31/2020 | 8,036,421 | 8,036,421 | - | 45,403,508 | 17.70% |
| 12/31/2021 | 8,829,581 | 8,829,581 | - | 49,884,641 | 17.70% |
| <u>Correctional Fund:</u> | | | | | |
| 12/31/2015 | \$ 2,752,592 | \$ 2,752,592 | \$ - | \$ 31,458,191 | 8.75% |
| 12/31/2016 | 2,904,599 | 2,904,599 | - | 33,195,417 | 8.75% |
| 12/31/2017 | 2,994,280 | 2,994,280 | - | 34,220,343 | 8.75% |
| 12/31/2018 | 3,150,059 | 3,150,059 | - | 36,000,678 | 8.75% |
| 12/31/2019 | 3,252,067 | 3,252,067 | - | 37,166,482 | 8.75% |
| 12/31/2020 | 3,355,646 | 3,355,646 | - | 38,350,234 | 8.75% |
| 12/31/2021 | 3,233,626 | 3,233,626 | - | 36,955,721 | 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 Seven Measurement Dates

| Fiscal Year Ended | The County's Proportion of the Net Pension Liability | The County's Proportionate Share of the Net Pension Liability (Asset) (a) | The State's Proportionate Share of the Net Pension Liability Associated with the County (b) | Combined Proportionate Share of the Net Pension Liability (Asset) Associated With the County (a+b) | The County's Covered Payroll (c) | The County's Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll ((a+b)/c) | The Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|--|---|---|--|----------------------------------|--|--|
| General Employees Fund: | | | | | | | |
| 6/30/2015 | 12.7199% | \$ 659,211,482 | \$ - | \$ 659,211,482 | \$ 748,386,350 | 88.1% | 78.2% |
| 6/30/2016 | 12.9213% | 1,049,141,410 | 13,702,696 | 1,062,844,106 | 802,521,842 | 132.4% | 68.9% |
| 6/30/2017 | 13.6448% | 871,075,027 | 10,951,853 | 882,026,880 | 880,985,965 | 100.1% | 75.9% |
| 6/30/2018 | 13.2375% | 734,362,227 | 24,088,367 | 758,450,594 | 891,568,889 | 85.1% | 79.5% |
| 6/30/2019 | 12.9958% | 718,508,673 | 22,332,030 | 740,840,703 | 921,354,489 | 80.4% | 80.2% |
| 6/30/2020 | 13.0160% | 780,368,683 | 24,063,673 | 804,432,356 | 928,253,320 | 86.7% | 79.6% |
| 6/30/2021 | 13.2950% | 567,756,062 | 17,338,093 | 585,094,155 | 971,916,665 | 60.2% | 87.0% |
| Police and Fire Fund: | | | | | | | |
| 6/30/2015 | 4.1430% | \$ 47,074,163 | \$ - | \$ 47,074,163 | \$ 38,106,826 | 123.5% | 86.6% |
| 6/30/2016 | 4.0100% | 160,928,278 | - | 160,928,278 | 38,679,130 | 416.1% | 63.9% |
| 6/30/2017 | 4.1170% | 55,584,399 | - | 55,584,399 | 42,503,612 | 130.8% | 85.4% |
| 6/30/2018 | 4.0950% | 43,648,482 | - | 43,648,482 | 43,274,743 | 100.9% | 88.8% |
| 6/30/2019 | 4.0958% | 43,603,928 | - | 43,603,928 | 43,195,250 | 100.9% | 89.3% |
| 6/30/2020 | 4.1104% | 54,179,470 | 1,276,392 | 55,455,862 | 46,039,657 | 120.5% | 87.2% |
| 6/30/2021 | 3.8828% | 29,971,101 | 1,347,396 | 31,318,497 | 46,963,386 | 66.7% | 93.7% |
| Correctional Fund: | | | | | | | |
| 6/30/2015 | 17.0900% | \$ 2,642,146 | \$ - | \$ 2,642,146 | \$ 30,694,935 | 8.6% | 97.0% |
| 6/30/2016 | 17.2300% | 62,943,603 | - | 62,943,603 | 42,770,433 | 147.2% | 58.2% |
| 6/30/2017 | 17.3400% | 49,419,174 | - | 49,419,174 | 34,650,138 | 142.6% | 67.9% |
| 6/30/2018 | 17.2486% | 2,836,910 | - | 2,836,910 | 35,245,309 | 8.0% | 97.6% |
| 6/30/2019 | 17.1100% | 2,368,714 | - | 2,368,714 | 36,509,152 | 6.5% | 98.2% |
| 6/30/2020 | 17.3952% | 4,720,013 | - | 4,720,013 | 37,851,303 | 12.5% | 96.7% |
| 6/30/2021 | 17.2917% | (2,840,581) | - | (2,840,581) | 38,275,286 | -7.4% | 101.6% |

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

See notes to required supplementary information.

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department**

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|---------------------------------|--------------------|----------------------------|--------------------|-------------------------------|--------------------|----------------|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Budget | | |
| REVENUES | | | | | | |
| Property taxes | \$ 486,948,616 | \$ 486,948,616 | \$ 493,105,430 | \$ 6,156,814 | \$ 496,341,011 | |
| Wheelage tax | 20,800,000 | 20,800,000 | 20,294,603 | (505,397) | 19,305,219 | |
| Other taxes | 2,596,100 | 2,596,100 | 4,668,797 | 2,072,697 | 3,466,890 | |
| Intergovernmental | 124,029,994 | 176,774,306 | 168,189,307 | (8,584,999) | 217,489,370 | |
| Investment earnings (losses) | 5,025,000 | 5,025,000 | (6,128,863) | (11,153,863) | 9,987,077 | |
| Charges for services | 98,650,105 | 98,650,105 | 88,214,798 | (10,435,307) | 90,040,844 | |
| Fines and forfeits | 377,200 | 377,200 | 319,584 | (57,616) | 369,143 | |
| Licenses and permits | 6,331,909 | 6,331,909 | 5,764,062 | (567,847) | 6,320,508 | |
| Other | 17,625,373 | 17,745,373 | 18,519,157 | 773,784 | 17,156,734 | |
| Total Revenues | 762,384,297 | 815,248,609 | 792,946,875 | (22,301,734) | 860,476,796 | |
| EXPENDITURES - CURRENT | | | | | | |
| Operations | | | | | | |
| County Board: | | | | | | |
| Personal services | 2,795,624 | 2,795,624 | 2,750,347 | 45,277 | 2,628,837 | |
| Commodities | 42,600 | 72,619 | 4,924 | 67,695 | 28,971 | |
| Contractual services | 122,380 | 130,864 | 212,837 | (81,973) | 63,000 | |
| Other charges | 100,540 | 101,204 | 23,097 | 78,107 | 25,012 | |
| | 3,061,144 | 3,100,311 | 2,991,205 | 109,106 | 2,745,820 | |
| County Administration: | | | | | | |
| Personal services | 2,581,820 | 2,581,820 | 4,052,316 | (1,470,496) | 3,358,111 | |
| Commodities | 6,000 | 6,000 | 502,511 | (496,511) | 3,013 | |
| Contractual services | 1,035,521 | 1,103,273 | 1,456,384 | (353,111) | 3,013,256 | |
| Other charges | 47,450 | 2,718,213 | 205,611 | 2,512,602 | 15,866 | |
| | 3,670,791 | 6,409,306 | 6,216,822 | 192,484 | 6,390,246 | |
| Library: | | | | | | |
| Personal services | 46,394,257 | 46,394,257 | 43,473,422 | 2,920,835 | 44,117,708 | |
| Commodities | 805,600 | 973,864 | 1,080,118 | (106,254) | 1,002,236 | |
| Contractual services | 14,976,998 | 15,244,466 | 17,658,027 | (2,413,561) | 27,593,556 | |
| Capital outlay | 5,091,350 | 5,274,692 | 5,182,856 | 91,836 | 4,217,554 | |
| Other charges | 642,276 | 893,832 | 559,415 | 334,417 | 640,080 | |
| | 67,910,481 | 68,781,111 | 67,953,838 | 827,273 | 77,571,134 | |
| Budget & Finance: | | | | | | |
| Personal services | 11,414,714 | 11,414,714 | 11,327,315 | 87,399 | 10,844,811 | |
| Commodities | 13,400 | 13,400 | 36,847 | (23,447) | 118,476 | |
| Contractual services | 4,120,431 | 4,449,589 | 4,038,775 | 410,814 | 4,529,887 | |
| Other charges | 278,451 | 481,241 | 128,143 | 353,098 | 112,705 | |
| | 15,826,996 | 16,358,944 | 15,531,080 | 827,864 | 15,605,879 | |
| Housing & Economic Development: | | | | | | |
| Personal services | 4,282,071 | 4,281,758 | 4,162,317 | 119,441 | 5,974,243 | |
| Commodities | 18,540 | 18,813 | 8,642 | 10,171 | 15,974 | |
| Contractual services | 34,452,414 | 68,615,775 | 57,501,397 | 11,114,378 | 78,797,721 | |
| Capital outlay | - | (720) | - | (720) | - | |
| Other charges | 78,175 | 665,920 | 36,874 | 629,046 | 51,665 | |
| | 38,831,200 | 73,581,546 | 61,709,230 | 11,872,316 | 84,839,603 | |
| Facility Services: | | | | | | |
| Personal services | 26,853,883 | 26,853,883 | 24,189,823 | 2,664,060 | 23,530,753 | |
| Commodities | 1,721,492 | 1,576,318 | 1,501,021 | 75,297 | 2,103,557 | |
| Contractual services | 38,742,587 | 39,112,891 | 34,355,809 | 4,757,082 | 31,999,602 | |
| Capital outlay | 41,457 | 205,141 | 448,081 | (242,940) | 742,464 | |
| Other charges | 987,033 | 1,373,725 | 958,652 | 415,073 | 686,811 | |
| | 68,346,452 | 69,121,958 | 61,453,386 | 7,668,572 | 59,063,187 | |
| Information Technology: | | | | | | |
| Personal services | 3,476,889 | 3,476,889 | 3,386,130 | 90,759 | 3,666,205 | |
| Commodities | 84,934 | 27,489 | 12,053 | 15,436 | 538,601 | |
| Contractual services | 3,035,962 | 1,462,147 | 1,200,913 | 261,234 | 1,539,504 | |
| Capital outlay | - | - | 250,000 | (250,000) | 541,830 | |
| Other charges | (1,425,543) | 49,159 | 10,093 | 39,066 | 5,101 | |
| | 5,172,242 | 5,015,684 | 4,859,189 | 156,495 | 6,291,241 | |
| Real Property Group: | | | | | | |
| Personal services | 37,393,721 | 37,393,721 | 35,024,151 | 2,369,570 | 36,514,053 | |
| Commodities | 535,250 | 533,564 | 855,420 | (321,856) | 2,518,129 | |
| Contractual services | 13,995,685 | 13,977,264 | 9,203,589 | 4,773,675 | 15,740,111 | |
| Capital outlay | 308,000 | 308,000 | - | 308,000 | 296,626 | |
| Other charges | 1,721,720 | 2,639,082 | 1,939,808 | 699,274 | 2,062,624 | |
| | 53,954,376 | 54,851,631 | 47,022,968 | 7,828,663 | 57,131,543 | |
| Human Resources: | | | | | | |
| Personal services | 12,501,223 | 12,501,223 | 12,239,830 | 261,393 | 11,771,090 | |
| Commodities | 67,100 | 65,472 | 19,400 | 46,072 | 28,653 | |
| Contractual services | 6,303,188 | 6,643,792 | 7,255,347 | (611,555) | 6,038,282 | |
| Other charges | 447,000 | 911,526 | 173,216 | 738,310 | 270,941 | |
| | 19,318,511 | 20,122,013 | 19,687,793 | 434,220 | 18,108,966 | |

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department**

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | 2020 Actual |
|---|--------------------|----------------------------|--------------------|-------------------------------|--------------------|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Budget | |
| EXPENDITURES - CURRENT, continued | | | | | |
| Operations, continued | | | | | |
| Audit, Compliance and Investigation Services: | | | | | |
| Personal services | 3,257,737 | 3,257,737 | 3,050,493 | 207,244 | 2,968,380 |
| Commodities | 16,950 | 13,385 | 2,360 | 11,025 | 14,634 |
| Contractual services | 800,925 | 778,925 | 674,802 | 104,123 | 633,946 |
| Other charges | 69,194 | 270,123 | 31,865 | 238,258 | 28,324 |
| | <u>4,144,806</u> | <u>4,320,170</u> | <u>3,759,520</u> | <u>560,650</u> | <u>3,645,284</u> |
| General County Purposes ¹ : | | | | | |
| Personal services | 21,366,978 | 21,430,312 | 19,085,167 | 2,345,145 | 23,082,694 |
| Commodities | 636,706 | 1,580,821 | 1,768,056 | (187,235) | 10,031,057 |
| Contractual services | 10,527,047 | 10,291,703 | 10,517,134 | (225,431) | 11,702,466 |
| Capital outlay | - | - | 474,045 | (474,045) | (2,252) |
| Other charges | 19,675,954 | 20,181,283 | 2,948,552 | 17,232,731 | 3,216,717 |
| | <u>52,206,685</u> | <u>53,484,119</u> | <u>34,792,954</u> | <u>18,691,165</u> | <u>48,030,682</u> |
| Total Operations: | | | | | |
| Personal services | 172,318,917 | 172,381,938 | 162,741,311 | 9,640,627 | 168,456,885 |
| Commodities | 3,948,572 | 4,881,745 | 5,791,352 | (909,607) | 16,403,301 |
| Contractual services | 128,113,138 | 161,810,689 | 144,075,014 | 17,735,675 | 181,651,331 |
| Capital outlay | 5,440,807 | 5,787,113 | 6,354,982 | (567,869) | 5,796,222 |
| Other charges | 22,622,250 | 30,285,308 | 7,015,326 | 23,269,982 | 7,115,846 |
| | <u>332,443,684</u> | <u>375,146,793</u> | <u>325,977,985</u> | <u>49,168,808</u> | <u>379,423,585</u> |
| Health | | | | | |
| NorthPoint Health & Wellness Center: | | | | | |
| Personal services | 31,329,401 | 31,325,216 | 30,042,088 | 1,283,128 | 29,152,475 |
| Commodities | 2,571,300 | 2,570,269 | 2,029,841 | 540,428 | 1,653,427 |
| Contractual services | 6,682,663 | 6,607,338 | 6,681,887 | (74,549) | 6,258,232 |
| Capital outlay | 67,000 | 67,000 | 29,411 | 37,589 | 122,228 |
| Other charges | 722,074 | 1,507,448 | 484,903 | 1,022,545 | 211,897 |
| | <u>41,372,438</u> | <u>42,077,271</u> | <u>39,268,130</u> | <u>2,809,141</u> | <u>37,398,259</u> |
| Medical Examiner: | | | | | |
| Personal services | 6,218,822 | 6,218,822 | 6,282,954 | (64,132) | 6,039,996 |
| Commodities | 87,800 | 87,204 | 100,341 | (13,137) | 92,651 |
| Contractual services | 1,448,724 | 1,948,676 | 2,096,131 | (147,455) | 1,825,481 |
| Capital outlay | - | - | (11,642) | 11,642 | - |
| Other charges | 52,600 | 238,818 | 24,222 | 214,596 | 47,482 |
| | <u>7,807,946</u> | <u>8,493,520</u> | <u>8,492,006</u> | <u>1,514</u> | <u>8,005,610</u> |
| Uncompensated Care: | | | | | |
| Contractual services | 26,000,000 | 26,000,000 | 26,000,000 | - | 22,557,000 |
| | <u>26,000,000</u> | <u>26,000,000</u> | <u>26,000,000</u> | <u>-</u> | <u>22,557,000</u> |
| Health Administration and Support: | | | | | |
| Personal services | 559,883 | 559,883 | 343,523 | 216,360 | 359,402 |
| Commodities | 500 | 500 | - | 500 | 284 |
| Contractual services | 182,000 | 247,600 | 77,418 | 170,182 | 114,631 |
| | <u>742,383</u> | <u>807,983</u> | <u>420,941</u> | <u>387,042</u> | <u>474,317</u> |
| Sexual Assault Resources Service (SARS): | | | | | |
| Contractual services | 1,200,000 | 1,225,350 | 911,095 | 314,255 | 630,776 |
| | <u>1,200,000</u> | <u>1,225,350</u> | <u>911,095</u> | <u>314,255</u> | <u>630,776</u> |
| Total Health: | | | | | |
| Personal services | 38,108,106 | 38,103,921 | 36,668,565 | 1,435,356 | 35,551,873 |
| Commodities | 2,659,600 | 2,657,973 | 2,130,182 | 527,791 | 1,746,362 |
| Contractual services | 35,513,387 | 36,028,964 | 35,766,531 | 262,433 | 31,386,120 |
| Capital outlay | 67,000 | 67,000 | 17,769 | 49,231 | 122,228 |
| Other charges | 774,674 | 1,746,266 | 509,125 | 1,237,141 | 259,379 |
| | <u>77,122,767</u> | <u>78,604,124</u> | <u>75,092,172</u> | <u>3,511,952</u> | <u>69,065,962</u> |

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department**

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | 2020 Actual |
|---|--------------------|----------------------------|--------------------|-------------------------------|--------------------|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Budget | |
| EXPENDITURES - CURRENT, continued | | | | | |
| Public Safety | | | | | |
| Public Safety Administration & Integration: | | | | | |
| Personal services | 10,693,776 | 11,193,776 | 10,223,988 | 969,788 | 10,925,532 |
| Commodities | 64,127 | 64,109 | 22,818 | 41,291 | 367,426 |
| Contractual services | 5,527,628 | 5,840,206 | 5,526,443 | 313,763 | 5,585,078 |
| Capital outlay | 60,000 | 60,000 | 209,290 | (149,290) | 39,626 |
| Other charges | 109,125 | 1,506,914 | 85,800 | 1,421,114 | 83,711 |
| | <u>16,454,656</u> | <u>18,665,005</u> | <u>16,068,339</u> | <u>2,596,666</u> | <u>17,001,373</u> |
| County Attorney: | | | | | |
| Personal services | 53,407,695 | 54,204,753 | 55,310,481 | (1,105,728) | 53,718,546 |
| Commodities | 157,855 | 138,104 | 93,471 | 44,633 | 271,803 |
| Contractual services | 8,182,665 | 9,199,174 | 8,076,546 | 1,122,628 | 7,749,606 |
| Capital outlay | - | - | - | - | 93,345 |
| Other charges | 169,120 | 364,628 | 208,772 | 155,856 | 242,394 |
| | <u>61,917,335</u> | <u>63,906,659</u> | <u>63,689,270</u> | <u>217,389</u> | <u>62,075,694</u> |
| Court Functions: | | | | | |
| Contractual services | 2,258,600 | 2,310,914 | 1,946,416 | 364,498 | 2,048,449 |
| | <u>2,258,600</u> | <u>2,310,914</u> | <u>1,946,416</u> | <u>364,498</u> | <u>2,048,449</u> |
| Public Defender: | | | | | |
| Personal services | 5,750,134 | 5,750,134 | 5,354,026 | 396,108 | 5,988,209 |
| Commodities | 44,000 | 43,400 | 111,856 | (68,456) | 45,372 |
| Contractual services | 4,237,727 | 4,237,377 | 4,091,492 | 145,885 | 4,540,608 |
| Other charges | 30,000 | 86,864 | 20,161 | 66,703 | 11,640 |
| | <u>10,061,861</u> | <u>10,117,775</u> | <u>9,577,535</u> | <u>540,240</u> | <u>10,585,829</u> |
| Sheriff: | | | | | |
| Personal services | 98,599,588 | 100,679,595 | 104,596,572 | (3,916,977) | 99,909,631 |
| Commodities | 4,871,581 | 4,588,560 | 4,993,060 | (404,500) | 6,243,444 |
| Contractual services | 15,494,227 | 16,027,328 | 16,354,829 | (327,501) | 15,414,651 |
| Capital outlay | 683,596 | 764,459 | 279,391 | 485,068 | 898,719 |
| Other charges | 1,395,316 | 5,613,070 | 1,439,399 | 4,173,671 | 1,200,470 |
| | <u>121,044,308</u> | <u>127,673,012</u> | <u>127,663,251</u> | <u>9,761</u> | <u>123,666,915</u> |
| Community Corrections and Rehabilitation: | | | | | |
| Personal services | 101,484,092 | 101,682,522 | 95,528,218 | 6,154,304 | 99,311,702 |
| Commodities | 2,721,973 | 2,742,990 | 1,586,361 | 1,156,629 | 1,844,509 |
| Contractual services | 21,918,182 | 21,936,441 | 19,876,751 | 2,059,690 | 20,524,616 |
| Capital outlay | 60,000 | 363,610 | 100,034 | 263,576 | 113,819 |
| Other charges | 457,235 | 920,584 | 386,745 | 533,839 | 333,231 |
| | <u>126,641,482</u> | <u>127,646,147</u> | <u>117,478,109</u> | <u>10,168,038</u> | <u>122,127,877</u> |
| Total Public Safety | | | | | |
| Personal services | 269,935,285 | 273,510,780 | 271,013,285 | 2,497,495 | 269,853,620 |
| Commodities | 7,859,536 | 7,577,163 | 6,807,566 | 769,597 | 8,772,554 |
| Contractual services | 57,619,029 | 59,551,440 | 55,872,477 | 3,678,963 | 55,863,008 |
| Capital outlay | 803,596 | 1,188,069 | 588,715 | 599,354 | 1,145,509 |
| Other charges | 2,160,796 | 8,492,060 | 2,140,877 | 6,351,183 | 1,871,446 |
| | <u>338,378,242</u> | <u>350,319,512</u> | <u>336,422,920</u> | <u>13,896,592</u> | <u>337,506,137</u> |
| Total Public Works: | | | | | |
| Personal services | 35,019,305 | 35,019,305 | 33,056,202 | 1,963,103 | 31,104,629 |
| Commodities | 3,537,395 | 3,107,593 | 4,441,186 | (1,333,593) | 2,898,564 |
| Contractual services | 23,614,530 | 21,892,225 | 22,260,617 | (368,392) | 24,013,762 |
| Capital outlay | 65,409 | 256,230 | 470,849 | (214,619) | 93,088 |
| Other charges | 320,261 | 353,198 | 226,807 | 126,391 | 609,326 |
| | <u>62,556,900</u> | <u>60,628,551</u> | <u>60,455,661</u> | <u>172,890</u> | <u>58,719,369</u> |

**Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department**

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | 2020 Actual |
|--|--------------------|----------------------------|----------------|-------------------------------|----------------|
| | Original Budget | Final Amended Budget | Actual | Variance with Final Budget | |
| EXPENDITURES - CURRENT, continued | | | | | |
| TOTAL EXPENDITURES - CURRENT: | | | | | |
| Personal services | 515,381,613 | 519,015,944 | 503,479,363 | 15,536,581 | 504,967,007 |
| Commodities | 18,005,103 | 18,224,474 | 19,170,286 | (945,812) | 29,820,781 |
| Contractual services | 244,860,084 | 279,283,318 | 257,974,639 | 21,308,679 | 292,914,221 |
| Capital outlay | 6,376,812 | 7,298,412 | 7,432,315 | (133,903) | 7,157,047 |
| Other charges | 25,877,981 | 40,876,832 | 9,892,135 | 30,984,697 | 9,855,997 |
| Total Expenditures | \$ 810,501,593 | \$ 864,698,980 | \$ 797,948,738 | \$ 66,750,242 | \$ 844,715,053 |
| Excess (Deficiency) of Revenues Over Expenditures | (48,117,296) | (49,450,371) | (5,001,863) | 44,448,508 | 15,761,743 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 4,299,000 | 4,299,000 | 5,061,425 | 762,425 | 3,112,510 |
| Transfers out | - | - | (3,700,000) | (3,700,000) | (21,053,288) |
| Sale of capital assets | - | - | - | - | 398,640 |
| Insurance recoveries | - | - | 768,750 | 768,750 | - |
| Total Other Financing Sources (Uses) | 4,299,000 | 4,299,000 | 2,130,175 | (2,168,825) | (17,542,138) |
| Net Change in Fund Balance | (43,818,296) | (45,151,371) | (2,871,688) | \$ 42,279,683 | (1,780,395) |
| Fund Balance - Beginning | 245,180,387 | 245,180,387 | 245,180,387 | | 246,960,782 |
| Fund Balance - Ending | \$ 201,362,091 | \$ 200,029,016 | \$ 242,308,699 | | \$ 245,180,387 |

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

See notes to required supplementary information.

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

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|--|-----------------------|-----------------------|-----------------------|-------------------------------|-----------|--------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 277,516,765 | \$ 277,516,765 | \$ 279,068,437 | \$ 1,551,672 | \$ | 293,895,301 |
| Other taxes | - | - | 177,689 | 177,689 | | 149,493 |
| Intergovernmental | 299,727,894 | 345,713,644 | 344,865,350 | (848,294) | | 314,876,829 |
| Charges for services | 56,964,612 | 57,239,912 | 44,320,143 | (12,919,769) | | 47,997,920 |
| Licenses and permits | 2,166,000 | 2,166,000 | 1,934,128 | (231,872) | | 2,001,306 |
| Other | 1,891,000 | 1,891,000 | 1,785,473 | (105,527) | | 5,735,564 |
| Total Revenues | 638,266,271 | 684,527,321 | 672,151,220 | (12,376,101) | | 664,656,413 |
| EXPENDITURES | | | | | | |
| Human Services: | | | | | | |
| Personal services | 342,965,997 | 344,861,177 | 330,154,742 | 14,706,435 | | 325,908,919 |
| Commodities | 1,870,697 | 1,876,070 | 3,240,238 | (1,364,168) | | 3,711,945 |
| Contractual services | 57,042,411 | 57,186,110 | 49,775,954 | 7,410,156 | | 47,209,615 |
| Public aid assistance | 225,083,915 | 256,148,552 | 212,674,213 | 43,474,339 | | 224,847,703 |
| Other | 23,591,263 | 36,743,424 | 24,000,925 | 12,742,499 | | 27,885,995 |
| Total Expenditures | 650,554,283 | 696,815,333 | 619,846,072 | 76,969,261 | | 629,564,177 |
| Excess (Deficiency) of Revenues Over Expenditures | (12,288,012) | (12,288,012) | 52,305,148 | 64,593,160 | | 35,092,236 |
| OTHER FINANCING SOURCES | | | | | | |
| Transfers in | - | - | - | - | | 5,407,698 |
| Transfers out | - | - | - | - | | (14,896,289) |
| Total Other Financing Sources (Uses) | - | - | - | - | | (9,488,591) |
| Net Change in Fund Balance | (12,288,012) | (12,288,012) | 52,305,148 | \$ 64,593,160 | | 25,603,645 |
| Fund Balance - Beginning | 148,601,667 | 148,601,667 | 148,601,667 | | | 122,998,022 |
| Fund Balance - Ending | \$ 136,313,655 | \$ 136,313,655 | \$ 200,906,815 | | \$ | 148,601,667 |

See notes to required supplementary information.

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

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|---------------------------------------|------------------|---------------|---------------|-------------------------------|---------------|----------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Sales tax | \$ 39,210,961 | \$ 39,210,961 | \$ 41,531,281 | \$ 2,320,320 | \$ 35,561,447 | |
| Investment earnings (losses) | - | - | 3,083 | 3,083 | 43,000 | |
| Total Revenues | 39,210,961 | 39,210,961 | 41,534,364 | 2,323,403 | 35,604,447 | |
| EXPENDITURES | | | | | | |
| Operations | | | | | | |
| Contractual services | 500,000 | 500,000 | 391,926 | 108,074 | 360,454 | |
| Grants | 2,005,000 | 2,005,000 | 1,928,693 | 76,307 | 1,930,296 | |
| Total Expenditures | 2,505,000 | 2,505,000 | 2,320,619 | 184,381 | 2,290,750 | |
| Excess of Revenues Over Expenditures | 36,705,961 | 36,705,961 | 39,213,745 | 2,507,784 | 33,313,697 | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | (35,802,489) | (35,802,489) | (33,752,865) | 2,049,624 | (29,116,883) | |
| Net Change in Fund Balance | 903,472 | 903,472 | 5,460,880 | \$ 4,557,408 | 4,196,814 | |
| Fund Balance - Beginning | 20,371,853 | 20,371,853 | 20,371,853 | | 16,175,039 | |
| Fund Balance - Ending | \$ 21,275,325 | \$ 21,275,325 | \$ 25,832,733 | | \$ 20,371,853 | |

See notes to required supplementary information.

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

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|---------------------------------------|------------------|----------------|----------------|-------------------------------|----|----------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Sales tax | \$ 117,000,000 | \$ 117,000,000 | \$ 139,232,767 | \$ 22,232,767 | \$ | 123,326,329 |
| Intergovernmental | - | - | - | - | | 1,338,299 |
| Total Revenues | 117,000,000 | 117,000,000 | 139,232,767 | 22,232,767 | | 124,664,628 |
| EXPENDITURES | | | | | | |
| Public Works | | | | | | |
| Contractual services | 800,000 | 800,000 | 665,104 | 134,896 | | 696,879 |
| Intergovernmental | 24,950,000 | 24,950,000 | 23,356,858 | 1,593,142 | | 21,650,626 |
| Total Expenditures | 25,750,000 | 25,750,000 | 24,021,962 | 1,728,038 | | 22,347,505 |
| Excess of Revenues Over Expenditures | 91,250,000 | 91,250,000 | 115,210,805 | 23,960,805 | | 102,317,123 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | (29,191,449) | (29,191,449) | (33,791,058) | (4,599,609) | | (29,727,950) |
| Net Change in Fund Balance | 62,058,551 | 62,058,551 | 81,419,747 | \$ 19,361,196 | | 72,589,173 |
| Fund Balance - Beginning | 175,428,051 | 175,428,051 | 175,428,051 | | | 102,838,878 |
| Fund Balance - Ending | \$ 237,486,602 | \$ 237,486,602 | \$ 256,847,798 | | \$ | 175,428,051 |

See notes to required supplementary information.

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

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|--|----------------------|----------------------|----------------------|-------------------------------|----|----------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 16,209,156 | \$ 16,209,156 | \$ 16,281,982 | \$ 72,826 | \$ | \$ 16,526,678 |
| Intergovernmental | 320,000 | 320,000 | 986,637 | 666,637 | | 2,391,409 |
| Investment earnings (losses) | 70,000 | 70,000 | (160,536) | (230,536) | | 183,759 |
| Charges for services | 3,930,000 | 3,930,000 | 859,366 | (3,070,634) | | 1,098,465 |
| Other | 162,087 | 162,087 | 4,012,506 | 3,850,419 | | 2,295,685 |
| Total Revenues | 20,691,243 | 20,691,243 | 21,979,955 | 1,288,712 | | 22,495,996 |
| EXPENDITURES | | | | | | |
| Housing and Redevelopment Authority: | | | | | | |
| Commodities | 1,250 | 1,250 | - | 1,250 | | - |
| Contractual services | 7,337,413 | 6,982,659 | 5,966,548 | 1,016,111 | | 8,508,713 |
| Capital outlay | 5,000,000 | 8,000,000 | - | 8,000,000 | | 23,914,576 |
| Other | 32,580 | 32,580 | 21,023 | 11,557 | | 6,010 |
| Grants and contributions | 8,320,000 | 10,681,294 | 7,759,016 | 2,922,278 | | 9,457,916 |
| Total Expenditures | 20,691,243 | 25,697,783 | 13,746,587 | 11,951,196 | | 41,887,215 |
| Excess (Deficiency) of Revenues Over Expenditures | - | (5,006,540) | 8,233,368 | 13,239,908 | | (19,391,219) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | 3,000,000 | - | (3,000,000) | | 26,914,577 |
| Transfers out | - | - | - | - | | (1,297,987) |
| Total Other Financing Sources (Uses) | - | 3,000,000 | - | (3,000,000) | | 25,616,590 |
| Net Change in Fund Balance | - | (2,006,540) | 8,233,368 | \$ 10,239,908 | | 6,225,371 |
| Fund Balance - Beginning | 31,836,765 | 31,836,765 | 31,836,765 | | | 25,611,394 |
| Fund Balance - Ending | \$ 31,836,765 | \$ 29,830,225 | \$ 40,070,133 | | | \$ 31,836,765 |

See notes to required supplementary information.

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

For the Year Ended December 31, 2021

With Comparative Actual Amounts for Year Ended December 31, 2020

| | 2021 | | | | | 2020 Actual |
|--|-------------------|-------------------|-------------------|-------------------------------|--------------------|----------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 20,477,972 | \$ 20,477,972 | \$ 20,526,403 | \$ 48,431 | \$ 20,785,469 | |
| Intergovernmental | - | - | 87,414 | 87,414 | 361,727 | |
| Investment earnings (losses) | 100,000 | 100,000 | (288,597) | (388,597) | 807,544 | |
| Charges for services | 10,000 | 10,000 | 563,636 | 553,636 | 480,011 | |
| Other | 500,000 | 500,000 | 14,091 | (485,909) | 7,511 | |
| Total Revenues | 21,087,972 | 21,087,972 | 20,902,947 | (185,025) | 22,442,262 | |
| EXPENDITURES | | | | | | |
| Regional Railroad Authority: | | | | | | |
| Commodities | 23,200 | 23,200 | 15,478 | 7,722 | 95,911 | |
| Contractual services | 6,381,272 | 6,398,792 | 11,067,378 | (4,668,586) | 77,975,813 | |
| Capital outlay | 15,927,000 | 16,110,324 | - | 16,110,324 | 3,131,336 | |
| Other | 256,500 | 256,500 | 46,617 | 209,883 | 54,349 | |
| Total Expenditures | 22,587,972 | 22,788,816 | 11,129,473 | 11,659,343 | 81,257,409 | |
| Excess (Deficiency) of Revenues Over Expenditures | (1,500,000) | (1,700,844) | 9,773,474 | 11,474,318 | (58,815,147) | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | - | - | (141,425) | (141,425) | (1,546,316) | |
| Sale of capital assets | 1,500,000 | 1,500,000 | 3,448,774 | 1,948,774 | - | |
| Total Other Financing Sources | 1,500,000 | 1,500,000 | 3,307,349 | 1,807,349 | (1,546,316) | |
| Net Change in Fund Balance | - | (200,844) | 13,080,823 | \$ 13,281,667 | (60,361,463) | |
| Fund Balance - Beginning | 40,063,306 | 40,063,306 | 40,063,306 | | 100,424,769 | |
| Fund Balance - Ending | \$ 40,063,306 | \$ 39,862,462 | \$ 53,144,129 | | \$ 40,063,306 | |

See notes to required supplementary information.

Notes to Required Supplementary Information

December 31, 2021

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> | | | |
| 2018 and prior | \$ 117,254,846 | \$ 94,239,929 | \$ 23,014,917 |
| 2019 | 14,393,172 | 5,100,999 | 9,292,173 |
| 2020 | 48,173,213 | 37,835,739 | 10,337,474 |
| 2021 | 18,571,294 | 8,457,714 | 10,113,580 |
| Projects Closed in 2021 | <u>(47,415,000)</u> | <u>(47,415,000)</u> | - |
| | <u>\$ 150,977,525</u> | <u>\$ 98,219,381</u> | <u>\$ 52,758,144</u> |
| <u>RRA:</u> | | | |
| 2018 and prior | \$ 259,825,416 | \$ 117,026,694 | \$ 142,798,722 |
| 2019 | 31,589,037 | 39,340,464 | (7,751,427) |
| 2020 | 20,366,683 | 72,104,421 | (51,737,738) |
| 2021 | <u>12,992,000</u> | <u>6,669,699</u> | <u>6,322,301</u> |
| | <u>\$ 324,773,136</u> | <u>\$ 235,141,278</u> | <u>\$ 89,631,858</u> |

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

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

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

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

Notes to Required Supplementary Information

December 31, 2021

B. Internal Service Fund Long-Term Obligations

In December 2021, \$722,072 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

2021 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2021

C. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (continued)

General Employees Fund – continued

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.

Notes to Required Supplementary Information

December 31, 2021

C. Notes to Schedule of Changes in Net Pension Liabilities and Related Ratios (continued)

General Employees Fund – continued

2016 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

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

2021 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Notes to Required Supplementary Information

December 31, 2021

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

Police and Fire Fund – continued

2021 Changes – continued

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- Post-retirement benefit increases were changed to 1.0 percent for all years, with no trigger.
 - An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
 - New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
 - Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.
 - Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
 - Interest credited on member contributions decreased from 4.0 percent to 3.0 percent, beginning July 1, 2018.
 - Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
 - Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.
- Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2016 to MP-2017.

Notes to Required Supplementary Information

December 31, 2021

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

Police and Fire Fund – continued

2017 Changes

Changes in Actuarial Assumptions:

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

Changes in Actuarial Assumptions (continued)

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

2016 Changes

Changes in Actuarial Assumptions:

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

2015 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2021

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

Correctional Fund

2021 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2020 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2021

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

Correctional Fund (continued)

2018 Changes

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- 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 Plan Provisions:

- No changes since the prior valuation.

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 Plan Provisions:

- No changes since the prior valuation.

Changes in Actuarial Assumptions:

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

Notes to Required Supplementary Information

December 31, 2021

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.

2021 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 2.74% to 2.12%

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

OPEB – Medical Center

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

2021 Changes

Changes in Actuarial Assumptions:

- Discount rate increased from 2.12% to 2.74%

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Notes to Required Supplementary Information

December 31, 2021

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

OPEB – Medical Center (continued)

2020 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

Supplementary Information Governmental Funds

Hennepin County, Minnesota

General Fund - Balance Sheets

December 31, 2021 and 2020

| | 2021 | 2020 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Cash and Investments | \$ 396,312,969 | \$ 337,082,922 |
| Delinquent taxes receivable, net | 4,837,061 | 5,341,864 |
| Due from other governmental agencies | 8,194,317 | 7,407,638 |
| Accrued investment interest | 2,307,250 | 3,851,102 |
| Interfund receivable | 1,265,193 | 2,774,387 |
| Other receivable | 14,202,374 | 12,393,542 |
| Prepaid items | 2,458,989 | 2,325,957 |
| Inventories | 2,485,871 | 1,957,214 |
| Notes receivable | 130,787 | 84,865 |
| Restricted cash and investments | 5,589,212 | 5,757,085 |
| Total Assets | \$ 437,784,023 | \$ 378,976,576 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts and contracts payable | \$ 48,010,223 | \$ 58,894,668 |
| Accrued liabilities | 16,660,306 | 14,674,226 |
| Interfund payable | 13,055,737 | 20,155,291 |
| Unearned revenue | 110,980,351 | 35,354,186 |
| Total Liabilities | 188,706,617 | 129,078,371 |
| Deferred Inflows of Resources: | | |
| Unavailable revenue - property taxes | 3,823,561 | 3,908,864 |
| Unavailable revenue - intergovernmental | 2,945,146 | 808,954 |
| Total Deferred Inflows of Resources | 6,768,707 | 4,717,818 |
| Fund Balances: | | |
| Nonspendable | 6,998,271 | 6,338,298 |
| Restricted | 22,658,602 | 20,853,056 |
| Committed | - | 18,568,219 |
| Assigned | 50,561,810 | 61,861,604 |
| Unassigned | 162,090,016 | 137,559,210 |
| Total Fund Balances | 242,308,699 | 245,180,387 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 437,784,023 | \$ 378,976,576 |

Special Revenue Funds - Balance Sheets

December 31, 2021 and 2020

| | Human Services | | Ballpark Sales Tax | |
|--|-----------------------|-----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| ASSETS | | | | |
| Cash and investments | \$ 182,737,421 | \$ 142,150,239 | \$ - | \$ - |
| Delinquent taxes receivable, net | 1,850,132 | 2,053,504 | - | - |
| Due from other governmental agencies | 58,840,385 | 54,308,775 | 7,462,395 | 5,794,860 |
| Interfund receivable | 1,792,488 | 195,348 | - | - |
| Other receivables | 294,854 | 433,979 | - | - |
| Prepaid items | 153,841 | 207,881 | - | - |
| Land held for resale | - | - | - | - |
| Notes receivable | - | - | - | - |
| Restricted cash and investments | - | - | 18,428,615 | 14,607,492 |
| Total Assets | \$ 245,669,121 | \$ 199,349,726 | \$ 25,891,010 | \$ 20,402,352 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts and contracts payable | \$ 27,380,620 | \$ 30,901,169 | \$ 58,277 | \$ 30,499 |
| Accrued liabilities | 10,984,477 | 9,662,225 | - | - |
| Interfund payable | 717,754 | 5,184,773 | - | - |
| Unearned revenue | 116,809 | 172,736 | - | - |
| Total Liabilities | 39,199,660 | 45,920,903 | 58,277 | 30,499 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue - property taxes | 1,473,232 | 1,402,004 | - | - |
| Unavailable revenue - intergovernmental | 4,089,414 | 3,425,152 | - | - |
| Total Deferred Inflows of Resources | 5,562,646 | 4,827,156 | - | - |
| Fund Balances: | | | | |
| Nonspendable | 153,841 | 207,881 | - | - |
| Restricted | 2,557,536 | 4,114,090 | 25,832,733 | 20,371,853 |
| Committed | 198,195,438 | 144,279,696 | - | - |
| Total Fund Balances | 200,906,815 | 148,601,667 | 25,832,733 | 20,371,853 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 245,669,121 | \$ 199,349,726 | \$ 25,891,010 | \$ 20,402,352 |

| Transportation Sales Tax | | Housing and Redevelopment Authority | | Regional Railroad Authority | |
|-----------------------------|-----------------------|--|----------------------|--------------------------------|----------------------|
| 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| \$ - | \$ - | \$ 31,021,270 | \$ 25,075,057 | \$ 53,465,431 | \$ 44,416,523 |
| - | - | 92,107 | 98,004 | 200,470 | 225,740 |
| 13,213,512 | 11,058,100 | 52,624 | 91,296 | 1,375 | - |
| - | - | - | - | - | - |
| 126,201 | - | 181,980 | 256,960 | 150,170 | 101,504 |
| - | - | 243,842 | 259,404 | - | - |
| - | - | 3,933,789 | 3,933,789 | - | - |
| - | - | 5,187,452 | 3,445,739 | - | - |
| 243,631,657 | 164,481,761 | 1,230,226 | 1,073,105 | 533,123 | 519,815 |
| <u>\$ 256,971,370</u> | <u>\$ 175,539,861</u> | <u>\$ 41,943,290</u> | <u>\$ 34,233,354</u> | <u>\$ 54,350,569</u> | <u>\$ 45,263,582</u> |
| \$ 123,572 | \$ 111,810 | \$ 1,268,510 | \$ 1,721,401 | \$ 1,046,470 | \$ 5,040,036 |
| - | - | - | - | - | - |
| - | - | 433,945 | 433,945 | - | - |
| <u>123,572</u> | <u>111,810</u> | <u>1,702,455</u> | <u>2,155,346</u> | <u>1,046,470</u> | <u>5,040,036</u> |
| - | - | 70,107 | 60,204 | 159,970 | 160,240 |
| - | - | 100,595 | 181,039 | - | - |
| - | - | 170,702 | 241,243 | 159,970 | 160,240 |
| - | - | 243,842 | 259,404 | - | - |
| 256,847,798 | 175,428,051 | 39,826,291 | 31,577,361 | 53,144,129 | 40,063,306 |
| - | - | - | - | - | - |
| <u>256,847,798</u> | <u>175,428,051</u> | <u>40,070,133</u> | <u>31,836,765</u> | <u>53,144,129</u> | <u>40,063,306</u> |
| <u>\$ 256,971,370</u> | <u>\$ 175,539,861</u> | <u>\$ 41,943,290</u> | <u>\$ 34,233,354</u> | <u>\$ 54,350,569</u> | <u>\$ 45,263,582</u> |

Hennepin County, Minnesota

RRA Debt Service Fund - Balance Sheets

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|----------------------------|--------------|-------------|
| ASSETS | | |
| Cash and investments | \$ 1,247,461 | \$ 845,578 |
| FUND BALANCES | | |
| Restricted | \$ 1,247,461 | \$ 845,578 |

General Debt Service Fund - Balance Sheets

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and investments | \$ 16,469,396 | \$ 16,863,148 |
| Delinquent taxes receivable, net | 575,870 | 648,820 |
| Due from other governmental agencies | 329,880 | 275,513 |
| Notes receivable | 7,935,000 | 8,525,000 |
| Restricted cash and investments | 996,821 | 1,999,060 |
| Total Assets | \$ 26,306,967 | \$ 28,311,541 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 876,226 | \$ 388,592 |
| Deferred Inflows of Resources: | | |
| Unavailable revenue - property taxes | 454,970 | 448,220 |
| Unavailable revenue - intergovernmental | 7,935,000 | 8,525,000 |
| Total Deferred Inflows of Resources | 8,389,970 | 8,973,220 |
| Fund Balances: | | |
| Restricted | 17,040,771 | 18,949,729 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 26,306,967 | \$ 28,311,541 |

Hennepin County, Minnesota

Capital Projects Fund - Balance Sheets

December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------|----------------|
| ASSETS | | |
| Cash and investments | \$ 114,318,079 | \$ 106,399,657 |
| Delinquent taxes receivable, net | 19,579 | 27,437 |
| Due from other governmental agencies | 1,965,954 | 3,426,689 |
| Accrued investment interest | 3,791 | - |
| Other receivable | 1,433 | - |
| Restricted cash and investments | 33,764,130 | 58,629,794 |
| | <hr/> | <hr/> |
| Total Assets | \$ 150,072,966 | \$ 168,483,577 |
| | <hr/> | <hr/> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts and contracts payable | \$ 27,581,102 | \$ 42,550,965 |
| Interfund payable | 1,991,664 | - |
| | <hr/> | <hr/> |
| Total Liabilities | 29,572,766 | 42,550,965 |
| | <hr/> | <hr/> |
| Deferred Inflows of Resources: | | |
| Unavailable revenue - property taxes | 17,579 | 20,737 |
| Unavailable revenue - intergovernmental | 1,668,221 | 1,217,156 |
| | <hr/> | <hr/> |
| Total Deferred Inflows of Resources | 1,685,800 | 1,237,893 |
| | <hr/> | <hr/> |
| Fund Balances: | | |
| Restricted | 118,814,400 | 124,694,719 |
| | <hr/> | <hr/> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 150,072,966 | \$ 168,483,577 |
| | <hr/> | <hr/> |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | | | 2020 Actual |
|--|--------------------|--------------------|--------------------|-------------------------------|---------------------|----------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 486,948,616 | \$ 486,948,616 | \$ 493,105,430 | \$ 6,156,814 | \$ 496,341,011 | |
| Wheelage tax | 20,800,000 | 20,800,000 | 20,294,603 | (505,397) | 19,305,219 | |
| Other taxes | 2,596,100 | 2,596,100 | 4,668,797 | 2,072,697 | 3,466,890 | |
| Intergovernmental | 124,029,994 | 176,774,306 | 168,189,307 | (8,584,999) | 217,489,370 | |
| Investment earnings (losses) | 5,025,000 | 5,025,000 | (6,128,863) | (11,153,863) | 9,987,077 | |
| Charges for services | 98,650,105 | 98,650,105 | 88,214,798 | (10,435,307) | 90,040,844 | |
| Fines and forfeits | 377,200 | 377,200 | 319,584 | (57,616) | 369,143 | |
| Licenses and permits | 6,331,909 | 6,331,909 | 5,764,062 | (567,847) | 6,320,508 | |
| Other | 17,625,373 | 17,745,373 | 18,519,157 | 773,784 | 17,156,734 | |
| Total Revenues | 762,384,297 | 815,248,609 | 792,946,875 | (22,301,734) | 860,476,796 | |
| EXPENDITURES | | | | | | |
| Operations | 332,443,684 | 375,146,793 | 325,977,985 | 49,168,808 | 379,423,585 | |
| Health | 77,122,767 | 78,604,124 | 75,092,172 | 3,511,952 | 69,065,962 | |
| Public safety | 338,378,242 | 350,319,512 | 336,422,920 | 13,896,592 | 337,506,137 | |
| Public works | 62,556,900 | 60,628,551 | 60,455,661 | 172,890 | 58,719,369 | |
| Total Expenditures | 810,501,593 | 864,698,980 | 797,948,738 | 66,750,242 | 844,715,053 | |
| Excess (Deficiency) of Revenues Over Expenditures | (48,117,296) | (49,450,371) | (5,001,863) | 44,448,508 | 15,761,743 | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 4,299,000 | 4,299,000 | 5,061,425 | 762,425 | 3,112,510 | |
| Transfers out | - | - | (3,700,000) | (3,700,000) | (21,053,288) | |
| Sale of capital assets | - | - | - | - | 398,640 | |
| Insurance recoveries | - | - | 768,750 | 768,750 | - | |
| Total Other Financing Sources (Uses) | 4,299,000 | 4,299,000 | 2,130,175 | (2,168,825) | (17,542,138) | |
| Net Change in Fund Balance | (43,818,296) | (45,151,371) | (2,871,688) | \$ 42,279,683 | (1,780,395) | |
| Fund Balance - Beginning | 245,180,387 | 245,180,387 | 245,180,387 | | 246,960,782 | |
| Fund Balance - Ending | \$ 201,362,091 | \$ 200,029,016 | \$ 242,308,699 | | \$ 245,180,387 | |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | | | 2020 Actual |
|-----------------------------------|------------------|--------------|--------------|-------------------------------|--------------|----------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 8,771,600 | \$ 8,771,600 | \$ 9,173,483 | \$ 401,883 | \$ 9,592,828 | |
| EXPENDITURES | | | | | | |
| Debt Service: | | | | | | |
| Principal retirement | 4,125,000 | 4,125,000 | 4,125,000 | - | 3,680,000 | |
| Interest and fiscal charges | 4,646,600 | 4,646,600 | 4,646,600 | - | 5,078,878 | |
| Total Expenditures | 8,771,600 | 8,771,600 | 8,771,600 | - | 8,758,878 | |
| Net Change in Fund Balance | - | - | 401,883 | \$ 401,883 | 833,950 | |
| Fund Balance - Beginning | 845,578 | 845,578 | 845,578 | | 11,628 | |
| Fund Balance - Ending | \$ 845,578 | \$ 845,578 | \$ 1,247,461 | | \$ 845,578 | |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | | | 2020 Actual |
|---|----------------------|----------------------|----------------------|-------------------------------|-----------|----------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 90,400,000 | \$ 90,400,000 | \$ 89,570,151 | \$ (829,849) | \$ | \$ 90,527,142 |
| Other taxes | - | - | 56,860 | 56,860 | | 45,904 |
| Intergovernmental | 13,283,671 | 13,283,671 | 2,228,463 | (11,055,208) | | 1,786,467 |
| Investment earnings | - | - | 1,301 | 1,301 | | 19,067 |
| Total Revenues | 103,683,671 | 103,683,671 | 91,856,775 | (11,826,896) | | 92,378,580 |
| EXPENDITURES | | | | | | |
| Debt Service: | | | | | | |
| Principal retirement | 97,666,419 | 97,666,419 | 91,623,002 | 6,043,417 | | 85,321,244 |
| Interest and fiscal charges | 66,510,947 | 66,510,947 | 59,058,096 | 7,452,851 | | 51,516,945 |
| Total Expenditures | 164,177,366 | 164,177,366 | 150,681,098 | 13,496,268 | | 136,838,189 |
| Excess (Deficiency) of Revenues | (60,493,695) | (60,493,695) | (58,824,323) | 1,669,372 | | (44,459,609) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | - | | 41,620,000 |
| Payment to refunded bond escrow agent | - | - | - | - | | (51,665,000) |
| Transfers in | 60,493,695 | 60,493,695 | 56,915,365 | (3,578,330) | | 46,708,550 |
| Debt premiums | - | - | - | - | | 10,197,522 |
| Total Other Financing Sources (Uses) | 60,493,695 | 60,493,695 | 56,915,365 | (3,578,330) | | 46,861,072 |
| Net Change in Fund Balance | - | - | (1,908,958) | (1,908,958) | | 2,401,463 |
| Fund Balance - Beginning | 18,949,729 | 18,949,729 | 18,949,729 | | | 16,548,266 |
| Fund Balance - Ending | \$ 18,949,729 | \$ 18,949,729 | \$ 17,040,771 | | \$ | \$ 18,949,729 |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | | 2020 Actual |
|---|-----------------------|-----------------------|-----------------------|-------------------------------|-----------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | |
| | Original | Final | | | |
| REVENUES | | | | | |
| Property taxes | \$ 1,875,000 | \$ 1,875,000 | \$ 1,843,927 | \$ (31,073) | \$ 6,081,055 |
| Other taxes | - | - | 279,552 | 279,552 | 5,416 |
| Intergovernmental | 51,143,761 | 51,978,761 | 56,220,369 | 4,241,608 | 55,533,876 |
| Investment earnings | - | - | 46,278 | 46,278 | 981,866 |
| Other | 4,543,380 | 5,110,380 | 4,373,007 | (737,373) | 2,656,067 |
| Total Revenues | 57,562,141 | 58,964,141 | 62,763,133 | 3,798,992 | 65,258,280 |
| EXPENDITURES | | | | | |
| Operations | 201,506,704 | 201,506,704 | 59,049,720 | 142,456,984 | 317,706,127 |
| Public works | 5,000,000 | 5,000,000 | 5,000,000 | - | - |
| Capital projects | (16,781,244) | 188,186,011 | 141,189,533 | 46,996,478 | 144,239,058 |
| Total Expenditures | 189,725,460 | 394,692,715 | 205,239,253 | 189,453,462 | 461,945,185 |
| Excess (Deficiency) of Revenues | (132,163,319) | (335,728,574) | (142,476,120) | 193,252,454 | (396,686,905) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | 130,621,870 | 180,621,870 | 100,000,000 | (80,621,870) | 250,000,000 |
| Transfers in | 1,541,449 | 155,106,704 | 9,408,558 | (145,698,146) | 15,568,076 |
| Transfers out | - | - | - | - | (72,698) |
| Debt premiums | - | - | 27,187,243 | 27,187,243 | 76,879,138 |
| Total Other Financing Sources (Uses) | 132,163,319 | 335,728,574 | 136,595,801 | (199,132,773) | 342,374,516 |
| Net Change in Fund Balance | - | - | (5,880,319) | \$ (5,880,319) | (54,312,389) |
| Fund Balance - Beginning | 124,694,719 | 124,694,719 | 124,694,719 | | 179,007,108 |
| Fund Balance - Ending | \$ 124,694,719 | \$ 124,694,719 | \$ 118,814,400 | | \$ 124,694,719 |



Schedule of Changes in Long-term Debt

For the Year Ended December 31, 2021

| | Repayment Terms | Interest Rates | Amount of Original Issue |
|--|--|------------------------|--------------------------|
| General Obligation - | | | |
| Levy Supported Bonds and Notes | | | |
| September 15, 2010 Series C, ¹ Taxable | \$4,220,000 in 2022, \$4,320,000 in 2023, \$4,430,000 in 2024 and \$23,960,000 in various increments from 2025 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 |
| January 29, 2013 Series A | Retired | | 40,780,000 |
| November 04, 2014 Series A | \$3,140,000 in 2022, \$3,265,000 in 2023, \$3,395,000 in 2024 and \$76,605,000 in various increments from 2025 through 2039 | 5.0% | 100,000,000 |
| November 04, 2014 Series B | \$6,490,000 in 2022, \$6,705,000 in 2023, \$7,115,000 in 2024 and \$18,660,000 in various increments from 2025 through 2039 | 4.0 to 5.0% | 80,615,000 |
| July 13, 2016 Series A, AOSC | \$2,400,000 in 2022, \$2,720,000 in 2023, \$3,055,000 in 2024 and \$89,420,000 in various increments from 2025 through 2041 | 5.0% | 104,285,000 |
| October 19, 2016 Series B | \$3,000,000 in 2022, 2023 and 2024, and \$71,000,000 in various increments from 2025 through 2036 | 5.0% | 95,000,000 |
| October 19, 2016 Series C | \$4,550,000 in 2022, \$4,765,000 in 2023, \$5,010,000 in 2024 and \$22,690,000 in various increments from 2025 through 2028 | 5.0% | 59,865,000 |
| July 6, 2017 Series B, AOSC | \$1,795,000 in 2022, \$1,870,000 in 2023, \$1,940,000 in 2024 and \$47,880,000 in various increments from 2025 through 2041 | Variable - Est. 0.046% | 60,000,000 |
| August 29, 2017 Series C | \$3,720,000 in 2022, \$3,905,000 in 2023, \$4,100,000 and \$76,270,000 in various increments from 2025 through 2037 | 5.0% | 100,000,000 |
| July 17, 2018 Series A | \$3,770,000 in 2022, \$3,925,000 in 2023, \$4,120,000 in 2024 and \$84,825,000 in various increments from 2025 through 2038 | 5.0% | 100,000,000 |
| November 1, 2018 Series B | \$3,770,000 in 2022, \$6,430,000 in 2023, \$6,845,000 in 2024 and \$111,095,000 in various increments from 2025 through 2038 | Variable - Est. 0.045% | 163,485,000 |
| September 11, 2019 Series C, Refunding | \$3,470,000 in 2022, \$3,650,000 in 2023, \$3,840,000 in 2024 and \$22,290,000 in various increments from 2025 through 2029 | 5.0% | 39,265,000 |
| September 24, 2020 Series A | \$7,300,000 in 2022, \$3,225,000 in 2023, \$3,385,000 in 2024 and \$84,090,000 in various increments from 2025 through 2040 | 5.0% | 100,000,000 |
| September 24, 2020 Series B, Refunding | \$4,345,000 in 2022, \$4,415,000 in 2023, \$4,495,000 in 2024 and \$20,605,000 in various increments from 2025 through 2031 | 5.0% | 37,795,000 |
| September 30, 2021 Series A | \$7,500,000 in 2022, \$1,500,000 in 2023, \$1,500,000 in 2024 and \$89,500,000 in various increments from 2025 through 2041 | 4.0 to 5.0% | 100,000,000 |
| G.O. Non-Levy Supported Bonds | | | |
| January 29, 2013 Series B, Watershed District | \$355,000 in 2022, \$360,000 in 2023, \$370,000 in 2024 and \$3,270,000 in various increments from 2025 through 2032 | 2.0 to 3.0% | 7,075,000 |
| September 24, 2020 Series B, Watershed District Refunding | \$300,000 in 2022, \$315,000 in 2023, \$330,000 in 2024 and \$2,635,000 in various increments from 2025 to 2031 | 5.0% | 3,825,000 |
| September 5, 2019 Series B, SWLRT (Sales Tax Revenue) | \$6,670,000 in 2022, \$7,000,000 in 2023, \$7,350,000 in 2024 and \$166,580,000 in various increments from 2025 through 2039 | 5.0% | 200,000,000 |
| September 5, 2020C, Series C, SWLRT (Sales Tax Revenue) | \$4,765,000 in 2022, \$5,000,000 in 2023, \$5,250,000 in 2024 and \$130,450,000 in various increments from 2025 through 2040 | 5.0% | 150,000,000 |
| Sales Tax Revenue Bonds | | | |
| Ballpark: January 30, 2017 Series A, | \$5,220,000 in 2022, \$7,495,000 in 2023, \$8,030,000 in 2024 and \$84,130,000 in various increments from 2025 through 2032 | 5.0% | 116,885,000 |
| Ballpark: December 14, 2017 Series D | Retired | | 72,155,000 |
| Limited Tax Bonds - | | | |
| Regional Railroad Authority (RRA), March 12, 2019 Series A | \$2,815,000 in 2022, \$2,955,000 in 2023, \$3,015,000 in 2024 and \$62,025,000 in various increments from 2025 through 2038 | 2.0 to 5.0% | 80,000,000 |
| Regional Railroad Authority (RRA), September 11, 2019 Series D, Refunding | \$1,530,000 in 2022, \$1,615,000 in 2023, \$1,705,000 in 2024 and \$14,920,000 in various increments from 2025 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, 2020 | Additions | Payments | Balance Dec. 31, 2021 | Due Within One Year | Total | Due Within One Year |
| General Obligation - | | | | | | | |
| Levy Supported Bonds and Notes | | | | | | | |
| September 15, 2010 Series C, ¹ Taxable | \$ 41,060,000 | \$ - | \$ 4,130,000 | \$ 36,930,000 | 4,220,000 | 7,266,600 | 1,511,605 |
| September 15, 2010 Series D, ² Recovery Zone Econ Development | 37,375,000 | - | - | 37,375,000 | - | 20,650,154 | 1,780,009 |
| January 29, 2013 Series A | 4,000,000 | - | 4,000,000 | - | - | - | - |
| November 04, 2014 Series A | 89,425,000 | - | 3,020,000 | 86,405,000 | 3,140,000 | 46,602,500 | 4,320,250 |
| November 04, 2014 Series B | 45,220,000 | - | 6,250,000 | 38,970,000 | 6,490,000 | 5,460,600 | 1,690,750 |
| July 13, 2016 Series A, AOSC | 99,690,000 | - | 2,095,000 | 97,595,000 | 2,400,000 | 59,704,500 | 4,879,750 |
| October 19, 2016 Series B | 83,000,000 | - | 3,000,000 | 80,000,000 | 3,000,000 | 42,391,500 | 4,000,000 |
| October 19, 2016 Series C | 41,345,000 | - | 4,330,000 | 37,015,000 | 4,550,000 | 7,765,000 | 1,850,750 |
| July 6, 2017 Series B, AOSC | 55,210,000 | - | 1,725,000 | 53,485,000 | 1,795,000 | 307,083 | 25,487 |
| August 29, 2017 Series C | 91,540,000 | - | 3,545,000 | 87,995,000 | 3,720,000 | 41,915,750 | 4,399,750 |
| July 17, 2018 Series A | 98,320,000 | - | 1,680,000 | 96,640,000 | 3,770,000 | 49,068,250 | 4,832,000 |
| November 1, 2018 Series B | 148,375,000 | - | 20,235,000 | 128,140,000 | 3,770,000 | 526,234 | 57,933 |
| September 11, 2019 Series C, Refunding | 36,550,000 | - | 3,300,000 | 33,250,000 | 3,470,000 | 7,911,250 | 1,662,500 |
| September 24, 2020 Series A | 100,000,000 | - | 2,000,000 | 98,000,000 | 7,300,000 | 53,863,500 | 4,900,000 |
| September 24, 2020 Series B Refunding | 37,795,000 | - | 3,935,000 | 33,860,000 | 4,345,000 | 8,371,750 | 1,693,000 |
| September 30, 2021 Series A | - | 100,000,000 | - | 100,000,000 | 7,500,000 | 53,144,750 | 4,593,100 |
| Total G.O. Levy Supported | 1,008,905,000 | 100,000,000 | 63,245,000 | 1,045,660,000 | 59,470,000 | 404,949,421 | 42,196,884 |
| G.O. Non-Levy Supported Bonds | | | | | | | |
| January 29, 2013 Series B, Watershed District | 4,700,000 | - | 345,000 | 4,355,000 | 355,000 | 724,813 | 107,238 |
| September 24, 2020 Series B Watershed District Refunding | 3,825,000 | - | 245,000 | 3,580,000 | 300,000 | 1,017,750 | 179,000 |
| September 5, 2019, Series B, Sales Tax Revenue (SWLRT) | 193,950,000 | - | 6,350,000 | 187,600,000 | 6,670,000 | 101,274,000 | 9,380,000 |
| October 1, 2020, Series C SWLRT (Sales Tax Revenue) | 150,000,000 | - | 4,535,000 | 145,465,000 | 4,765,000 | 83,225,250 | 7,273,250 |
| Total G.O. Non-Levy Supported | 352,475,000 | - | 11,475,000 | 341,000,000 | 12,090,000 | 186,241,813 | 16,939,488 |
| Sales Tax Revenue Bonds | | | | | | | |
| Ballpark: January 30, 2017, Series A | 99,775,000 | - | 4,900,000 | 94,875,000 | 5,220,000 | 29,378,500 | 4,743,750 |
| Ballpark: December 14, 2017, Series D | 19,855,000 | - | 19,855,000 | - | - | - | - |
| Total Sales Tax Revenue | 119,630,000 | - | 24,755,000 | 94,875,000 | 5,220,000 | 29,378,500 | 4,743,750 |
| Limited Tax Bonds | | | | | | | |
| Regional Railroad Authority (RRA) March 12, 2019 Series A | 73,490,000 | - | 2,680,000 | 70,810,000 | 2,815,000 | 35,712,200 | 3,451,850 |
| Regional Railroad Authority (RRA) September 11, 2019 Series D Refunding | 21,215,000 | - | 1,445,000 | 19,770,000 | 1,530,000 | 5,878,000 | 988,500 |
| Total Limited Tax Bonds | 94,705,000 | - | 4,125,000 | 90,580,000 | 4,345,000 | 41,590,200 | 4,440,350 |
| Total Long-Term Debt | \$ 1,575,715,000 | \$ 100,000,000 | \$ 103,600,000 | \$ 1,572,115,000 | \$ 81,125,000 | \$ 662,159,933 | \$ 68,320,472 |



Supplementary Information Enterprise Funds

Combining Statement of Net Position - Nonmajor Enterprise Funds

December 31, 2021

With Comparative Totals for December 31, 2020

| | Glen Lake Golf Course | Radio Communications | Totals | |
|---|--------------------------|-------------------------|----------------------|----------------------|
| | | | 2021 | 2020 |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash..... | \$ 342,981 | \$ 4,387,585 | \$ 4,730,566 | \$ 3,397,210 |
| Interfund receivable..... | - | 27,778 | 27,778 | 13,409 |
| Other receivables..... | - | 266,555 | 266,555 | 238,395 |
| Inventories..... | 5,351 | - | 5,351 | 8,878 |
| Prepaid items..... | 3,395 | - | 3,395 | - |
| Total Current Assets | 351,727 | 4,681,918 | 5,033,645 | 3,657,892 |
| 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..... | - | 17,321,069 | 17,321,069 | 16,775,047 |
| Total capital assets | 3,722,167 | 17,321,069 | 21,043,236 | 20,497,214 |
| Less accumulated depreciation..... | 2,676,846 | 8,531,548 | 11,208,394 | 10,108,650 |
| Net Capital Assets | 1,045,321 | 8,789,521 | 9,834,842 | 10,388,564 |
| Total Assets | \$ 1,397,048 | \$ 13,471,439 | \$ 14,868,487 | \$ 14,046,456 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Interfund payable..... | \$ - | \$ - | \$ - | \$ 8,000 |
| Accounts and contracts payable..... | 11,444 | 103,001 | 114,445 | 70,827 |
| Total Current Liabilities | 11,444 | 103,001 | 114,445 | 78,827 |
| NET POSITION | | | | |
| Net investment in capital assets..... | 1,045,321 | 8,789,521 | 9,834,842 | 10,388,564 |
| Unrestricted..... | 340,283 | 4,578,917 | 4,919,200 | 3,579,065 |
| Total Net Position | 1,385,604 | 13,368,438 | 14,754,042 | 13,967,629 |
| Total Liabilities and Net Position | \$ 1,397,048 | \$ 13,471,439 | \$ 14,868,487 | \$ 14,046,456 |

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

For the Year Ended December 31, 2021

With Comparative Totals for December 31, 2020

| | Glen Lake Golf Course | Radio Communications | Totals | |
|--|--------------------------|-------------------------|---------------|---------------|
| | | | 2021 | 2020 |
| OPERATING REVENUES | | | | |
| Charges for services. | \$ 1,297,735 | \$ 4,026,753 | \$ 5,324,488 | \$ 4,807,539 |
| OPERATING EXPENSES | | | | |
| Personal services. | 692,036 | 1,291,525 | 1,983,561 | 2,145,063 |
| Commodities. | 97,541 | 85,620 | 183,161 | 654,017 |
| Contractual services. | 149,817 | 385,696 | 535,513 | 417,401 |
| Depreciation. | 87,803 | 1,577,437 | 1,665,240 | 1,625,592 |
| Other. | 34,210 | 126,565 | 160,775 | 175,554 |
| Total Operating Expenses | 1,061,407 | 3,466,843 | 4,528,250 | 5,017,627 |
| Operating Income (Loss) | 236,328 | 559,910 | 796,238 | (210,088) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest expense. | - | - | - | (3,500) |
| Gain (Loss) on capital asset disposal. | - | (9,825) | (9,825) | (3,131) |
| Total Nonoperating Revenues (Expenses) | - | (9,825) | (9,825) | (6,631) |
| Income (Loss) Before Capital Contributions | 236,328 | 550,085 | 786,413 | (216,719) |
| Capital contributions. | - | - | - | 1,452,533 |
| Change in Net Position | 236,328 | 550,085 | 786,413 | 1,235,814 |
| Total Net Position - Beginning | 1,149,276 | 12,818,353 | 13,967,629 | 12,731,815 |
| Total Net Position-Ending | \$ 1,385,604 | \$ 13,368,438 | \$ 14,754,042 | \$ 13,967,629 |

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

For the Year Ended December 31, 2021

| | Glen Lake Golf Course | Radio Communications | Totals |
|--|--------------------------|-------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users. | \$ 1,297,735 | \$ 3,984,224 | \$ 5,281,959 |
| Payments to suppliers for goods and services. | (243,048) | (431,876) | (674,924) |
| Payments to employees for services. | (692,036) | (1,291,525) | (1,983,561) |
| Other operating disbursements. | (34,210) | (126,565) | (160,775) |
| Net Cash Provided by Operating Activities | 328,441 | 2,134,258 | 2,462,699 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Interfund loans. | (8,000) | - | (8,000) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets. | - | (1,121,343) | (1,121,343) |
| Net Increase in Cash | 320,441 | 1,012,915 | 1,333,356 |
| Cash at Beginning of Year | 22,540 | 3,374,670 | 3,397,210 |
| Cash at End of Year | \$ 342,981 | \$ 4,387,585 | \$ 4,730,566 |
| CASH COMPONENTS: | | | |
| Cash. | \$ 342,981 | \$ 4,387,585 | \$ 4,730,566 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss). | \$ 236,328 | \$ 559,910 | \$ 796,238 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization. | 87,803 | 1,577,437 | 1,665,240 |
| (Increase) decrease in: | | | |
| Receivables and prepaid items. | (3,395) | (42,529) | (45,924) |
| Inventories. | 3,527 | - | 3,527 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses. | 4,178 | 39,440 | 43,618 |
| Net Cash Provided by Operating Activities | \$ 328,441 | \$ 2,134,258 | \$ 2,462,699 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | |
| Loss on disposal of capital assets. | \$ - | \$ (9,825) | \$ (9,825) |

Schedules of Net Position - Enterprise Funds

December 31, 2021 and 2020

| | Hennepin Health | | Solid Waste | |
|---|-----------------------|----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Current Assets: | | | | |
| Cash | \$ 70,432,305 | \$ 65,989,771 | \$ 33,667,664 | \$ 25,773,080 |
| Interfund receivable | - | - | - | - |
| Other receivables | 26,512,629 | 20,543,684 | 7,768,470 | 8,097,747 |
| Inventories | - | - | 2,839,165 | 2,883,608 |
| Prepaid items | 53,924 | 9,860 | 385 | 9,560 |
| Total Current Assets | 96,998,858 | 86,543,315 | 44,275,684 | 36,763,995 |
| Noncurrent Assets: | | | | |
| Cash and investments | - | - | - | - |
| Restricted cash and investments | 500,000 | 500,000 | 16,900,658 | 15,483,084 |
| Notes receivable and other | - | - | 575,877 | 680,403 |
| Capital Assets: | | | | |
| Land | - | - | 8,179,432 | 8,179,432 |
| Land improvements | - | - | - | - |
| Buildings | - | - | 165,533,871 | 165,533,871 |
| Equipment | 746,004 | 746,004 | 54,744,771 | 46,376,132 |
| Software | 392,455 | 392,455 | - | - |
| Leasehold improvements | 1,301,599 | 1,301,599 | - | - |
| Construction in progress | - | - | 3,444,127 | 6,334,418 |
| Total capital assets | 2,440,058 | 2,440,058 | 231,902,201 | 226,423,853 |
| Less accumulated depreciation and amortization | 1,302,755 | 970,075 | 121,404,033 | 111,857,988 |
| Net Capital Assets | 1,137,303 | 1,469,983 | 110,498,168 | 114,565,865 |
| Total Noncurrent Assets | 1,637,303 | 1,969,983 | 127,974,703 | 130,729,352 |
| Total Assets | 98,636,161 | 88,513,298 | 172,250,387 | 167,493,347 |
| Deferred Outflows of Resources: | | | | |
| Pension related | 3,605,150 | 590,019 | 2,693,888 | 399,633 |
| Postemployment healthcare related | 82,990 | 80,333 | 92,233 | 102,490 |
| Total Deferred Outflows of Resources | 3,688,140 | 670,352 | 2,786,121 | 502,123 |
| Total Assets and Deferred Outflows of Resources | \$ 102,324,301 | \$ 89,183,650 | \$ 175,036,508 | \$ 167,995,470 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | | |
| Current liabilities: | | | | |
| Interfund payable | \$ 2,624,070 | \$ 177,210 | \$ - | \$ - |
| Accounts and contracts payable | 7,620,149 | 4,498,809 | 7,988,631 | 9,305,195 |
| Accrued expenses | 40,892,838 | 30,640,926 | 300,372 | 258,375 |
| Current portion of: | | | | |
| Workers' compensation claims | - | - | - | - |
| General obligation bonds and notes | - | - | 1,594,052 | 1,349,972 |
| Compensated absences | 110,000 | 120,000 | 140,000 | 120,000 |
| Total Current Liabilities | 51,247,057 | 35,436,945 | 10,023,055 | 11,033,542 |
| Noncurrent liabilities, net of current portion: | | | | |
| Workers' compensation claims | - | - | - | - |
| General obligation bonds and notes | - | - | 34,028,734 | 30,144,438 |
| Net pension | 3,862,358 | 5,854,437 | 3,695,580 | 5,164,841 |
| Postemployment healthcare benefits | 528,248 | 527,186 | 680,188 | 672,783 |
| Compensated absences | 1,159,193 | 922,591 | 1,179,948 | 1,150,607 |
| Total Noncurrent Liabilities | 5,549,799 | 7,304,214 | 39,584,450 | 37,132,669 |
| Total Liabilities | 56,796,856 | 42,741,159 | 49,607,505 | 48,166,211 |
| Deferred Inflows of Resources: | | | | |
| Pension related | 4,799,912 | 387,533 | 3,580,442 | 282,049 |
| Postemployment healthcare related | 45,654 | 55,124 | 57,320 | 69,063 |
| Total Deferred Inflows of Resources | 4,845,566 | 442,657 | 3,637,762 | 351,112 |
| Net Position: | | | | |
| Net investment in capital assets | 1,137,303 | 1,469,983 | 74,875,382 | 83,071,455 |
| Restricted for: | | | | |
| Statutory requirements relating to: | | | | |
| Metropolitan health plan | 39,544,576 | 44,529,851 | - | - |
| Solid waste management | - | - | 46,767,792 | 36,406,692 |
| Medical Center expendable | - | - | - | - |
| Medical Center nonexpendable | - | - | - | - |
| Brownfield assessment and cleanup | - | - | 148,067 | - |
| Unrestricted (deficit) | - | - | - | - |
| Total Net Position | 40,681,879 | 45,999,834 | 121,791,241 | 119,478,147 |
| Total Liabilities, Deferred Inflows and Net Position | \$ 102,324,301 | \$ 89,183,650 | \$ 175,036,508 | \$ 167,995,470 |

| Medical Center | | Total Nonmajor | |
|------------------|----------------|----------------|---------------|
| 2021 | 2020 | 2021 | 2020 |
| \$ 193,329,563 | \$ 190,047,397 | \$ 4,730,566 | \$ 3,397,210 |
| 5,709,230 | 4,057,026 | 27,778 | 13,409 |
| 182,679,691 | 182,866,530 | 266,555 | 238,395 |
| 11,191,446 | 12,777,684 | 5,351 | 8,878 |
| 14,474,137 | 18,178,795 | 3,395 | - |
| 407,384,067 | 407,927,432 | 5,033,645 | 3,657,892 |
| 24,060,977 | 20,567,511 | - | - |
| 62,729,726 | 54,552,124 | - | - |
| 9,949,126 | 8,925,162 | - | - |
| 47,585,069 | 36,903,616 | 985,092 | 985,092 |
| - | - | 1,893,908 | 1,893,908 |
| 623,484,099 | 607,670,224 | 843,167 | 843,167 |
| 313,750,644 | 299,360,374 | 17,321,069 | 16,775,047 |
| 8,044,437 | 7,194,813 | - | - |
| 28,858,007 | 27,023,761 | - | - |
| 8,389,615 | 10,920,550 | - | - |
| 1,030,111,871 | 989,073,338 | 21,043,236 | 20,497,214 |
| 607,173,149 | 565,552,047 | 11,208,394 | 10,108,650 |
| 422,938,722 | 423,521,291 | 9,834,842 | 10,388,564 |
| 519,678,551 | 507,566,088 | 9,834,842 | 10,388,564 |
| 927,062,618 | 915,493,520 | 14,868,487 | 14,046,456 |
| 176,972,432 | 32,048,754 | - | - |
| 4,177,831 | 3,042,051 | - | - |
| 181,150,263 | 35,090,805 | - | - |
| \$ 1,108,212,881 | \$ 950,584,325 | \$ 14,868,487 | \$ 14,046,456 |
| \$ 5,227,228 | \$ 4,372,455 | \$ - | \$ 8,000 |
| 80,709,493 | 102,155,751 | 114,445 | 70,827 |
| 119,461,769 | 99,059,612 | - | - |
| 6,308,000 | 4,849,000 | - | - |
| 5,743,994 | 5,371,605 | - | - |
| 1,450,000 | 1,300,000 | - | - |
| 218,900,484 | 217,108,423 | 114,445 | 78,827 |
| 11,259,653 | 12,710,657 | - | - |
| 166,657,464 | 172,401,458 | - | - |
| 226,497,523 | 312,645,921 | - | - |
| 26,902,918 | 25,810,557 | - | - |
| 41,798,186 | 42,694,787 | - | - |
| 473,115,744 | 566,263,380 | - | - |
| 692,016,228 | 783,371,803 | 114,445 | 78,827 |
| 227,782,542 | 33,652,620 | - | - |
| 3,330,101 | 3,796,047 | - | - |
| 231,112,643 | 37,448,667 | - | - |
| 246,836,720 | 239,634,778 | 9,834,842 | 10,388,564 |
| - | - | - | - |
| - | - | - | - |
| 40,630,797 | 34,547,294 | - | - |
| 27,667,623 | 25,338,120 | - | - |
| - | - | - | - |
| (130,051,130) | (169,756,337) | 4,919,200 | 3,579,065 |
| 185,084,010 | 129,763,855 | 14,754,042 | 13,967,629 |
| \$ 1,108,212,881 | \$ 950,584,325 | \$ 14,868,487 | \$ 14,046,456 |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 Actual |
|---|-----------------|----------------|-------------------------------|----------------|
| | Final Budget | Actual | Variance with Final Budget | |
| OPERATING REVENUES | | | | |
| Net charges for services. | \$ 335,380,312 | \$ 327,212,725 | \$ (8,167,587) | \$ 256,562,245 |
| OPERATING EXPENSES | | | | |
| Personal services. | 12,865,919 | 11,964,319 | 901,600 | 11,876,304 |
| Commodities. | 35,834 | 12,697 | 23,137 | 23,554 |
| Contractual services. | 315,600,230 | 311,146,364 | 4,453,866 | 232,945,218 |
| Depreciation and amortization. | 340,000 | 332,680 | 7,320 | 332,681 |
| Other. | 7,068,531 | 8,600,005 | (1,531,474) | 4,053,528 |
| Total Operating Expenses | 335,910,514 | 332,056,065 | 3,854,449 | 249,231,285 |
| Operating Income (Loss) | (530,202) | (4,843,340) | (4,313,138) | 7,330,960 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (losses). | 525,000 | (470,362) | (995,362) | 479,728 |
| Interest expense. | - | (9,455) | (9,455) | (3,422) |
| Pandemic relief funds. | 5,202 | 5,202 | - | 199,502 |
| Total Nonoperating Revenues (Expenses) | 530,202 | (474,615) | (1,004,817) | 675,808 |
| Income (Loss) Before Contributions | - | (5,317,955) | (5,317,955) | 8,006,768 |
| Capital contributions. | - | - | - | 11,000,000 |
| Change in Net Position | - | (5,317,955) | \$ (5,317,955) | 19,006,768 |
| Total Net Position - Beginning | 45,999,834 | 45,999,834 | | 26,993,066 |
| Total Net Position - Ending | \$ 45,999,834 | \$ 40,681,879 | | \$ 45,999,834 |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 Actual |
|---|-----------------|----------------|-------------------------------|----------------|
| | Final Budget | Actual | Variance with Final Budget | |
| OPERATING REVENUES | | | | |
| Charges for services..... | \$ 62,248,265 | \$ 70,787,987 | \$ 8,539,722 | \$ 60,138,047 |
| OPERATING EXPENSES | | | | |
| Personal services..... | 9,681,496 | 8,646,372 | 1,035,124 | 8,580,726 |
| Commodities..... | 299,100 | 132,005 | 167,095 | 209,848 |
| Contractual services..... | 46,445,996 | 46,884,744 | (438,748) | 44,895,025 |
| Depreciation and amortization..... | 9,206,927 | 9,546,045 | (339,118) | 8,728,792 |
| Other..... | 5,241,450 | 3,164,046 | 2,077,404 | 2,901,974 |
| Total Operating Expenses | 70,874,969 | 68,373,212 | 2,501,757 | 65,316,365 |
| Operating Income (Loss) | (8,626,704) | 2,414,775 | 11,041,479 | (5,178,318) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental..... | 6,113,929 | 4,174,844 | (1,939,085) | 6,262,181 |
| Investment earnings (losses)..... | 480,000 | (281,981) | (761,981) | 371,086 |
| Interest expense..... | (545,000) | (926,370) | (381,370) | (794,435) |
| Other..... | (3,610,548) | (3,068,174) | 542,374 | (1,436,638) |
| Pandemic relief funds..... | - | - | - | 16,107 |
| Total Nonoperating Revenues (Expenses) | 2,438,381 | (101,681) | (2,540,062) | 4,418,301 |
| Change in Net Position | (6,188,323) | 2,313,094 | \$ 8,501,417 | (760,017) |
| Total Net Position - Beginning | 119,478,147 | 119,478,147 | | 120,238,164 |
| Total Net Position - Ending | \$ 113,289,824 | \$ 121,791,241 | | \$ 119,478,147 |

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

For the Years Ended December 31, 2021 and 2020

| | 2021 Actual | 2020 Actual |
|---|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Net charges for services. | \$ 1,143,140,548 | \$ 955,633,560 |
| Intergovernmental. | 80,138,198 | 74,391,928 |
| Total Operating Revenues | <u>1,223,278,746</u> | <u>1,030,025,488</u> |
| OPERATING EXPENSES | | |
| Personal services. | 814,965,556 | 774,405,053 |
| Commodities. | 291,191,583 | 266,904,967 |
| Contractual services. | 63,714,497 | 49,939,888 |
| Depreciation and amortization. | 43,585,096 | 44,059,599 |
| Other. | 7,537,142 | 9,124,120 |
| Total Operating Expenses | <u>1,220,993,874</u> | <u>1,144,433,627</u> |
| Operating Income (Loss) | <u>2,284,872</u> | <u>(114,408,139)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings (losses). | 7,927,463 | 6,781,858 |
| Interest expense. | (3,566,080) | (4,040,427) |
| Other. | 130,400 | 328,641 |
| Pandemic relief funds. | 22,357,500 | 137,569,475 |
| Total Nonoperating Revenues (Expenses) | <u>26,849,283</u> | <u>140,639,547</u> |
| Income (Loss) Before Contributions | <u>29,134,155</u> | <u>26,231,408</u> |
| Capital contributions. | 26,186,000 | 17,417,881 |
| Change in Net Position | 55,320,155 | 43,649,289 |
| Total Net Position - Beginning | <u>129,763,855</u> | <u>86,114,566</u> |
| Total Net Position - Ending | <u>\$ 185,084,010</u> | <u>\$ 129,763,855</u> |



Schedules of Cash Flows
Enterprise Funds

For the Years Ended December 31, 2021 and 2020

| | Hennepin Health | | Solid Waste | |
|---|-----------------|----------------|---------------|----------------|
| | 2021 | 2020 | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 331,495,692 | \$ 263,469,425 | \$ 71,159,261 | \$ 57,947,818 |
| Operating grants | - | - | - | - |
| Other operating receipts | - | - | - | - |
| Payments to suppliers for goods and services | (308,081,785) | (235,249,794) | (48,279,695) | (42,825,116) |
| Payments to employees for services | (12,343,613) | (11,933,481) | (9,056,235) | (8,744,402) |
| Other operating disbursements | (8,600,005) | (4,053,528) | (3,164,046) | (2,901,974) |
| Net Cash Provided by Operating Activities | 2,470,289 | 12,232,622 | 10,659,285 | 3,476,326 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Net grants and contributions | - | - | 1,211,196 | 4,928,585 |
| Interfund loans | 2,446,860 | 177,210 | - | - |
| Pandemic relief funds | 5,202 | 199,502 | - | 16,107 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 2,452,062 | 376,712 | 1,211,196 | 4,944,692 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | - | - | - | (1,108,137) |
| Interest paid | (9,455) | (3,422) | (926,370) | (794,435) |
| Contributed capital from other funds | - | 11,000,000 | - | - |
| Debt issuance cost and principal payments | - | - | (1,349,972) | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (9,455) | 10,996,578 | (2,276,342) | (1,902,572) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income | (470,362) | 479,728 | (281,981) | 371,086 |
| Purchase of investments | - | - | - | - |
| Sale of investments | - | - | - | - |
| Net Cash Provided (Used) by Investing Activities | (470,362) | 479,728 | (281,981) | 371,086 |
| Net Increase (Decrease) in Cash | 4,442,534 | 24,085,640 | 9,312,158 | 6,889,532 |
| Cash at Beginning of Year | 66,489,771 | 42,404,131 | 41,256,164 | 34,366,632 |
| Cash at End of Year | \$ 70,932,305 | \$ 66,489,771 | \$ 50,568,322 | \$ 41,256,164 |
| CASH COMPONENTS: | | | | |
| Cash | \$ 70,432,305 | \$ 65,989,771 | \$ 33,667,664 | \$ 25,773,080 |
| Restricted cash | 500,000 | 500,000 | 16,900,658 | 15,483,084 |
| Cash at End of Year | \$ 70,932,305 | \$ 66,489,771 | \$ 50,568,322 | \$ 41,256,164 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ (4,843,340) | \$ 7,330,960 | \$ 2,414,775 | \$ (5,178,318) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 332,680 | 332,681 | 9,546,045 | 8,728,792 |
| (Increase) decrease in: | | | | |
| Receivables and prepaid items | (6,013,009) | (3,389,401) | 338,452 | (2,253,401) |
| Inventories | - | - | 44,443 | 413,337 |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued expenses | 13,600,916 | 8,240,902 | (1,217,821) | 1,970,730 |
| Unearned revenue | - | (8,118) | - | - |
| Net pension liability | (1,992,079) | 539,001 | (1,469,261) | 411,124 |
| Deferred outflows | (3,017,788) | 2,123 | (2,283,998) | 9,732 |
| Deferred inflows | 4,402,909 | (815,526) | 3,286,650 | (625,670) |
| Net Cash Provided (Used) by Operating Activities | \$ 2,470,289 | \$ 12,232,622 | \$ 10,659,285 | \$ 3,476,326 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | |
| Contributions of capital assets | \$ - | \$ - | \$ - | \$ - |
| Gain (loss) on disposal of capital assets | - | - | - | - |
| Increase (decrease) in fair value of investments | (747,437) | 52,155 | (446,621) | 35,290 |
| Transfer of G.O. Bonds and related capital assets | - | - | 5,478,348 | 5,616,244 |

| Medical Center | | Total Nonmajor | |
|------------------|------------------|----------------|--------------|
| 2021 | 2020 | 2021 | 2020 |
| \$ 1,117,885,109 | \$ 998,935,000 | \$ 5,281,959 | \$ 4,838,414 |
| 80,139,198 | 74,392,000 | - | - |
| 16,262,696 | 58,044,000 | - | - |
| (328,233,732) | (302,724,000) | (674,924) | (1,121,176) |
| (873,381,790) | (772,685,000) | (1,983,561) | (2,145,063) |
| - | - | (160,775) | (175,554) |
| 12,671,481 | 55,962,000 | 2,462,699 | 1,396,621 |
| 44,037 | 156,000 | - | - |
| - | - | (8,000) | (58,000) |
| 22,357,500 | 137,569,475 | - | - |
| 22,401,537 | 137,725,475 | (8,000) | (58,000) |
| (19,953,133) | (29,577,213) | (1,121,343) | (222,460) |
| (3,566,080) | (4,040,427) | - | (3,500) |
| - | - | - | - |
| (5,371,605) | (5,007,835) | - | (175,000) |
| (28,890,818) | (38,625,475) | (1,121,343) | (400,960) |
| 3,116,823 | 3,555,671 | - | - |
| (4,122,295) | (8,081,000) | - | - |
| 1,211,910 | 5,093,000 | - | - |
| 206,438 | 567,671 | - | - |
| 6,388,638 | 155,629,671 | 1,333,356 | 937,661 |
| 197,585,751 | 41,956,080 | 3,397,210 | 2,459,549 |
| \$ 203,974,389 | \$ 197,585,751 | \$ 4,730,566 | \$ 3,397,210 |
| \$ 193,329,563 | \$ 190,047,397 | \$ 4,730,566 | \$ 3,397,210 |
| 10,644,826 | 7,538,354 | - | - |
| \$ 203,974,389 | \$ 197,585,751 | \$ 4,730,566 | \$ 3,397,210 |
| \$ 2,284,872 | \$ (114,408,139) | \$ 796,238 | \$ (210,088) |
| 43,585,096 | 44,059,599 | 1,665,240 | 1,625,592 |
| 1,215,329 | 41,337,828 | (45,924) | 31,840 |
| 1,586,238 | (3,456,152) | 3,527 | (4,827) |
| 2,543,826 | 105,346,933 | 43,618 | (45,896) |
| - | - | - | - |
| (86,148,398) | 28,062,474 | - | - |
| (146,059,458) | 8,385,028 | - | - |
| 193,663,976 | (53,365,571) | - | - |
| \$ 12,671,481 | \$ 55,962,000 | \$ 2,462,699 | \$ 1,396,621 |
| \$ 26,186,000 | \$ 17,417,881 | \$ - | \$ 1,452,533 |
| (1,243,803) | (100,028) | (9,825) | (3,131) |
| (4,609,718) | (2,923,341) | - | - |
| 722,072 | - | - | - |



Supplementary Information Other



Combining Statement of Net Position - Internal Service Funds

December 31, 2021
 With Comparative Totals for December 31, 2020

| | Fleet Services | Information Technology | Energy Center | Self Insurance |
|---|----------------------|---------------------------|----------------------|----------------------|
| ASSETS & DEFERRED OUTFLOWS | | | | |
| Current Assets: | | | | |
| Cash | \$ 27,673,323 | \$ 61,787,531 | \$ 2,643,720 | \$ 17,674,008 |
| Interfund receivable | 384,394 | 261,715 | 1,411,717 | 2,708,013 |
| Receivables from users | 91,397 | 532,162 | 325,273 | - |
| Inventories | 155,377 | 38,933 | 281,849 | - |
| Prepaid items | - | 10,577,731 | - | - |
| Total Current Assets | 28,304,491 | 73,198,072 | 4,662,559 | 20,382,021 |
| Capital Assets: | | | | |
| Land | - | - | 1,040,600 | - |
| Buildings | - | - | 47,543,394 | - |
| Equipment | 68,736,830 | 47,348,992 | 280,965 | 65,850 |
| Software | - | 4,702,015 | - | - |
| Construction in progress | 2,306,657 | - | 364,500 | - |
| Total capital assets | 71,043,487 | 52,051,007 | 49,229,459 | 65,850 |
| Less accumulated depreciation | 40,796,090 | 41,392,488 | 30,575,894 | 65,850 |
| Net Capital Assets | 30,247,397 | 10,658,519 | 18,653,565 | - |
| Total Assets | 58,551,888 | 83,856,591 | 23,316,124 | 20,382,021 |
| Deferred Outflows of Resources: | | | | |
| Postemployment healthcare related | 54,384 | 459,989 | 749 | 2,887 |
| Total Assets and Deferred Outflows | \$ 58,606,272 | \$ 84,316,580 | \$ 23,316,873 | \$ 20,384,908 |
| LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | | | |
| Current Liabilities: | | | | |
| Interfund payable | \$ - | \$ - | \$ - | \$ - |
| Accounts and contracts payable | 859,480 | 3,690,322 | 986,217 | 2,140,963 |
| Accrued expenses | 89,185 | 1,591,641 | 5,147 | 30,417 |
| Current portion of: | | | | |
| Workers' compensation claims | - | - | - | 2,900,000 |
| General obligation bonds | - | - | 1,161,401 | - |
| Compensated absences | 40,000 | 440,000 | - | 20,000 |
| Total Current Liabilities | 988,665 | 5,721,963 | 2,152,765 | 5,091,380 |
| Noncurrent Liabilities, Net of Current Portion: | | | | |
| Workers' compensation claims | - | - | - | 8,109,000 |
| General obligation bonds | - | - | 13,097,378 | - |
| Postemployment healthcare benefits | 176,169 | 2,656,337 | 9,253 | 10,190 |
| Compensated absences | 412,069 | 5,197,547 | 47,689 | 106,378 |
| Total Noncurrent Liabilities | 588,238 | 7,853,884 | 13,154,320 | 8,225,568 |
| Total Liabilities | 1,576,903 | 13,575,847 | 15,307,085 | 13,316,948 |
| Deferred Inflows of Resources: | | | | |
| Postemployment healthcare related | 14,690 | 228,696 | 708 | 953 |
| Net Position: | | | | |
| Net investment in capital assets | 30,247,397 | 10,658,519 | 4,394,786 | - |
| Unrestricted (deficit) | 26,767,282 | 59,853,518 | 3,614,294 | 7,067,007 |
| Total Net Position | 57,014,679 | 70,512,037 | 8,009,080 | 7,067,007 |
| Total Liabilities, Deferred Inflows and Net Position | \$ 58,606,272 | \$ 84,316,580 | \$ 23,316,873 | \$ 20,384,908 |

| Employee Health Plan Self Insurance | Other Employee Benefits | Totals | |
|---|----------------------------|-----------------------|-----------------------|
| | | 2021 | 2020 |
| \$ 38,013,880 | \$ 92,026,285 | \$ 239,818,747 | \$ 230,142,467 |
| - | 10,055,925 | 14,821,764 | 26,859,692 |
| 205,009 | - | 1,153,841 | 1,242,133 |
| - | - | 476,159 | 653,773 |
| - | - | 10,577,731 | 11,440,731 |
| <u>38,218,889</u> | <u>102,082,210</u> | <u>266,848,242</u> | <u>270,338,796</u> |
| - | - | 1,040,600 | 1,040,600 |
| - | - | 47,543,394 | 47,185,823 |
| - | - | 116,432,637 | 111,814,459 |
| - | - | 4,702,015 | 4,702,015 |
| - | - | 2,671,157 | 2,448,746 |
| - | - | 172,389,803 | 167,191,643 |
| - | - | 112,830,322 | 106,553,401 |
| - | - | 59,559,481 | 60,638,242 |
| <u>38,218,889</u> | <u>102,082,210</u> | <u>326,407,723</u> | <u>330,977,038</u> |
| 379 | - | 518,388 | 433,149 |
| <u>\$ 38,219,268</u> | <u>\$ 102,082,210</u> | <u>\$ 326,926,111</u> | <u>\$ 331,410,187</u> |
| \$ - | \$ - | \$ - | \$ 4,002,133 |
| 118,171 | - | 7,795,153 | 4,506,313 |
| 11,427,869 | - | 13,144,259 | 10,951,056 |
| - | - | 2,900,000 | 2,700,000 |
| - | - | 1,161,401 | 1,130,420 |
| 20,000 | 11,340,000 | 11,860,000 | 12,140,000 |
| <u>11,566,040</u> | <u>11,340,000</u> | <u>36,860,813</u> | <u>35,429,922</u> |
| - | - | 8,109,000 | 8,745,000 |
| - | - | 13,097,378 | 13,536,707 |
| 5,070 | - | 2,857,019 | 2,839,965 |
| 80,661 | 90,742,210 | 96,586,554 | 95,693,742 |
| <u>85,731</u> | <u>90,742,210</u> | <u>120,649,951</u> | <u>120,815,414</u> |
| <u>11,651,771</u> | <u>102,082,210</u> | <u>157,510,764</u> | <u>156,245,336</u> |
| 339 | - | 245,386 | 296,288 |
| - | - | 45,300,702 | 45,971,115 |
| 26,567,158 | - | 123,869,259 | 128,897,448 |
| <u>26,567,158</u> | <u>-</u> | <u>169,169,961</u> | <u>174,868,563</u> |
| <u>\$ 38,219,268</u> | <u>\$ 102,082,210</u> | <u>\$ 326,926,111</u> | <u>\$ 331,410,187</u> |

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

For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

| | Fleet Services | Information Technology | Energy Center | Self Insurance |
|--|----------------------|---------------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services. | \$ 18,331,289 | \$ 88,760,162 | \$ 9,948,250 | \$ 11,664,153 |
| Total Operating Revenues | <u>18,331,289</u> | <u>88,760,162</u> | <u>9,948,250</u> | <u>11,664,153</u> |
| OPERATING EXPENSES | | | | |
| Personal services. | 2,735,325 | 45,746,457 | 150,367 | 10,117,462 |
| Commodities. | 2,921,084 | 2,616,514 | 4,675,304 | 97,395 |
| Contractual services. | 3,048,711 | 23,741,751 | 2,987,600 | 745,769 |
| Depreciation. | 8,719,113 | 3,935,267 | 1,646,897 | - |
| Other charges. | 359,810 | 3,153,374 | 76,164 | 1,574,051 |
| Total Operating Expenses | <u>17,784,043</u> | <u>79,193,363</u> | <u>9,536,332</u> | <u>12,534,677</u> |
| Operating Income (Loss) | <u>547,246</u> | <u>9,566,799</u> | <u>411,918</u> | <u>(870,524)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (losses). | - | - | - | - |
| Interest expense. | - | - | (424,555) | - |
| Gain (Loss) on capital asset disposal. | 1,922,537 | (3,507) | - | - |
| Pandemic relief funds. | 15,086 | 88,521 | - | 33,025 |
| Total Nonoperating Revenues (Expenses) | <u>1,937,623</u> | <u>85,014</u> | <u>(424,555)</u> | <u>33,025</u> |
| Income (Loss) Before Contributions | <u>2,484,869</u> | <u>9,651,813</u> | <u>(12,637)</u> | <u>(837,499)</u> |
| Capital contributions. | 841,645 | (244,934) | - | - |
| Change in Net Position | <u>3,326,514</u> | <u>9,406,879</u> | <u>(12,637)</u> | <u>(837,499)</u> |
| Total Net Position - Beginning | <u>53,688,165</u> | <u>61,105,158</u> | <u>8,021,717</u> | <u>7,904,506</u> |
| Total Net Position - Ending | <u>\$ 57,014,679</u> | <u>\$ 70,512,037</u> | <u>\$ 8,009,080</u> | <u>\$ 7,067,007</u> |

| Employee Health Plan Self Insurance | Other Employee Benefits | Totals | |
|---|----------------------------|----------------|----------------|
| | | 2021 | 2020 |
| \$ 130,494,728 | \$ 9,997,814 | \$ 269,196,396 | \$ 270,324,616 |
| 130,494,728 | 9,997,814 | 269,196,396 | 270,324,616 |
| 138,618,756 | 9,997,814 | 207,366,181 | 189,029,798 |
| 2,987 | - | 10,313,284 | 22,002,031 |
| 9,137,804 | - | 39,661,635 | 37,122,372 |
| - | - | 14,301,277 | 16,842,645 |
| 5,920 | - | 5,169,319 | 3,356,779 |
| 147,765,467 | 9,997,814 | 276,811,696 | 268,353,625 |
| (17,270,739) | - | (7,615,300) | 1,970,991 |
| (311,554) | - | (311,554) | 552,849 |
| - | - | (424,555) | (455,392) |
| - | - | 1,919,030 | 978,371 |
| 434 | - | 137,066 | 3,358,620 |
| (311,120) | - | 1,319,987 | 4,434,448 |
| (17,581,859) | - | (6,295,313) | 6,405,439 |
| - | - | 596,711 | 1,512,025 |
| (17,581,859) | - | (5,698,602) | 7,917,464 |
| 44,149,017 | - | 174,868,563 | 166,951,099 |
| \$ 26,567,158 | \$ - | \$ 169,169,961 | \$ 174,868,563 |

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended December 31, 2021

| | Fleet Services | Information Technology | Energy Center |
|--|-------------------|---------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users. | \$ 18,748,447 | \$ 88,844,876 | \$ 9,417,724 |
| Payments to suppliers for goods and services. | (6,385,146) | (23,707,395) | (7,084,954) |
| Payments to employees for services. | (2,648,722) | (45,515,519) | (148,239) |
| Other operating disbursements. | (359,810) | (3,153,374) | (76,164) |
| Net Cash Provided (Used) by Operating Activities | 9,354,769 | 16,468,588 | 2,108,367 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Interfund loans. | - | - | - |
| Pandemic relief funds. | 15,086 | 88,521 | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | 15,086 | 88,521 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets. | (5,585,244) | (4,399,460) | - |
| Interest paid. | - | - | (424,555) |
| Debt issuance cost and principal payments. | - | - | (1,130,419) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (5,585,244) | (4,399,460) | (1,554,974) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income. | - | - | - |
| Net Increase (Decrease) in Cash | 3,784,611 | 12,157,649 | 553,393 |
| Cash at Beginning of Year | 23,888,712 | 49,629,882 | 2,090,327 |
| Cash at End of Year | \$ 27,673,323 | \$ 61,787,531 | \$ 2,643,720 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss). | \$ 547,246 | \$ 9,566,799 | \$ 411,918 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization. | 8,719,113 | 3,935,267 | 1,646,897 |
| (Increase) decrease in: | | | |
| Receivables and prepaid items. | 413,441 | 743,106 | (531,156) |
| Inventories. | 17,161 | 108,417 | 52,036 |
| Increase (decrease) in: | | | |
| Accounts payable and accrued expenses. | (330,261) | 2,237,319 | 528,997 |
| Deferred outflows. | (8,980) | (74,788) | (183) |
| Deferred inflows. | (2,951) | (47,532) | (142) |
| Net Cash Provided (Used) by Operating Activities | \$ 9,354,769 | \$ 16,468,588 | \$ 2,108,367 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | |
| Contributions of capital assets. | \$ 841,645 | \$ (244,934) | \$ - |
| Loss on disposal of capital assets. | - | (3,507) | - |
| Increase (decrease) in fair value of investments. | - | - | - |
| Transfer of G.O. Bonds and related capital assets. | | | 722,072 |

| | Self Insurance | Employee Health Plan Self-Insurance | Other Employee Benefits | Total |
|----|-------------------|--|----------------------------|--------------------|
| \$ | 10,614,376 | \$ 132,465,469 | \$ 21,224,927 | \$ 281,315,819 |
| | 583,088 | (9,051,058) | - | (45,645,465) |
| | (10,539,106) | (138,587,407) | (9,869,463) | (207,308,456) |
| | (1,574,051) | (5,920) | - | (5,169,319) |
| | <u>(915,693)</u> | <u>(15,178,916)</u> | <u>11,355,464</u> | <u>23,192,579</u> |
| | - | - | (1,802,133) | (1,802,133) |
| | 33,025 | 434 | - | 137,066 |
| | <u>33,025</u> | <u>434</u> | <u>(1,802,133)</u> | <u>(1,665,067)</u> |
| | - | - | - | (9,984,704) |
| | - | - | - | (424,555) |
| | - | - | - | (1,130,419) |
| | - | - | - | (11,539,678) |
| | - | (311,554) | - | (311,554) |
| | (882,668) | (15,490,036) | 9,553,331 | 9,676,280 |
| | <u>18,556,676</u> | <u>53,503,916</u> | <u>82,472,954</u> | <u>230,142,467</u> |
| \$ | <u>17,674,008</u> | <u>38,013,880</u> | <u>92,026,285</u> | <u>239,818,747</u> |
| \$ | (870,524) | \$ (17,270,739) | \$ - | \$ (7,615,300) |
| | - | - | - | 14,301,277 |
| | (1,053,513) | (9,771) | 11,227,113 | 10,789,220 |
| | - | - | - | 177,614 |
| | 1,009,734 | 2,101,769 | 128,351 | 5,675,909 |
| | (1,181) | (107) | - | (85,239) |
| | <u>(209)</u> | <u>(68)</u> | <u>-</u> | <u>(50,902)</u> |
| \$ | <u>(915,693)</u> | <u>(15,178,916)</u> | <u>11,355,464</u> | <u>23,192,579</u> |
| \$ | - | \$ - | \$ - | \$ 596,711 |
| | - | - | - | (3,507) |
| | - | (488,784) | - | (488,784) |

Schedules of Net Position - Internal Service Funds

For the Years Ended December 31, 2021 and 2020

| | Fleet Services | | Information Technology | |
|---|----------------|---------------|------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Current Assets: | | | | |
| Cash..... | \$ 27,673,323 | \$ 23,888,712 | \$ 61,787,531 | \$ 49,629,882 |
| Interfund receivable..... | 384,394 | 743,248 | 261,715 | 146,173 |
| Receivables from users..... | 91,397 | 144,321 | 532,162 | 529,473 |
| Inventories..... | 155,377 | 172,538 | 38,933 | 147,350 |
| Prepaid items..... | - | 1,663 | 10,577,731 | 11,439,068 |
| Total Current Assets | 28,304,491 | 24,950,482 | 73,198,072 | 61,891,946 |
| Capital Assets: | | | | |
| Land..... | - | - | - | - |
| Buildings..... | - | - | - | - |
| Equipment..... | 68,736,830 | 66,863,657 | 47,348,992 | 44,603,987 |
| Software..... | - | - | 4,702,015 | 4,702,015 |
| Construction in progress..... | 2,306,657 | 2,448,746 | - | - |
| Total capital assets | 71,043,487 | 69,312,403 | 52,051,007 | 49,306,002 |
| Less accumulated depreciation..... | 40,796,090 | 38,695,319 | 41,392,488 | 38,863,235 |
| Net Capital Assets | 30,247,397 | 30,617,084 | 10,658,519 | 10,442,767 |
| Total Assets | 58,551,888 | 55,567,566 | 83,856,591 | 72,334,713 |
| Deferred Outflows of Resources | | | | |
| Postemployment healthcare related..... | 54,384 | 45,404 | 459,989 | 385,201 |
| Total Assets and Deferred Outflows of Resources | \$ 58,606,272 | \$ 55,612,970 | \$ 84,316,580 | \$ 72,719,914 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | | | | |
| Current Liabilities: | | | | |
| Interfund payable..... | \$ - | \$ - | \$ - | \$ - |
| Accounts and contracts payable..... | 859,480 | 1,293,655 | 3,690,322 | 2,009,206 |
| Accrued expenses..... | 89,185 | 83,805 | 1,591,641 | 1,388,696 |
| Current portion of: | | | | |
| Workers' compensation claims..... | - | - | - | - |
| General obligation bonds..... | - | - | - | - |
| Compensated absences..... | 40,000 | 40,000 | 440,000 | 470,000 |
| Total Current Liabilities | 988,665 | 1,417,460 | 5,721,963 | 3,867,902 |
| Noncurrent Liabilities, Net of Current Portion: | | | | |
| Workers' compensation claims..... | - | - | - | - |
| General obligation bonds..... | - | - | - | - |
| Postemployment healthcare benefits..... | 176,169 | 190,468 | 2,656,337 | 2,627,073 |
| Compensated absences..... | 412,069 | 299,236 | 5,197,547 | 4,843,553 |
| Total Noncurrent Liabilities | 588,238 | 489,704 | 7,853,884 | 7,470,626 |
| Total Liabilities | 1,576,903 | 1,907,164 | 13,575,847 | 11,338,528 |
| Deferred Inflows of Resources | | | | |
| Postemployment healthcare related..... | 14,690 | 17,641 | 228,696 | 276,228 |
| Net Position: | | | | |
| Net investment in capital assets..... | 30,247,397 | 30,617,084 | 10,658,519 | 10,442,767 |
| Unrestricted..... | 26,767,282 | 23,071,081 | 59,853,518 | 50,662,391 |
| Total Net Position | 57,014,679 | 53,688,165 | 70,512,037 | 61,105,158 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 58,606,272 | \$ 55,612,970 | \$ 84,316,580 | \$ 72,719,914 |

| | Energy Center | | Self Insurance | | Employee Health Plan Self Insurance | | Other Employee Benefits | |
|----|-------------------|-------------------|-------------------|-------------------|-------------------------------------|-------------------|-------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| \$ | 2,643,720 | \$ 2,090,327 | \$ 17,674,008 | \$ 18,556,676 | \$ 38,013,880 | \$ 53,503,916 | \$ 92,026,285 | \$ 82,472,954 |
| | 1,411,717 | 832,733 | 2,708,013 | 1,654,500 | - | - | 10,055,925 | 21,283,038 |
| | 325,273 | 373,101 | - | - | 205,009 | 195,238 | - | - |
| | 281,849 | 333,885 | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | <u>4,662,559</u> | <u>3,630,046</u> | <u>20,382,021</u> | <u>20,211,176</u> | <u>38,218,889</u> | <u>53,699,154</u> | <u>102,082,210</u> | <u>103,755,992</u> |
| | 1,040,600 | 1,040,600 | - | - | - | - | - | - |
| | 47,543,394 | 47,185,823 | - | - | - | - | - | - |
| | 280,965 | 280,965 | 65,850 | 65,850 | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | 364,500 | - | - | - | - | - | - | - |
| | 49,229,459 | 48,507,388 | 65,850 | 65,850 | - | - | - | - |
| | 30,575,894 | 28,928,997 | 65,850 | 65,850 | - | - | - | - |
| | <u>18,653,565</u> | <u>19,578,391</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>23,316,124</u> | <u>23,208,437</u> | <u>20,382,021</u> | <u>20,211,176</u> | <u>38,218,889</u> | <u>53,699,154</u> | <u>102,082,210</u> | <u>103,755,992</u> |
| | 749 | 566 | 2,887 | 1,706 | 379 | 272 | - | - |
| \$ | <u>23,316,873</u> | <u>23,209,003</u> | <u>20,384,908</u> | <u>20,212,882</u> | <u>38,219,268</u> | <u>53,699,426</u> | <u>102,082,210</u> | <u>103,755,992</u> |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,802,133 |
| | 986,217 | 460,303 | 2,140,963 | 714,711 | 118,171 | 28,438 | - | - |
| | 5,147 | 4,517 | 30,417 | 26,681 | 11,427,869 | 9,447,357 | - | - |
| | - | - | 2,900,000 | 2,700,000 | - | - | - | - |
| | 1,161,401 | 1,130,420 | - | - | - | - | - | - |
| | - | - | 20,000 | 10,000 | 20,000 | 10,000 | 11,340,000 | 11,610,000 |
| | <u>2,152,765</u> | <u>1,595,240</u> | <u>5,091,380</u> | <u>3,451,392</u> | <u>11,566,040</u> | <u>9,485,795</u> | <u>11,340,000</u> | <u>13,412,133</u> |
| | - | - | 8,109,000 | 8,745,000 | - | - | - | - |
| | 13,097,378 | 13,536,707 | - | - | - | - | - | - |
| | 9,253 | 8,596 | 10,190 | 9,672 | 5,070 | 4,156 | - | - |
| | 47,689 | 45,893 | 106,378 | 101,150 | 80,661 | 60,051 | 90,742,210 | 90,343,859 |
| | <u>13,154,320</u> | <u>13,591,196</u> | <u>8,225,568</u> | <u>8,855,822</u> | <u>85,731</u> | <u>64,207</u> | <u>90,742,210</u> | <u>90,343,859</u> |
| | <u>15,307,085</u> | <u>15,186,436</u> | <u>13,316,948</u> | <u>12,307,214</u> | <u>11,651,771</u> | <u>9,550,002</u> | <u>102,082,210</u> | <u>103,755,992</u> |
| | 708 | 850 | 953 | 1,162 | 339 | 407 | - | - |
| | 4,394,786 | 4,911,264 | - | - | - | - | - | - |
| | 3,614,294 | 3,110,453 | 7,067,007 | 7,904,506 | 26,567,158 | 44,149,017 | - | - |
| | <u>8,009,080</u> | <u>8,021,717</u> | <u>7,067,007</u> | <u>7,904,506</u> | <u>26,567,158</u> | <u>44,149,017</u> | <u>-</u> | <u>-</u> |
| \$ | <u>23,316,873</u> | <u>23,209,003</u> | <u>20,384,908</u> | <u>20,212,882</u> | <u>38,219,268</u> | <u>53,699,426</u> | <u>102,082,210</u> | <u>103,755,992</u> |

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

For the Years Ended December 31, 2021 and 2020

| | Fleet Services | | Information Technology | |
|--|----------------|---------------|------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| OPERATING REVENUES | | | | |
| Charges for services. | \$ 18,331,289 | \$ 17,588,982 | \$ 88,760,162 | \$ 90,763,727 |
| Total Operating Revenues | 18,331,289 | 17,588,982 | 88,760,162 | 90,763,727 |
| OPERATING EXPENSES | | | | |
| Personal services. | 2,735,325 | 2,634,776 | 45,746,457 | 44,819,318 |
| Commodities. | 2,921,084 | 3,540,488 | 2,616,514 | 14,704,455 |
| Contractual services. | 3,048,711 | 2,624,478 | 23,741,751 | 22,968,173 |
| Depreciation. | 8,719,113 | 8,396,036 | 3,935,267 | 6,815,099 |
| Other charges. | 359,810 | 365,457 | 3,153,374 | 2,761,614 |
| Total Operating Expenses | 17,784,043 | 17,561,235 | 79,193,363 | 92,068,659 |
| Operating Income (Loss) | 547,246 | 27,747 | 9,566,799 | (1,304,932) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (losses). | - | - | - | - |
| Interest expense. | - | - | - | - |
| Gain (Loss) on capital asset disposal. | 1,922,537 | 980,535 | (3,507) | (2,164) |
| Pandemic relief funds. | 15,086 | 21,301 | 88,521 | 1,353,936 |
| Total Nonoperating Revenues (Expenses) | 1,937,623 | 1,001,836 | 85,014 | 1,351,772 |
| Income (Loss) Before Contributions | 2,484,869 | 1,029,583 | 9,651,813 | 46,840 |
| Capital contributions. | 841,645 | 96,830 | (244,934) | 1,415,195 |
| Change in Net Position | 3,326,514 | 1,126,413 | 9,406,879 | 1,462,035 |
| Total Net Position - Beginning | 53,688,165 | 52,561,752 | 61,105,158 | 59,643,123 |
| Total Net Position - Ending | \$ 57,014,679 | \$ 53,688,165 | \$ 70,512,037 | \$ 61,105,158 |

| | Energy Center | | Self Insurance | | Employee Health Plan Self Insurance | | Other Employee Benefits | |
|----|---------------|--------------|----------------|--------------|-------------------------------------|----------------|-------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| \$ | 9,948,250 | \$ 9,218,257 | \$ 11,664,153 | \$ 8,418,534 | \$ 130,494,728 | \$ 121,912,795 | \$ 9,997,814 | \$ 22,422,321 |
| | 9,948,250 | 9,218,257 | 11,664,153 | 8,418,534 | 130,494,728 | 121,912,795 | 9,997,814 | 22,422,321 |
| | 150,367 | 140,287 | 10,117,462 | 8,265,144 | 138,618,756 | 110,747,952 | 9,997,814 | 22,422,321 |
| | 4,675,304 | 3,745,089 | 97,395 | 9,405 | 2,987 | 2,594 | - | - |
| | 2,987,600 | 2,797,352 | 745,769 | 574,591 | 9,137,804 | 8,157,778 | - | - |
| | 1,646,897 | 1,631,510 | - | - | - | - | - | - |
| | 76,164 | 95,431 | 1,574,051 | 114,967 | 5,920 | 19,310 | - | - |
| | 9,536,332 | 8,409,669 | 12,534,677 | 8,964,107 | 147,765,467 | 118,927,634 | 9,997,814 | 22,422,321 |
| | 411,918 | 808,588 | (870,524) | (545,573) | (17,270,739) | 2,985,161 | - | - |
| | - | - | - | - | (311,554) | 552,849 | - | - |
| | (424,555) | (455,392) | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | 33,025 | 1,980,785 | 434 | 2,598 | - | - |
| | (424,555) | (455,392) | 33,025 | 1,980,785 | (311,120) | 555,447 | - | - |
| | (12,637) | 353,196 | (837,499) | 1,435,212 | (17,581,859) | 3,540,608 | - | - |
| | - | - | - | - | - | - | - | - |
| | (12,637) | 353,196 | (837,499) | 1,435,212 | (17,581,859) | 3,540,608 | - | - |
| | 8,021,717 | 7,668,521 | 7,904,506 | 6,469,294 | 44,149,017 | 40,608,409 | - | - |
| \$ | 8,009,080 | \$ 8,021,717 | \$ 7,067,007 | \$ 7,904,506 | \$ 26,567,158 | \$ 44,149,017 | \$ - | \$ - |



Statistical Section

Statistical Section

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Government-wide Net Position

Last Ten Years

| Year | Governmental Activities Net Position ¹ | | | | Business-type | |
|------|---|---------------------|-------------------------|-----------------------------|--|---------------------|
| | Net Investment in Capital Assets | Restricted | Unrestricted | Total | Net Investment in Capital Assets | Restricted |
| 2012 | \$ 964,510,097 64.9 % | 39,587,431 2.7 | 480,512,309 32.4 | \$ 1,484,609,837 100.0 % | \$ 101,486,495 55.7 % | 74,927,264 41.2 |
| 2013 | \$ 1,008,692,715 65.0 % | 41,252,656 2.7 | 499,825,926 32.3 | \$ 1,549,771,297 100.0 % | \$ 114,135,225 63.2 % | 65,314,557 36.2 |
| 2014 | \$ 1,034,215,941 62.6 % | 57,683,720 3.5 | 559,125,672 33.9 | \$ 1,651,025,333 100.0 % | \$ 117,989,973 64.1 % | 64,605,171 35.1 |
| 2015 | \$ 1,115,088,507 107.8 % | 60,073,851 5.8 | (140,552,867) (13.6) | \$ 1,034,609,491 100.0 % | \$ 125,124,499 71.0 % | 46,195,638 26.2 |
| 2016 | \$ 1,219,864,333 134.4 % | 55,598,868 6.1 | (367,758,308) (40.5) | \$ 907,704,893 100.0 % | \$ 395,059,037 154.8 % | 100,921,673 39.6 |
| 2017 | \$ 1,206,561,675 146.6 % | 33,310,365 4.0 | (416,536,711) (50.6) | \$ 823,335,329 100.0 % | \$ 384,924,769 151.0 % | 110,665,578 43.4 |
| 2018 | \$ 1,262,978,840 135.4 % | 107,904,209 11.6 | (438,421,345) (47.0) | \$ 932,461,704 100.0 % | \$ 357,743,028 135.5 % | 113,076,467 42.8 |
| 2019 | \$ 1,182,547,879 125.6 % | 364,061,414 38.7 | (605,345,730) (64.3) | \$ 941,263,563 100.0 % | \$ 340,520,315 138.3 % | 113,845,957 46.3 |
| 2020 | \$ 1,140,681,933 148.0 % | 325,286,070 42.2 | (695,375,554) (90.2) | \$ 770,592,449 100.0 % | \$ 334,564,780 108.2 % | 140,821,957 45.5 |
| 2021 | \$ 1,150,924,259 112.6 % | 418,125,500 40.9 | (546,857,995) (53.5) | \$ 1,022,191,764 100.0 % | \$ 332,684,247 91.8 % | 154,758,855 42.7 |

¹ The implementation of GASB 68 in 2015 required the County to report a net pension liability. As a result, 2014 was restated to report initial balances, reducing business-type activities net position by \$10 million. The County's investment in component unit that is described above was restated to reflect the Medical Center's implementation of GASB 68, which reduced the County's net position by an additional \$281.1 million. Years prior to 2014 were not restated above because that information is not available.

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

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

Unaudited

| Activities Net Position ¹ | | | Total Primary Government Net Position | | | |
|--------------------------------------|---------------------------|--|---------------------------------------|---------------------|-------------------------|-----------------------------|
| Unrestricted | Total | | Net Investment in Capital Assets | Restricted | Unrestricted | Total |
| 5,589,987 3.1 | \$ 182,003,746 100.0 % | | \$ 1,065,996,592 63.9 % | 114,514,695 6.9 | 486,102,296 29.2 | \$ 1,666,613,583 100.0 % |
| 1,217,306 0.6 | \$ 180,667,088 100.0 % | | \$ 1,122,827,940 64.9 % | 106,567,213 6.1 | 501,043,232 29.0 | \$ 1,730,438,385 100.0 % |
| 1,499,952 0.8 | \$ 184,095,096 100.0 % | | \$ 1,152,205,914 62.8 % | 122,288,891 6.7 | 560,625,624 30.5 | \$ 1,835,120,429 100.0 % |
| 4,927,906 2.8 | \$ 176,248,043 100.0 % | | \$ 1,240,213,006 102.4 % | 106,269,489 8.8 | (135,624,961) (11.2) | \$ 1,210,857,534 100.0 % |
| (240,873,069) (94.4) | \$ 255,107,641 100.0 % | | \$ 1,614,923,370 138.8 % | 156,520,541 13.5 | (608,631,377) (52.3) | \$ 1,162,812,534 100.0 % |
| (240,740,842) (94.4) | \$ 254,849,505 100.0 % | | \$ 1,591,486,444 147.6 % | 143,975,943 13.4 | (657,277,553) (61.0) | \$ 1,078,184,834 100.0 % |
| (206,832,888) (78.3) | \$ 263,986,607 100.0 % | | \$ 1,620,721,868 135.5 % | 220,980,676 18.4 | (645,254,233) (53.9) | \$ 1,196,448,311 100.0 % |
| (208,288,661) (84.6) | \$ 246,077,611 100.0 % | | \$ 1,523,068,194 128.2 % | 477,907,371 40.3 | (813,634,391) (68.5) | \$ 1,187,341,174 100.0 % |
| (166,177,272) (53.7) | \$ 309,209,465 100.0 % | | \$ 1,475,246,713 136.6 % | 466,108,027 43.2 | (861,552,826) (79.8) | \$ 1,079,801,914 100.0 % |
| (125,131,930) (34.5) | \$ 362,311,172 100.0 % | | \$ 1,483,608,506 107.2 % | 572,884,355 41.4 | (671,989,925) (48.6) | \$ 1,384,502,936 100.0 % |

Government-wide Change in Net Position

Last Ten Years

| Governmental Activities Change in Net Position ¹ | | | | | |
|---|---------------------|-----------------|--------------------|----------------------|------------------|
| Year | Net Program Expense | General Revenue | Transfers In (Out) | Insurance Recoveries | Total |
| 2012 | \$ (653,557,888) | 755,555,485 | - | - | \$ 101,997,597 |
| 2013 | \$ (673,663,528) | 746,149,988 | (1,823,612) | - | \$ 70,662,848 |
| 2014 | \$ (676,641,873) | 777,420,470 | 475,439 | - | \$ 101,254,036 |
| 2015 | \$ (743,751,041) | 859,497,012 | 1,043,430 | - | \$ 116,789,401 |
| 2016 | \$ (860,383,897) | 853,717,908 | (17,323,096) | - | \$ (23,989,085) |
| 2017 | \$ (939,947,496) | 915,334,413 | (8,396,008) | - | \$ (33,009,091) |
| 2018 | \$ (943,600,045) | 1,064,502,788 | (11,776,368) | - | \$ 109,126,375 |
| 2019 | \$ (1,119,662,343) | 1,142,841,349 | (14,377,147) | - | \$ 8,801,859 |
| 2020 | \$ (1,296,728,088) | 1,144,927,388 | (18,870,414) | - | \$ (170,671,114) |
| 2021 | \$ (862,965,987) | 1,139,982,552 | (26,186,000) | 768,750 | \$ 251,599,315 |

¹ The implementation of GASB 68 in 2015 required the County and its discretely presented component unit to report a net pension liability, as well as related revenues and expenses. The years prior to implementation were not restated above because that information is not available.

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

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

Governmental Activities' Net Program Expense amounts include contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit. For example, 2019, 2020 and 2021 Net Program Expense amounts include \$168,904,341, \$305,144,084 and \$32,863,492, respectively.

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 |
| \$ 6,829,225 | 2,988,795 | - | 9,818,020 | \$ 111,815,617 |
| \$ (705,949) | 1,373,368 | 1,823,612 | 2,491,031 | \$ 73,153,879 |
| \$ 1,367,401 | 2,536,046 | (475,439) | 3,428,008 | \$ 104,682,044 |
| \$ (10,480,718) | 3,677,095 | (1,043,430) | (7,847,053) | \$ 108,942,348 |
| \$ (45,026,903) | 3,647,892 | 17,323,096 | (24,055,915) | \$ (48,045,000) |
| \$ (26,428,996) | 3,743,368 | 8,396,008 | (14,289,620) | \$ (47,298,711) |
| \$ (6,779,710) | 4,140,444 | 11,776,368 | 9,137,102 | \$ 118,263,477 |
| \$ (36,656,879) | 4,370,736 | 14,377,147 | (17,908,996) | \$ (9,107,137) |
| \$ 39,540,810 | 4,720,630 | 18,870,414 | 63,131,854 | \$ (107,539,260) |
| \$ 24,024,854 | 2,890,853 | 26,186,000 | 53,101,707 | \$ 304,701,022 |

Government-wide Expenses by Function

Last Ten Years

| Year | Governmental Activities | | | | | |
|------|--------------------------|---------------------|--------------------|---------------------|--------------------|-------------------------------------|
| | Operations ¹ | Human Services | Health | Public Safety | Public Works | Housing and Redevelopment Authority |
| 2012 | \$ 199,317,938 15.0 % | 435,730,208 32.8 | 95,492,517 7.2 | 265,149,071 19.9 | 84,420,313 6.3 | 9,604,847 0.7 |
| 2013 | \$ 199,526,136 13.9 % | 449,290,676 31.5 | 103,977,207 7.2 | 271,313,487 18.9 | 127,796,822 8.9 | 7,695,959 0.5 |
| 2014 | \$ 220,017,553 14.6 % | 486,567,994 32.5 | 100,984,162 6.7 | 283,974,464 18.8 | 113,177,930 7.5 | 9,930,939 0.7 |
| 2015 | \$ 250,254,163 16.5 % | 518,754,330 34.3 | 72,266,334 4.8 | 290,419,591 19.2 | 90,238,102 6.0 | 10,170,173 0.7 |
| 2016 | \$ 270,717,240 10.2 % | 578,786,579 22.0 | 66,712,310 2.5 | 348,219,386 13.2 | 95,340,184 3.6 | 11,037,512 0.4 |
| 2017 | \$ 280,950,579 9.8 % | 606,245,245 21.3 | 68,619,425 2.4 | 347,612,537 12.1 | 116,853,788 4.1 | 12,340,350 0.4 |
| 2018 | \$ 318,590,971 11.0 % | 611,146,772 21.2 | 78,387,060 2.7 | 319,194,885 11.0 | 125,680,478 4.3 | 11,282,225 0.4 |
| 2019 | \$ 431,819,777 13.8 % | 606,469,494 19.3 | 79,401,626 2.5 | 353,266,892 11.3 | 149,132,482 4.7 | 9,420,106 0.3 |
| 2020 | \$ 610,577,999 17.6 % | 620,995,687 17.7 | 71,311,173 2.1 | 345,693,745 10.0 | 218,469,994 6.3 | 18,731,951 0.5 |
| 2021 | \$ 350,790,082 11.0 % | 600,417,949 18.8 | 82,175,836 2.6 | 340,310,533 10.7 | 136,917,181 4.3 | 15,131,283 0.5 |

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

The implementation of GASB 68 in 2015 required the County and its discretely presented component unit to report a net pension liability, as well as related revenues and expenses. The years prior to implementation were not restated above because that information is not available.

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

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

The 2019, 2020 and 2021 Operations Expense amounts include \$168,904,341, \$305,144,084 and \$32,863,492, 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 | | | | Total |
|-----------------------------------|-------------------------------|--------------------------|---------------------------|-----------------------|----------------------|-----------------------------|
| | | Hennepin Health | Environmental Services | Medical Center | Other Enterprises | |
| 16,485,333 1.2 | 43,094,396 3.2 | 127,748,836 9.6 | 54,417,425 4.1 | | 2,996,077 0.2 | \$ 1,334,456,961 100.0 % |
| 23,971,130 1.7 | 45,159,276 3.1 | 150,299,117 10.4 | 56,132,775 3.9 | | 3,325,288 0.2 | \$ 1,438,487,873 100.0 % |
| 29,180,649 1.9 | 42,719,174 2.8 | 159,611,117 10.6 | 58,056,471 3.9 | | 2,959,443 0.2 | \$ 1,507,179,896 100.0 % |
| 23,908,644 1.6 | 43,205,097 2.9 | 148,124,869 9.8 | 63,285,558 4.2 | | 3,339,214 0.2 | \$ 1,513,966,075 100.0 % |
| 24,713,823 0.9 | 44,024,761 1.7 | 128,098,502 4.8 | 59,055,113 2.2 | 1,015,357,256 38.4 | 3,630,950 0.1 | \$ 2,645,693,616 100.0 % |
| 54,407,297 1.9 | 48,127,742 1.7 | 227,311,006 7.9 | 68,754,823 2.4 | 1,026,701,749 35.9 | 3,964,905 0.1 | \$ 2,861,889,446 100.0 % |
| 42,915,345 1.5 | 35,450,382 1.2 | 229,332,103 7.9 | 70,997,580 2.5 | 1,044,068,505 36.1 | 4,380,778 0.2 | \$ 2,891,427,084 100.0 % |
| 43,898,191 1.4 | 40,630,769 1.3 | 229,885,013 7.3 | 70,825,616 2.3 | 1,120,652,913 35.7 | 4,579,516 0.1 | \$ 3,139,982,395 100.0 % |
| 78,322,450 2.3 | 35,147,804 1.0 | 249,234,707 7.2 | 71,939,427 2.1 | 1,148,474,054 33.1 | 5,024,258 0.1 | \$ 3,473,923,249 100.0 % |
| 9,343,977 0.3 | 15,840,147 0.5 | 332,065,520 10.4 | 75,128,209 2.4 | 1,224,559,954 38.4 | 4,538,075 0.1 | \$ 3,187,218,746 100.0 % |

Government-wide Revenues

Last Ten Years

| Year | Program Revenues | | | | | | | Operating Grants and Contributions | Capital Grants and Contributions |
|-------------------|------------------------|-------------------|---------------------|---------------------------|--------------------------------|-------------------|---------------------|--|--|
| | Charges for Services | | | | | Other | | | |
| | Operations | Human Services | Hennepin Health | Environmental Services | Medical Center ² | | | | |
| 2012 | \$ 35,965,791 2.5 % | 48,239,660 3.3 | 132,486,554 9.2 | 49,858,405 3.4 | | 55,595,280 3.8 | 319,419,317 22.1 | 46,163,291 3.2 | |
| 2013 | \$ 21,370,765 1.4 % | 52,099,614 3.4 | 154,552,561 10.2 | 48,136,426 3.2 | | 68,832,677 4.6 | 334,913,319 22.2 | 84,213,034 5.6 | |
| 2014 | \$ 18,639,389 1.2 % | 48,700,014 3.0 | 161,168,368 10.0 | 51,262,909 3.2 | | 69,363,314 4.3 | 356,302,561 22.1 | 126,468,869 7.8 | |
| 2015 | \$ 34,555,322 2.1 % | 47,429,213 2.9 | 144,120,318 8.9 | 50,713,519 3.1 | | 62,755,921 3.9 | 344,250,910 21.2 | 75,909,113 4.7 | |
| 2016 | \$ 31,996,677 1.2 % | 47,896,357 1.8 | 127,883,397 4.9 | 52,352,065 2.0 | 912,560,574 35.1 | 65,745,283 2.5 | 412,009,659 15.9 | 89,838,804 3.5 | |
| 2017 | \$ 32,495,916 1.2 % | 52,685,114 1.9 | 231,003,831 8.2 | 53,834,305 1.9 | 939,043,280 33.3 | 67,759,787 2.4 | 439,130,074 15.6 | 79,560,647 2.8 | |
| 2018 | \$ 32,735,156 1.1 % | 58,597,385 1.9 | 234,468,514 7.8 | 50,812,125 1.7 | 981,700,323 32.6 | 61,739,433 2.0 | 432,482,869 14.4 | 88,511,524 2.9 | |
| 2019 | \$ 38,733,451 1.2 % | 57,141,476 1.8 | 213,812,696 6.8 | 58,364,153 1.9 | 1,021,757,979 32.7 | 63,569,218 2.0 | 463,496,099 14.8 | 66,788,101 2.1 | |
| 2020 ³ | \$ 33,455,173 1.0 % | 55,734,790 1.7 | 256,562,245 7.6 | 60,138,047 1.8 | 955,633,560 28.4 | 53,626,143 1.6 | 745,244,593 22.1 | 56,341,420 1.7 | |
| 2021 ⁴ | \$ 42,414,586 1.2 % | 48,991,682 1.4 | 327,212,725 9.4 | 70,787,987 2.0 | 1,143,140,548 32.8 | 55,886,631 1.6 | 603,911,682 17.3 | 55,931,772 1.6 | |

¹ Total investment earning includes the net change in the fair value of investments. See Note 3 for actual investment income and realized gains/losses without the impact of changes in fair value.

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

³ Federal grant revenues totaling \$198,827,485 relating to the COVID-19 pandemic were received in 2020 to mitigate some of the economic disruption caused by the COVID-19 pandemic. Sales tax revenues and investment earnings decreased due to economic impacts of the pandemic.

⁴ Federal grant revenues totaling \$182,269,072 relating to the COVID-19 pandemic were received in 2021.

Unaudited

| 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 | Insurance Recoveries | Total Revenues |
| 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 | - - | - - | \$ 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 | - - | - - | \$ 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 | - - | - - | \$ 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 | - - | - - | \$ 3,130,875,258 100.0 % |
| 915,936,953 27.2 | 158,887,776 4.7 | 19,305,219 0.6 | 8,388,333 0.2 | 35,914,968 1.1 | 11,214,769 0.3 | - - | - - | \$ 3,366,383,989 100.0 % |
| 903,936,662 25.9 | 180,764,048 5.2 | 20,294,603 0.6 | 8,073,751 0.2 | 36,043,078 1.0 | (6,238,737) (0.2) | - - | 768,750 - | \$ 3,491,919,768 100.0 % |

Fund Balances - Governmental Funds

Last Ten Years

| General Fund | | | | | | |
|-------------------|-----------------------|--------------------|-------------------|---------------------|----------------------|-----------------------|
| Year | Nonspendable | Restricted | Committed | Assigned | Unassigned | Total |
| 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% |
| 2020 | \$ 3,100,646 1.4% | 16,040,900 7.3% | - | 61,861,604 28.3% | 137,559,210 63.0% | 218,562,360 100.0% |
| 2021 ¹ | \$ 6,998,271 2.9% | 22,658,602 9.4% | - | 50,561,810 20.9% | 162,090,016 66.8% | 242,308,699 100.0% |

¹ The Library special revenue fund was consolidated into the General Fund beginning in 2021.

Unaudited

Table 5

| All Other Governmental Funds | | | | |
|------------------------------|----------------------|----------------------|-----------------------|--------------------------|
| <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Unassigned</u> | <u>Total</u> |
| 3,171,716 6.8% | 103,313,359 31.8% | 169,132,402 61.4% | - | \$ 275,617,477 100.0% |
| 4,222,433 6.4% | 144,182,010 44.1% | 173,150,307 59.0% | (27,950,047) -9.5% | \$ 293,604,703 100.0% |
| 3,739,660 4.4% | 220,495,528 50.3% | 185,971,038 45.3% | - | \$ 410,206,226 100.0% |
| 9,807,491 6.9% | 164,488,646 44.1% | 167,233,245 49.0% | - | \$ 341,529,382 100.0% |
| 10,772,803 2.7% | 234,651,766 58.2% | 157,639,040 39.1% | - | \$ 403,063,609 100.0% |
| 3,784,193 1.1% | 177,485,513 51.4% | 164,038,954 47.5% | - | \$ 345,308,660 100.0% |
| 3,612,832 0.9% | 252,841,007 64.3% | 136,894,323 34.8% | - | \$ 393,348,162 100.0% |
| 3,906,490 0.6% | 449,017,383 76.4% | 134,809,172 22.9% | - | \$ 587,733,045 100.0% |
| 3,704,937 0.7% | 420,856,843 71.6% | 162,847,915 27.7% | - | \$ 587,409,695 100.0% |
| 397,683 0.1% | 515,311,119 72.2% | 198,195,438 27.7% | - | \$ 713,904,240 100.0% |

Change in Fund Balances - Governmental Funds

Last Ten Years

| Year | 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 | |
| 2012 | \$ (25,770,131) | (3,274,334) | 64,182,162 | (64,182,162) | 1,487,416 |
| 2013 | \$ (105,421,760) | 132,855,000 | 68,720,202 | (67,720,202) | 791,350 |
| 2014 | \$ (9,038,656) | 100,233,006 | 53,779,062 | (53,303,623) | 475,802 |
| 2015 | \$ (73,545,921) | - | 91,512,238 | (90,386,342) | 1,483,608 |
| 2016 | \$ (171,544,571) | 160,908,146 | 62,603,156 | (62,603,156) | 483,806 |
| 2017 | \$ (197,273,841) | 52,254,866 | 78,973,598 | (78,973,598) | 9,316,350 |
| 2018 | \$ (147,729,152) | 157,452,035 | 107,969,676 | (107,969,676) | 10,502,804 |
| 2019 | \$ (135,202,349) | 265,415,000 | 126,781,860 | (126,781,860) | - |
| 2020 | \$ (332,034,131) | 239,955,000 | 97,711,411 | (97,711,411) | 398,640 |
| 2021 | \$ 18,836,117 | 100,000,000 | 71,385,348 | (71,385,348) | 3,448,774 |

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 Governmental Funds' optional payments for early redemption of outstanding bond issues are included in the debt service amount used to calculate this percentage, including \$10,000,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, \$22,000,000 in 2016, \$127,822,940 in 2017, \$15,000,000 in 2018, \$11,165,000 for 2019, \$15,000,000 for 2020 and \$21,855,000 in 2021. The ratio would be lower if it was based only on required debt service expenditures. For example, 2019 would be 6.7%, 2020 would be 6.1% and 2021 would be 7.8%.

Unaudited

Table 6

| <u>Bond and Note Premiums</u> | <u>Insurance Recoveries</u> | <u>Total</u> | <u>Net Change in Fund Balances</u> | <u>Debt Service as a Percentage of Noncapital Expenditures ²</u> |
|---------------------------------------|---------------------------------|----------------|--|---|
| 3,870,697 | - | \$ 2,083,779 | \$ (23,686,352) | 10.3 % |
| 5,767,852 | - | \$ 140,414,202 | \$ 34,992,442 | 10.9 % |
| 31,239,950 | - | \$ 132,424,197 | \$ 123,385,541 | 10.3 % |
| - | - | \$ 2,609,504 | \$ (70,936,417) | 9.5 % |
| 65,225,715 | - | \$ 226,617,667 | \$ 55,073,096 | 8.0 % |
| 42,409,439 | - | \$ 103,980,655 | \$ (93,293,186) | 13.7 % |
| 17,881,410 | - | \$ 185,836,249 | \$ 38,107,097 | 7.6 % |
| 82,863,467 | - | \$ 348,278,467 | \$ 213,076,118 | 7.3 % |
| 87,076,660 | - | \$ 327,430,300 | \$ (4,603,831) | 6.8 % |
| 27,187,243 | 768,750 | \$ 131,404,767 | \$ 150,240,884 | 9.1 % |

Governmental Fund Expenditures by Function

Last Ten Years

| Year | Operations ^{1,2} | Human Services | Health | Public Safety | Public Works | Housing and Redevelopment Authority |
|-------------------|---------------------------|---------------------|--------------------|---------------------|--------------------|-------------------------------------|
| 2012 | \$ 204,327,577 15.7 % | 441,096,724 34.0 | 89,233,679 6.9 | 247,225,055 19.0 | 61,652,098 4.7 | 8,914,176 0.7 |
| 2013 | \$ 239,009,051 16.7 % | 452,758,532 31.8 | 100,968,808 7.1 | 252,514,555 17.7 | 63,396,228 4.5 | 7,024,936 0.5 |
| 2014 | \$ 230,393,414 15.9 % | 480,331,430 33.1 | 95,889,084 6.6 | 259,029,720 17.9 | 70,920,557 4.9 | 9,264,852 0.6 |
| 2015 | \$ 255,685,859 17.1 % | 515,973,604 34.5 | 70,720,068 4.7 | 266,219,052 17.8 | 67,495,212 4.5 | 13,003,451 0.9 |
| 2016 ³ | \$ 259,373,965 15.9 % | 553,443,954 33.6 | 62,204,105 3.8 | 285,755,221 17.4 | 71,479,236 4.4 | 43,224,198 2.6 |
| 2017 ⁴ | \$ 261,810,210 14.4 % | 590,273,036 32.5 | 70,618,049 3.9 | 304,342,954 16.8 | 69,273,932 3.8 | 36,471,605 2.0 |
| 2018 | \$ 332,993,941 17.9 % | 621,038,721 33.5 | 75,426,403 4.1 | 316,524,000 17.0 | 67,255,611 3.6 | 13,393,100 0.7 |
| 2019 | \$ 448,340,644 23.6 % | 604,984,913 32.0 | 74,255,063 3.9 | 327,864,150 17.3 | 75,470,618 4.0 | 8,711,659 0.5 |
| 2020 | \$ 614,580,859 27.6 % | 629,564,177 28.2 | 69,065,962 3.1 | 337,506,137 15.1 | 144,255,851 6.5 | 41,887,215 1.9 |
| 2021 | \$ 387,348,324 21.1 % | 619,846,072 33.9 | 75,092,172 4.1 | 336,422,920 18.3 | 66,120,765 3.6 | 13,746,587 0.7 |

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

² Significant Operations expenditure fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed to the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project. Light rail transit projects were contributed to the Metropolitan Council totaling \$168.9 million, \$305.1 million and \$32.8 million in 2019, 2020 and 2021, respectively.

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

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

Unaudited

Table 7

| Regional Railroad Authority | Capital Projects | Debt Service, Principal | Debt Service, Interest | Intergovernmental | Total |
|-----------------------------------|---------------------|----------------------------|---------------------------|-------------------|-----------------------------|
| 18,829,460 1.4 | 104,290,650 8.0 | 78,545,914 6.0 | 47,146,561 3.6 | 0 - | \$ 1,301,261,894 100.0 % |
| 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 | \$ 1,424,165,736 100.0 % |
| 24,025,579 1.7 | 137,325,079 9.5 | 93,594,868 6.5 | 47,070,712 3.3 | 0 - | \$ 1,447,845,295 100.0 % |
| 23,768,353 1.6 | 150,822,026 10.1 | 83,567,824 5.6 | 47,073,271 3.2 | 0 - | \$ 1,494,328,720 100.0 % |
| 24,538,111 1.5 | 183,261,307 11.2 | 111,689,556 6.8 | 45,864,968 2.8 | 0 - | \$ 1,640,834,621 100.0 % |
| 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 | \$ 1,815,403,891 100.0 % |
| 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 | \$ 1,860,151,667 100.0 % |
| 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 | \$ 1,894,283,198 100.0 % |
| 81,257,409 3.6 | 144,239,058 6.5 | 89,001,244 4.0 | 56,595,823 2.5 | 21,650,626 1.0 | \$ 2,229,604,361 100.0 % |
| 11,129,473 0.6 | 141,189,533 7.7 | 95,748,002 5.2 | 63,704,696 3.5 | 23,356,858 1.3 | \$ 1,833,705,402 100.0 % |

Governmental Fund Revenues by Source

Last Ten Years

| Year | Property Taxes | Sales Tax | Wheelage Tax | Other Taxes | Inter-governmental | Charges for Services |
|-------------------|--------------------------|---------------------|-------------------|------------------|---------------------|----------------------|
| 2012 | \$ 696,125,253 54.6 % | 31,601,050 2.5 | - - | 2,934,354 0.2 | 376,050,675 29.5 | 132,028,560 10.3 |
| 2013 | \$ 710,562,709 53.9 % | 33,446,430 2.5 | - - | 3,097,413 0.2 | 406,450,147 30.8 | 140,376,730 10.8 |
| 2014 | \$ 712,632,987 49.5 % | 34,254,757 2.4 | 9,296,105 0.6 | 2,974,387 0.2 | 502,234,132 34.9 | 136,680,039 9.6 |
| 2015 | \$ 746,943,774 52.6 % | 35,769,164 2.5 | 9,965,015 0.7 | 3,470,495 0.2 | 444,999,327 31.3 | 139,607,449 9.9 |
| 2016 | \$ 771,058,972 52.5 % | 36,468,191 2.5 | 9,918,363 0.7 | 3,514,045 0.2 | 472,035,912 32.1 | 137,518,611 9.4 |
| 2017 ² | \$ 806,846,486 49.9 % | 57,266,835 3.5 | 9,973,509 0.6 | 3,338,349 0.2 | 547,360,046 33.8 | 145,875,571 9.1 |
| 2018 | \$ 842,488,555 49.2 % | 170,834,314 10.0 | 10,468,350 0.6 | 3,514,521 0.2 | 484,719,090 28.3 | 147,901,689 8.5 |
| 2019 | \$ 888,496,114 50.5 % | 177,893,004 10.1 | 10,678,140 0.6 | 3,523,549 0.2 | 451,715,160 25.7 | 150,128,843 8.5 |
| 2020 ³ | \$ 933,749,484 49.2 % | 158,887,776 8.4 | 19,305,219 1.0 | 3,667,703 0.2 | 593,777,977 31.3 | 143,716,181 7.7 |
| 2021 ³ | \$ 909,569,813 49.1 % | 180,764,048 9.8 | 20,294,603 1.1 | 5,182,898 0.3 | 572,577,540 30.9 | 133,957,943 7.3 |

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

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

³ Governmental Funds received significant intergovernmental revenues in 2020 and 2021 to mitigate some of the economic disruption caused by the COVID-19 pandemic.

Unaudited

Table 8

| Fines and Forfeits | Licenses and Permits | Investment Earnings ¹ | Other | Total |
|--------------------|----------------------|----------------------------------|-------------------|-----------------------------|
| 1,742,784 0.1 | 6,499,196 0.5 | 9,911,877 0.8 | 18,598,014 1.5 | \$ 1,275,491,763 100.0 % |
| 1,873,560 0.1 | 7,041,106 0.5 | (1,991,204) (0.2) | 17,887,085 1.4 | \$ 1,318,743,976 100.0 % |
| 1,662,357 0.1 | 7,549,567 0.5 | 11,188,951 0.8 | 20,333,357 1.4 | \$ 1,438,806,639 100.0 % |
| 1,767,015 0.1 | 7,816,949 0.6 | 8,631,414 0.6 | 21,812,197 1.5 | \$ 1,420,782,799 100.0 % |
| 1,627,304 0.1 | 7,978,466 0.5 | 6,337,260 0.4 | 22,832,926 1.6 | \$ 1,469,290,050 100.0 % |
| 1,471,221 0.1 | 8,112,225 0.5 | 12,954,847 0.8 | 24,930,961 1.5 | \$ 1,618,130,050 100.0 % |
| 1,075,264 0.1 | 8,310,952 0.5 | 18,146,864 1.1 | 24,962,916 1.5 | \$ 1,712,422,515 100.0 % |
| 1,179,249 0.1 | 8,590,254 0.5 | 35,930,504 2.0 | 30,946,032 1.8 | \$ 1,759,080,849 100.0 % |
| 369,143 0.0 | 6,630,582 0.3 | 12,022,313 0.6 | 25,443,852 1.3 | \$ 1,897,570,230 100.0 % |
| 319,584 0.0 | 7,698,190 0.4 | (6,527,334) -0.4 | 28,704,234 1.5 | \$ 1,852,541,519 100.0 % |

Property Estimated Market Value (000s omitted) ¹

Last Ten Years

| Real Estate | | | | | | |
|-------------|--------------------------|----------------------|----------------------------|----------------|-------------------------------------|--------------------|
| Year | Residential Property | Multiple Dwelling | Commercial & Industrial | Agricultural | Public Utilities & Miscellaneous | Exempt |
| 2012 | \$ 87,386,034 60.4 % | 8,465,660 5.8 | 25,628,865 17.7 | 645,946 0.4 | 31,188 0.0 | 21,249,594 14.7 |
| 2013 | \$ 87,277,599 59.8 % | 9,013,557 6.2 | 26,048,651 17.9 | 656,586 0.5 | 28,944 0.0 | 21,249,594 14.6 |
| 2014 | \$ 95,014,228 61.0 % | 10,607,391 6.8 | 26,807,208 17.2 | 689,117 0.4 | 33,456 0.0 | 21,249,594 13.6 |
| 2015 | \$ 100,213,026 60.5 % | 12,777,974 7.7 | 29,127,324 17.6 | 653,729 0.4 | 33,007 0.0 | 21,249,594 12.8 |
| 2016 | \$ 105,538,203 60.2 % | 15,110,310 8.6 | 31,057,471 17.7 | 626,311 0.4 | 37,624 0.0 | 21,249,594 12.1 |
| 2017 | \$ 112,595,483 60.5 % | 16,998,612 9.1 | 32,745,319 17.6 | 625,310 0.4 | 40,490 0.0 | 21,249,594 11.4 |
| 2018 | \$ 121,055,934 58.6 % | 19,169,684 9.3 | 34,298,045 16.6 | 609,956 0.3 | 39,389 0.0 | 29,293,485 14.2 |
| 2019 | \$ 128,325,438 58.8 % | 21,698,642 9.9 | 36,083,870 16.5 | 667,926 0.3 | 41,859 0.0 | 29,293,485 13.4 |
| 2020 | \$ 133,004,321 58.2 % | 24,449,210 10.7 | 38,388,183 16.8 | 704,655 0.3 | 51,000 0.0 | 29,807,594 13.0 |
| 2021 | \$ 140,180,412 59.4 % | 26,135,254 11.0 | 37,657,061 15.9 | 735,793 0.3 | 51,253 0.0 | 29,826,817 12.6 |

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> |
|------------------------------|------------------------------|---|---|---|
| 143,407,287 99.0 | 1,449,118 1.0 | \$ 144,856,405 100.0 % | \$ 123,606,811 | 48 % |
| 144,274,931 99.0 | 1,482,731 1.0 | \$ 145,757,662 100.0 % | \$ 124,508,068 | 50 % |
| 154,400,994 99.0 | 1,540,312 1.0 | \$ 155,941,306 100.0 % | \$ 134,691,712 | 46 % |
| 164,054,654 99.0 | 1,604,661 1.0 | \$ 165,659,315 100.0 % | \$ 144,409,721 | 45 % |
| 173,619,513 99.0 | 1,750,967 1.0 | \$ 175,370,480 100.0 % | \$ 154,120,886 | 46 % |
| 184,254,808 99.0 | 1,825,398 1.0 | \$ 186,080,206 100.0 % | \$ 164,830,612 | 43 % |
| 204,466,493 99.0 | 1,993,722 1.0 | \$ 206,460,215 100.0 % | \$ 177,166,730 | 42 % |
| 216,111,220 99.0 | 2,103,357 1.0 | \$ 218,214,577 100.0 % | \$ 188,921,092 | 41 % |
| 226,404,963 99.0 | 2,187,136 1.0 | \$ 228,592,099 100.0 % | \$ 198,784,505 | 38 % |
| 234,586,590 99.2 | 1,986,516 0.8 | \$ 236,573,106 100.0 % | \$ 206,746,289 | 39 % |

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Years

| Payable Year | Hennepin County Direct Taxes | | | | | Tax Levies |
|--------------|------------------------------|---------------------------|----------|-----------------------|----|---------------|
| | General Fund Rate | G.O. Debt Service Rate | Other | Total Direct Rates | | |
| 2012 | 23.370 % | 5.169 % | 19.131 % | 47.670 % | \$ | 2,578,977,362 |
| 2013 | 23.210 | 5.560 | 20.770 | 49.540 | | 2,620,562,626 |
| 2014 | 21.510 | 5.400 | 19.335 | 46.245 | | 2,692,058,025 |
| 2015 | 20.710 | 5.400 | 19.220 | 45.330 | | 2,743,541,472 |
| 2016 | 20.144 | 5.016 | 20.570 | 45.730 | | 2,869,712,621 |
| 2017 | 19.857 | 4.878 | 18.033 | 42.768 | | 2,958,325,463 |
| 2018 | 19.640 | 4.523 | 17.643 | 41.806 | | 3,109,776,988 |
| 2019 | 19.240 | 4.238 | 17.557 | 41.035 | | 3,275,426,285 |
| 2020 | 21.750 | 3.959 | 12.480 | 38.189 | | 3,403,480,198 |
| 2021 | 22.455 | 4.034 | 12.024 | 38.513 | | 3,412,246,511 |

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

Unaudited

Table 10

| Metropolitan Transit Commission Tax | | Metropolitan Council Tax | | Metropolitan Mosquito Control District Tax | |
|--|-------------------|--------------------------|-------------------|---|-------------------|
| <u>Tax Rates</u> | <u>Tax Levies</u> | <u>Tax Rates</u> | <u>Tax Levies</u> | <u>Tax Rates</u> | <u>Tax Levies</u> |
| 1.607 % \$ | 21,217,262 | 0.940 % \$ | 13,046,142 | 0.537 % \$ | 7,481,049 |
| 1.689 | 21,903,368 | 0.997 | 13,568,768 | 0.556 | 7,584,690 |
| 1.703 | 22,134,343 | 1.069 | 14,520,773 | 0.563 | 7,688,848 |
| 1.523 | 21,820,724 | 0.976 | 14,656,486 | 0.507 | 7,623,950 |
| 1.491 | 22,787,462 | 0.925 | 14,881,601 | 0.483 | 7,767,028 |
| 1.463 | 23,980,023 | 0.883 | 15,228,763 | 0.475 | 8,170,878 |
| 1.383 | 24,308,615 | 0.844 | 15,562,741 | 0.456 | 8,405,155 |
| 1.456 | 27,329,788 | 0.659 | 13,329,568 | 0.427 | 8,490,764 |
| 1.433 | 28,854,952 | 0.616 | 13,078,674 | 0.412 | 8,723,923 |
| 1.256 | 27,307,385 | 0.631 | 14,198,800 | 0.381 | 8,658,865 |

Hennepin County, Minnesota

Principal Taxpayers ¹
 Current Year and Nine Years Ago

| Taxpayer | 2021 | | | 2012 | | |
|----------------------------|----------------------|------|----------------------------------|----------------------|------|----------------------------------|
| | Tax Capacity | Rank | Percentage of Total Tax Capacity | Tax Capacity | Rank | Percentage of Total Tax Capacity |
| MOAC Mall Holdings | \$ 16,499,250 | 1 | 0.71 % | \$ 11,143,890 | 1 | 0.81 % |
| Xcel Energy (NSP) | 8,774,778 | 2 | 0.38 | 4,265,608 | 2 | 0.31 |
| BRI 1855 IDS Center LLC | 6,384,150 | 3 | 0.27 | | | |
| WFM Office Owner LLC | 5,878,450 | 4 | 0.25 | 3,179,250 | 5 | 0.23 |
| SRI Eleven Mpls 225 LLC | 5,354,050 | 5 | 0.23 | 3,275,250 | 4 | 0.24 |
| City Center 33 So Prop LLC | 5,245,550 | 6 | 0.22 | | | |
| Wells REIT | 4,444,650 | 7 | 0.19 | 2,633,250 | 6 | 0.19 |
| US Bank Corp | 4,264,150 | 8 | 0.18 | 2,609,250 | 7 | 0.19 |
| South Sixth Office LLC | 3,605,450 | 9 | 0.15 | | | |
| BAM 701 LLC | 3,428,350 | 10 | 0.15 | | | |
| MB Minneapolis 8th St LLC | | | | 3,425,250 | 3 | 0.25 |
| Best Buy Co Inc | | | | 2,369,250 | 8 | 0.17 |
| Ridgedale Joint Venture | | | | 2,359,250 | 9 | 0.17 |
| Hilton Hotels Corporation | | | | 2,289,250 | 10 | 0.17 |
| Total | \$ 63,878,828 | | 2.73 % | \$ 37,549,498 | | 2.73 % |

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

Source: Hennepin County Property Information System.

Unaudited



Tax Levies and Collections on Property Located Within the County

Last Ten Years

| Year | Current Tax Levy | | | | | |
|------|------------------|--|---------------------------------------|------------------|--|---------------------------|
| | County | All Other Taxing Districts/Special Assessments | Current Year Adjustments ¹ | Total | Current Tax Collections Net of Refunds | Percent of Levy Collected |
| 2012 | \$ 704,763,947 | \$ 1,885,464,012 | \$ (11,250,597) | \$ 2,578,977,362 | \$ 2,551,959,374 | 98.95 % |
| 2013 | 713,992,585 | 1,912,964,824 | (6,394,783) | 2,620,562,626 | 2,603,084,407 | 99.33 |
| 2014 | 737,085,368 | 1,970,205,401 | (15,232,744) | 2,692,058,025 | 2,664,108,747 | 98.96 |
| 2015 | 754,696,348 | 1,994,826,865 | (5,981,741) | 2,743,541,472 | 2,732,383,895 | 99.59 |
| 2016 | 788,618,398 | 2,091,614,243 | (10,520,020) | 2,869,712,621 | 2,863,352,382 | 99.78 |
| 2017 | 823,315,723 | 2,157,324,318 | (22,314,578) | 2,958,325,463 | 2,948,159,290 | 99.66 |
| 2018 | 856,817,660 | 2,265,626,291 | (12,666,963) | 3,109,776,988 | 3,090,563,442 | 99.38 |
| 2019 | 897,233,940 | 2,391,597,844 | (13,405,499) | 3,275,426,285 | 3,258,252,595 | 99.48 |
| 2020 | 934,876,350 | 2,482,052,643 | (13,448,795) | 3,403,480,198 | 3,393,176,814 | 99.70 |
| 2021 | 934,965,405 | 2,490,473,709 | (13,192,603) | 3,412,246,511 | 3,392,788,559 | 99.43 |

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> |
|----|--|--------------------------------------|---|--|
| \$ | 7,145,515 | \$ 2,559,104,889 | \$ 27,017,988 | 1.05 % |
| | 9,086,657 | 2,612,171,064 | 17,478,219 | 0.67 |
| | (4,695,777) | 2,659,412,970 | 27,949,278 | 1.04 |
| | 2,373,939 | 2,734,757,834 | 11,157,577 | 0.41 |
| | (1,470,007) | 2,861,882,375 | 6,360,239 | 0.22 |
| | (4,870,907) | 2,943,288,383 | 10,166,173 | 0.34 |
| | (851,579) | 3,089,711,863 | 19,213,546 | 0.62 |
| | 1,913,671 | 3,260,166,266 | 17,173,690 | 0.52 |
| | 12,302,883 | 3,405,479,697 | 10,303,384 | 0.30 |
| | 9,226,024 | 3,402,014,583 | 19,457,952 | 0.57 |

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 |
| 2012 | \$ 996,253,340 | \$ 87,086,742,774 | \$ 373,715,553 | \$ 31,019,695,820 |
| 2013 | 993,329,908 | 87,321,591,088 | 374,174,247 | 31,706,298,572 |
| 2014 | 1,079,365,752 | 94,514,474,174 | 410,514,191 | 35,136,247,648 |
| 2015 | 1,147,830,415 | 100,627,634,030 | 454,641,259 | 38,952,721,161 |
| 2016 | 1,225,469,292 | 106,688,710,677 | 493,479,516 | 42,812,588,043 |
| 2017 | 1,304,690,419 | 113,730,370,808 | 533,535,674 | 46,774,230,040 |
| 2018 | 1,392,585,502 | 121,532,445,186 | 586,430,142 | 51,664,025,894 |
| 2019 | 1,487,545,247 | 129,895,715,054 | 625,162,153 | 55,348,967,846 |
| 2020 | 1,563,969,055 | 136,857,875,524 | 697,098,964 | 58,391,790,384 |
| 2021 | 1,631,381,661 | 143,141,564,535 | 704,727,774 | 59,717,760,945 |

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 |
| \$ | 1,369,968,893 | \$ 118,106,438,594 | 1.2 % | 72.7 % | 27.3 % |
| | 1,367,504,155 | 119,027,889,660 | 1.1 | 72.6 | 27.4 |
| | 1,489,879,943 | 129,650,721,822 | 1.1 | 72.4 | 27.6 |
| | 1,602,471,674 | 139,580,355,191 | 1.1 | 71.6 | 28.4 |
| | 1,718,948,808 | 149,501,298,720 | 1.1 | 71.3 | 28.7 |
| | 1,838,226,093 | 160,504,600,848 | 1.1 | 71.0 | 29.0 |
| | 1,979,015,644 | 173,196,471,080 | 1.1 | 70.4 | 29.6 |
| | 2,112,707,400 | 185,244,682,900 | 1.1 | 70.4 | 29.6 |
| | 2,261,068,019 | 195,249,665,908 | 1.2 | 69.2 | 30.8 |
| | 2,336,109,435 | 202,859,325,480 | 1.2 | 69.8 | 30.2 |

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 | \$ 196,139,089 | \$ 542,982 | \$ 196,682,071 | \$ (15,229,450) | \$ (13,468,536) | \$ 167,984,085 | 112 % |
| Brooklyn Center | 31,897,419 | 273,190 | 32,170,609 | 5,256,597 | (740,824) | 36,686,382 | 128 |
| Brooklyn Park | 102,487,656 | 537,227 | 103,024,883 | 5,461,858 | (1,147,666) | 107,339,075 | 116 |
| Champlin | 29,602,839 | 197,894 | 29,800,733 | 2,745,136 | (539,035) | 32,006,834 | 103 |
| Chanhassen (part) | 1,763,750 | 4,112 | 1,767,862 | (680,403) | - | 1,087,459 | 91 |
| Corcoran | 12,591,754 | 502,552 | 13,094,306 | 96,249 | - | 13,190,555 | 119 |
| Crystal | 25,375,456 | 210,762 | 25,586,218 | 3,655,993 | (288,561) | 28,953,650 | 121 |
| Dayton (part) | 13,138,263 | 551,224 | 13,689,487 | (223,675) | (398,661) | 13,067,151 | 117 |
| Deephaven | 17,533,465 | 23,620 | 17,557,085 | (22,622) | - | 17,534,463 | 87 |
| Eden Prairie | 143,091,997 | 1,161,844 | 144,253,841 | (10,706,980) | (2,767,772) | 130,779,089 | 103 |
| Edina | 169,227,375 | 700,853 | 169,928,228 | (12,068,693) | (1,861,452) | 155,998,083 | 103 |
| Excelsior | 8,064,751 | 37,181 | 8,101,932 | (657,759) | (214,170) | 7,230,003 | 99 |
| Fort Snelling | - | 180,580 | 180,580 | - | - | 180,580 | 76 |
| Golden Valley | 58,262,162 | 310,598 | 58,572,760 | (5,872,354) | (1,184,278) | 51,516,128 | 128 |
| Greenfield | 5,875,179 | 156,894 | 6,032,073 | 17,544 | - | 6,049,617 | 111 |
| Greenwood | 4,877,300 | 52,588 | 4,929,888 | (120,093) | - | 4,809,795 | 81 |
| Hanover (part) | 940,341 | 3,482 | 943,823 | 124,037 | - | 1,067,860 | 115 |
| Hopkins | 30,976,808 | 102,952 | 31,079,760 | (435,974) | (2,962,489) | 27,681,297 | 142 |
| Independence | 8,650,088 | 190,862 | 8,840,950 | 110,393 | - | 8,951,343 | 109 |
| International Airport | - | 10,620,379 | 10,620,379 | - | - | 10,620,379 | 47 |
| Long Lake | 4,024,785 | 12,460 | 4,037,245 | (356,190) | (127,691) | 3,553,364 | 108 |
| Loretto | 878,981 | 4,092 | 883,073 | 19,485 | - | 902,558 | 144 |
| Maple Grove | 131,045,748 | 1,032,118 | 132,077,866 | (5,564,563) | (1,162,606) | 125,350,697 | 103 |
| Maple Plain | 2,957,397 | 12,558 | 2,969,955 | (108,512) | - | 2,861,443 | 126 |
| Medicine Lake | 1,163,185 | 1,936 | 1,165,121 | (6,910) | - | 1,158,211 | 126 |
| Medina | 23,268,729 | 289,590 | 23,558,319 | (889,150) | (624,702) | 22,044,467 | 97 |
| Minneapolis | 751,566,945 | 4,308,654 | 755,875,599 | (25,297,800) | (25,850,025) | 704,727,774 | 124 |
| Mnettonka | 135,320,766 | 444,971 | 135,765,737 | (10,507,095) | (4,014,356) | 121,244,286 | 110 |
| Mnettonka Beach | 4,802,027 | 3,680 | 4,805,707 | (15,978) | - | 4,789,729 | 94 |
| Mnettrista | 22,458,963 | 346,394 | 22,805,357 | 451,688 | - | 23,257,045 | 95 |
| Mound | 17,124,092 | 49,610 | 17,173,702 | 806,203 | (915,729) | 17,064,176 | 104 |
| New Hope | 28,558,297 | 162,232 | 28,720,529 | 1,286,770 | (1,634,255) | 28,373,044 | 138 |
| Orono | 41,490,542 | 155,614 | 41,646,156 | (255,151) | (98,738) | 41,292,267 | 87 |
| Osseo | 4,017,442 | 26,325 | 4,043,767 | (41,367) | (747,448) | 3,254,952 | 126 |
| Plymouth | 172,009,025 | 1,263,366 | 173,272,391 | (11,083,255) | (2,201,783) | 159,987,353 | 101 |
| Richfield | 49,059,385 | 245,759 | 49,305,144 | 2,399,910 | (4,950,996) | 46,754,058 | 131 |
| Robbinsdale | 15,400,217 | 108,120 | 15,508,337 | 2,704,379 | (1,425,167) | 16,787,549 | 125 |
| Rockford | 400,482 | 153,424 | 553,906 | 5,289 | - | 559,195 | 122 |
| Rogers | 31,787,827 | 475,600 | 32,263,427 | (4,324,931) | (618,823) | 27,319,673 | 108 |
| St. Anthony (part) | 8,517,092 | 48,834 | 8,565,926 | 420,543 | - | 8,986,469 | 145 |
| St. Bonifacius | 2,781,636 | 18,172 | 2,799,808 | 244,531 | - | 3,044,339 | 105 |
| St. Louis Park | 105,817,137 | 302,259 | 106,119,396 | (6,248,597) | (12,614,033) | 87,256,766 | 121 |
| Shorewood | 22,605,244 | 117,272 | 22,722,516 | 116,194 | (256,177) | 22,582,533 | 95 |
| Spring Park | 4,116,627 | 12,017 | 4,128,644 | (116,266) | (158,800) | 3,853,578 | 95 |
| Tonka Bay | 7,945,510 | 10,407 | 7,955,917 | (55,175) | - | 7,900,742 | 84 |
| Wayzata | 31,491,990 | 68,710 | 31,560,700 | (3,045,962) | (4,194,571) | 24,320,167 | 96 |
| Woodland | 4,145,014 | 4,158 | 4,149,172 | - | - | 4,149,172 | 79 |
| Total | \$ 2,485,250,777 | \$ 26,040,108 | \$ 2,511,290,885 | \$ (88,012,106) | \$ (87,169,344) | \$ 2,336,109,435 | |

¹ Tax capacity is for the 2021 assessment year, for taxes payable in 2022. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at \$75,000 x 1% = \$750 tax capacity). Different property classifications are assigned different class rates.

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

Unaudited



Ratios of Outstanding Debt by Type

Last Ten Years

| Year | Governmental Activities | | | | |
|-------------------|--------------------------------|--------------------------------|----------------|---|------------------|
| | General Obligation Bonds | General Obligation Notes | Revenue Bonds | Lease Revenue Certificates of Participation | Notes Payable |
| 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 ³ | 984,173,168 | 6,525,000 | 236,295,534 | - | 4,862,828 |
| 2017 ² | 912,827,483 | 3,320,000 | 204,901,559 | - | 4,344,736 |
| 2018 | 1,005,692,157 | 2,240,000 | 185,985,139 | - | 3,826,644 |
| 2019 | 1,275,208,578 | 1,130,000 | 161,313,719 | - | 3,308,552 |
| 2020 | 1,512,635,323 | - | 135,837,299 | - | 2,790,460 |
| 2021 | 1,519,127,623 | - | 106,185,341 | - | 2,272,368 |

¹ See Table 23 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

² 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.

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. 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 ¹ | Total Debt Per Capita ¹ |
| \$ 1,265,000 | \$ - | \$ 1,155,046,992 | 1.72% | \$ 975 |
| 1,120,000 | - | 1,191,273,779 | 1.71% | 994 |
| 975,000 | - | 1,223,915,046 | 1.68% | 1,010 |
| 825,000 | - | 1,133,356,884 | 1.44% | 927 |
| 73,356,771 | - | 1,305,213,301 | 1.64% | 1,067 |
| 162,455,247 | - | 1,287,849,025 | 1.55% | 1,045 |
| 206,307,769 | - | 1,404,051,709 | 1.58% | 1,121 |
| 209,942,201 | - | 1,650,903,050 | 1.75% | 1,311 |
| 209,267,473 | - | 1,860,530,555 | 1.92% | 1,470 |
| 208,024,244 | - | 1,835,609,576 | 1.81% | 1,432 |

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 | | | 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 | | | | | |
| 2012 | \$ 839,693,608 | \$ 100,275,000 | \$ 5,817,703 | \$ 733,600,905 | \$ 123,606,811,000 | 1,184,576 | 0.59 % | \$ 619.29 |
| 2013 | 895,923,943 | 96,440,000 | 13,088,237 | 786,395,706 | 124,508,068,000 | 1,198,778 | 0.63 | 656.00 |
| 2014 | 948,130,842 | 105,960,000 | 14,597,849 | 827,572,993 | 134,691,712,000 | 1,212,064 | 0.61 | 682.78 |
| 2015 | 878,478,211 | 101,195,000 | 17,702,437 | 759,580,774 | 144,409,721,000 | 1,223,149 | 0.53 | 621.00 |
| 2016 | 1,064,054,939 | 96,250,000 | 26,697,045 | 941,107,894 | 154,120,886,000 | 1,232,483 | 0.61 | 763.59 |
| 2017 | 1,078,602,730 | 11,630,000 | 18,219,325 | 1,048,753,405 | 164,830,612,000 | 1,252,024 | 0.64 | 837.65 |
| 2018 | 1,214,239,926 | 10,965,000 | 21,718,920 | 1,181,556,006 | 177,166,730,000 | 1,259,428 | 0.67 | 938.17 |
| 2019 | 1,486,280,779 | 210,275,000 | 16,559,894 | 1,259,445,885 | 188,921,092,000 | 1,265,843 | 0.67 | 994.95 |
| 2020 | 1,721,902,796 | 352,475,000 | 19,795,307 | 1,349,632,489 | 198,784,505,000 | 1,281,565 | 0.68 | 1,053.11 |
| 2021 | 1,727,151,867 | 341,000,000 | 18,288,232 | 1,367,863,635 | 206,746,289,000 | 1,267,416 | 0.66 | 1,079.25 |

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

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

³ Source: U.S. Census Bureau.

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 | | | 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 | | | | |
| 2012 | \$ 839,693,608 | \$ 5,817,703 | \$ 833,875,905 | \$ 123,606,811,000 | 1,184,576 | 0.67 % | \$ 703.94 |
| 2013 | 895,923,943 | 13,088,237 | 882,835,706 | 124,508,068,000 | 1,198,778 | 0.71 | 736.45 |
| 2014 | 948,130,842 | 14,597,849 | 933,532,993 | 134,691,712,000 | 1,212,064 | 0.69 | 770.20 |
| 2015 | 878,478,211 | 17,702,437 | 860,775,774 | 144,409,721,000 | 1,223,149 | 0.60 | 703.74 |
| 2016 | 1,064,054,939 | 26,697,045 | 1,037,357,894 | 154,120,886,000 | 1,232,483 | 0.67 | 841.68 |
| 2017 | 1,078,602,730 | 18,219,325 | 1,060,383,405 | 164,830,612,000 | 1,252,024 | 0.64 | 846.94 |
| 2018 | 1,214,239,926 | 21,718,920 | 1,192,521,006 | 177,166,730,000 | 1,259,428 | 0.67 | 946.88 |
| 2019 | 1,486,280,779 | 16,559,894 | 1,469,720,885 | 188,921,092,000 | 1,265,843 | 0.78 | 1,161.06 |
| 2020 | 1,721,902,796 | 19,795,307 | 1,702,107,489 | 198,784,505,000 | 1,281,565 | 0.86 | 1,328.15 |
| 2021 | 1,727,151,867 | 18,288,232 | 1,708,863,635 | 206,746,289,000 | 1,267,416 | 0.83 | 1,348.31 |

¹ See Table 16 for similar information that is only for levy-supported G.O. debt. The debt of the Regional Railroad Authority is included, which is a limited tax obligation of the Regional Railroad Authority.

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

³ Source: U.S. Census Bureau.

Unaudited

Hennepin County, Minnesota

Direct, Overlapping, and Underlying Levy-supported General Obligation Debt

December 31, 2021

| Governmental Unit | Debt ¹ | | Percent Applicable To County ² | Amount Applicable to County |
|--|--------------------------|-------------------------|---|-----------------------------------|
| | Total | Net | | |
| Direct: | | | | |
| Hennepin County | \$ 1,045,660,000 | \$ 1,029,190,604 | 100.00 | % \$ 1,029,190,604 |
| Hennepin County Regional Railroad | 90,580,000 | 89,332,539 | 100.00 | 89,332,539 |
| Total Direct Debt | 1,136,240,000 | 1,118,523,143 | | 1,118,523,143 |
| Overlapping: | | | | |
| Metropolitan Council ³ | 1,897,693,968 | 73,049,600 | 47.42 | 34,640,120 |
| Metropolitan Airport Commission | 1,341,915,000 | - | - | - |
| Total Overlapping Debt | 3,239,608,968 | 73,049,600 | | 34,640,120 |
| Underlying: | | | | |
| School Districts | 2,662,659,000 | 2,168,767,074 | 100.00 | 2,168,767,074 |
| Municipalities | 2,067,501,091 | 749,452,100 | 100.00 | 749,452,100 |
| Three Rivers Park District | 58,550,000 | 45,542,541 | 100.00 | 45,542,541 |
| Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA | 1,932,013,968 | 86,747,712 | 100.00 | 86,747,712 |
| Total Underlying Debt | 6,720,724,059 | 3,050,509,427 | | 3,050,509,427 |
| Total | \$ 11,096,573,027 | \$ 4,242,082,170 | | \$ 4,203,672,690 |

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

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

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota

Direct, Overlapping, and Underlying Governmental Activities Debt

December 31, 2021

| Governmental Unit | Debt Outstanding ¹ | Estimated Percentage Applicable | Amount Applicable to County |
|--|----------------------------------|---------------------------------------|-----------------------------------|
| Direct: | | | |
| Hennepin County | \$ 1,537,005,332 | 100.00 % | \$ 1,537,005,332 |
| Hennepin County Regional Railroad | 90,580,000 | 100.00 | 90,580,000 |
| Total Direct Debt | 1,627,585,332 | | 1,627,585,332 |
| Overlapping: | | | |
| Metropolitan Council | 1,897,693,968 | 47.42 | 899,886,480 |
| Metropolitan Airport Commission | 1,341,915,000 | 47.42 | 636,336,093 |
| Total Overlapping Debt | 3,239,608,968 | | 1,536,222,573 |
| Total Direct and Overlapping Debt | \$ 4,867,194,300 | | \$ 3,163,807,905 |
| Underlying: | | | |
| School Districts | 2,662,659,000 | 100.00 | 2,662,659,000 |
| Municipalities | 2,067,501,091 | 100.00 | 2,067,501,091 |
| Three Rivers Park District | 58,550,000 | 100.00 | 58,550,000 |
| Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA | 1,932,013,968 | 100.00 | 1,932,013,968 |
| Total Underlying Debt | \$ 6,720,724,059 | | \$ 6,720,724,059 |

¹ 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

| Year | Debt Limit ¹ | Total Net Debt Applicable to Limit | Legal Debt Margin | Net Debt Applicable to Limit as a Percentage of Debt Limit |
|------|-------------------------|--|----------------------|--|
| 2012 | \$ 3,543,193,158 | \$ 710,177,297 | \$ 2,833,015,861 | 20.04% |
| 2013 | 3,570,836,690 | 786,395,706 | 2,784,440,984 | 22.02% |
| 2014 | 3,889,521,655 | 827,572,993 | 3,061,948,662 | 21.28% |
| 2015 | 4,332,291,618 | 759,580,774 | 3,572,710,844 | 17.53% |
| 2016 | 4,623,626,544 | 941,107,894 | 3,682,518,650 | 20.35% |
| 2017 | 4,944,918,369 | 1,048,753,405 | 3,896,164,964 | 21.21% |
| 2018 | 5,315,001,888 | 1,181,556,006 | 4,133,445,882 | 22.23% |
| 2019 | 5,667,632,760 | 1,259,445,885 | 4,408,186,875 | 22.22% |
| 2020 | 5,963,535,150 | 1,349,632,489 | 4,613,902,661 | 22.63% |
| 2021 | 6,202,388,670 | 1,367,863,635 | 4,834,525,035 | 22.05% |

| Computation of 2021 Legal Debt Margin | |
|---|---------------------------|
| 2021 estimated market value of taxable property | <u>\$ 206,746,289,000</u> |
| Debt limit, 3% of estimated market value | \$ 6,202,388,670 |
| Amount of levy supported debt | \$ 1,386,151,867 |
| Less amount available for debt service | <u>18,288,232</u> |
| Legal Debt Margin | <u>\$ 4,834,525,035</u> |

¹ See MN Statute 475.53.

Unaudited



Sales Tax Revenue Bond and Note CoverageLast Ten Years ¹

| | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|
| Net Revenues ² | \$ 31,093,416 | \$ 32,943,112 | \$ 33,771,519 | \$ 35,294,545 |
| First Lien Revenue Bond Coverage: | | | | |
| First lien principal | \$ 1,050,000 | \$ 1,150,000 | \$ 1,300,000 | \$ 1,400,000 |
| First lien interest | 7,109,875 | 7,057,375 | 6,999,875 | 6,934,875 |
| Total first lien debt service | <u>\$ 8,159,875</u> | <u>\$ 8,207,375</u> | <u>\$ 8,299,875</u> | <u>\$ 8,334,875</u> |
| First lien coverage | 3.81 | 4.01 | 4.07 | 4.23 |
| <i>First lien principal optionally redeemed using sales tax revenues</i> | \$ - | \$ - | \$ - | \$ - |
| Second Lien Revenue Bond Coverage: | | | | |
| Total first lien debt service | \$ 8,159,875 | \$ 8,207,375 | \$ 8,299,875 | \$ 8,334,875 |
| Second lien principal | 3,450,000 | 3,280,000 | 3,590,000 | 3,930,000 |
| Second lien interest | 5,087,025 | 4,949,025 | 4,789,925 | 4,616,925 |
| Total second lien debt service | <u>8,537,025</u> | <u>8,229,025</u> | <u>8,379,925</u> | <u>8,546,925</u> |
| Total first and second lien debt service | <u>\$ 16,696,900</u> | <u>\$ 16,436,400</u> | <u>\$ 16,679,800</u> | <u>\$ 16,881,800</u> |
| Second lien coverage | 1.86 | 2.00 | 2.02 | 2.09 |
| <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 | \$ 16,696,900 | \$ 16,436,400 | \$ 16,679,800 | \$ 16,881,800 |
| Third lien principal | 400,000 | 800,000 | 800,000 | 800,000 |
| Third lien interest | 87,976 | 42,312 | 16,375 | 6,676 |
| Third lien remarketing and liquidity provider fees | 271,463 | 238,964 | 132,514 | 93,937 |
| Total third lien debt service | <u>759,439</u> | <u>1,081,276</u> | <u>948,889</u> | <u>900,613</u> |
| Total first, second and third lien debt service | <u>\$ 17,456,339</u> | <u>\$ 17,517,676</u> | <u>\$ 17,628,689</u> | <u>\$ 17,782,413</u> |
| Third lien coverage | 1.78 | 1.88 | 1.92 | 1.98 |
| <i>Third lien principal optionally redeemed using sales tax revenues</i> | \$ 11,400,000 | \$ 11,000,000 | \$ 10,000,000 | \$ 10,900,000 |
| Total Sales Tax Revenue Bond and Note Coverage: | | | | |
| Sales tax revenue bond and note principal | \$ 4,900,000 | \$ 5,230,000 | \$ 5,690,000 | \$ 6,130,000 |
| Sales tax revenue bond and note interest | 12,284,876 | 12,048,712 | 11,806,175 | 11,558,476 |
| Remarketing and liquidity provider fees | 271,463 | 238,964 | 132,514 | 93,937 |
| Total sales tax revenue bond and note debt service | <u>\$ 17,456,339</u> | <u>\$ 17,517,676</u> | <u>\$ 17,628,689</u> | <u>\$ 17,782,413</u> |
| Total coverage | 1.78 | 1.88 | 1.92 | 1.98 |
| <i>Total principal optionally redeemed using sales tax revenues</i> | \$ 11,400,000 | \$ 11,000,000 | \$ 10,000,000 | \$ 10,900,000 |

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

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>\$ 36,013,974</u> | <u>\$ 36,444,848</u> | <u>\$ 37,696,559</u> | <u>\$ 39,296,388</u> | <u>\$ 35,200,993</u> | <u>\$ 41,139,355</u> |
| \$ 1,550,000 | \$ 4,370,000 | \$ 3,975,000 | \$ 4,230,000 | \$ 4,535,000 | \$ 4,900,000 |
| 6,864,875 | 5,113,719 | 5,625,750 | 5,427,000 | 5,215,500 | 4,988,750 |
| <u>\$ 8,414,875</u> | <u>\$ 9,483,719</u> | <u>\$ 9,600,750</u> | <u>\$ 9,657,000</u> | <u>\$ 9,750,500</u> | <u>\$ 9,888,750</u> |
| 4.28 | 3.84 | 3.93 | 4.07 | 3.61 | 4.16 |
| \$ - | \$ 9,019,206 | \$ - | \$ - | \$ - | \$ - |
| <u>\$ 8,414,875</u> | <u>\$ 9,483,719</u> | <u>\$ 9,600,750</u> | <u>\$ 9,657,000</u> | <u>\$ 9,750,500</u> | <u>\$ 9,888,750</u> |
| 4,280,000 | 4,655,000 | - | - | - | - |
| 4,454,725 | 4,267,725 | - | - | - | - |
| 8,734,725 | 8,922,725 | - | - | - | - |
| <u>\$ 17,149,600</u> | <u>\$ 18,406,444</u> | <u>\$ 9,600,750</u> | <u>\$ 9,657,000</u> | <u>\$ 9,750,500</u> | <u>\$ 9,888,750</u> |
| 2.10 | 1.98 | N/A | N/A | N/A | N/A |
| \$ - | \$ 18,822,940 | \$ - | \$ - | \$ - | \$ - |
| <u>\$ 17,149,600</u> | <u>\$ 18,406,444</u> | <u>\$ 9,600,750</u> | <u>\$ 9,657,000</u> | <u>\$ 9,750,500</u> | <u>\$ 9,888,750</u> |
| - | - | 13,600,000 | 14,100,000 | 14,600,000 | 10,000,000 |
| 21,289 | - | 1,412,272 | 1,294,401 | 377,950 | 88,755 |
| 49,715 | - | - | - | 3,900 | 1,300 |
| 71,004 | - | 15,012,272 | 15,394,401 | 14,981,850 | 10,090,055 |
| <u>\$ 17,220,604</u> | <u>\$ 18,406,444</u> | <u>\$ 24,613,022</u> | <u>\$ 25,051,401</u> | <u>\$ 24,732,350</u> | <u>\$ 19,978,805</u> |
| 2.09 | 1.98 | 1.53 | 1.57 | 1.42 | 2.06 |
| \$ 7,000,000 | \$ - | \$ - | \$ 5,000,000 | \$ 5,000,000 | \$ 9,855,000 |
| \$ 5,830,000 | \$ 9,025,000 | \$ 17,575,000 | \$ 18,330,000 | \$ 19,135,000 | \$ 14,900,000 |
| 11,340,889 | 9,381,444 | 7,038,022 | 6,721,401 | 5,593,450 | 5,077,505 |
| 49,715 | - | - | - | 3,900 | 1,300 |
| <u>\$ 17,220,604</u> | <u>\$ 18,406,444</u> | <u>\$ 24,613,022</u> | <u>\$ 25,051,401</u> | <u>\$ 24,732,350</u> | <u>\$ 19,978,805</u> |
| 2.09 | 1.98 | 1.53 | 1.57 | 1.42 | 2.06 |
| \$ 7,000,000 | \$ 27,842,146 | \$ - | \$ 5,000,000 | \$ 5,000,000 | \$ 9,855,000 |

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 | | |
| 2012 | \$ 58,560,914 | \$ 29,771,868 | \$ 88,332,782 | \$ 1,301,261,894 | 6.79 % |
| 2013 | 54,194,103 | 29,834,052 | 84,028,155 | 1,424,165,736 | 5.90 |
| 2014 | 73,914,868 | 30,717,538 | 104,632,406 | 1,447,845,295 | 7.23 |
| 2015 | 62,382,824 | 31,175,502 | 93,558,326 | 1,494,328,720 | 6.26 |
| 2016 ³ | 56,414,556 | 30,857,794 | 87,272,350 | 1,640,834,621 | 5.32 |
| 2017 | 71,920,587 | 38,354,557 | 110,275,144 | 1,815,403,891 | 6.07 |
| 2018 | 62,215,449 | 39,136,786 | 101,352,235 | 1,860,151,667 | 5.45 |
| 2019 | 56,795,800 | 44,809,599 | 101,605,399 | 1,894,283,198 | 5.36 |
| 2020 | 64,866,244 | 51,002,373 | 115,868,617 | 2,229,604,361 | 5.20 |
| 2021 | 70,993,002 | 58,625,891 | 129,618,893 | 1,833,705,402 | 7.07 |

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 \$10,000,000 in 2012, \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, \$15,000,000 in 2018, \$6,165,000 in 2019, \$10,000,000 in 2020, and \$12,000,000 in 2021, 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, 2019 would be 5.04%, 2020 would be 4.75%, and 2021 would be 6.41%.

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 |
|------|-------------------------|--------------------------------|-------------------|-------------------------|---|--------------------------------------|--------------------------------|
| 2012 | 1,184,576 | \$ 58,898 | \$ 69,769,157,248 | 35.9 | 92.1 % | 161,409 | 5.3 % |
| 2013 | 1,198,778 | 60,601 | 72,647,145,578 | 36.0 | 92.2 | 162,827 | 4.7 |
| 2014 | 1,212,064 | 65,033 | 78,824,158,112 | 36.1 | 92.3 | 164,151 | 3.7 |
| 2015 | 1,223,149 | 65,231 | 79,787,232,419 | 36.1 | 92.7 | 166,106 | 3.3 |
| 2016 | 1,232,483 | 67,427 | 83,102,631,241 | 36.2 | 92.6 | 168,629 | 3.4 |
| 2017 | 1,252,024 | 71,067 | 88,977,589,608 | 36.5 | 92.8 | 170,683 | 3.2 |
| 2018 | 1,259,428 | 74,698 | 94,076,752,744 | 36.5 | 93.0 | 177,653 | 2.5 |
| 2019 | 1,265,843 | 76,552 | 96,902,813,336 | 36.8 | 93.2 | 178,657 | 2.8 |
| 2020 | 1,281,565 | 79,183 | 101,478,161,395 | 36.7 | 93.3 | 173,481 | 6.2 |
| 2021 | 1,267,416 | N/A ⁵ | N/A ⁵ | N/A ⁵ | 93.6 | 171,453 | 3.6 |

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

| Year | Hennepin County | | Metropolitan Area ¹ | | State | | National | |
|-------------------|-----------------|-------------------|--------------------------------|-------------------|-------------|-------------------|-------------|-------------------|
| | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate |
| 2012 | 660,668 | 5.3 % | 1,857,894 | 5.1 % | 2,969,366 | 5.7 % | 154,974,583 | 8.0 % |
| 2013 | 667,999 | 4.7 | 1,876,212 | 4.9 | 2,974,397 | 5.1 | 155,389,167 | 7.4 |
| 2014 | 672,114 | 3.7 | 1,917,301 | 3.9 | 2,974,102 | 4.1 | 155,921,833 | 6.2 |
| 2015 | 679,549 | 3.3 | 1,938,858 | 3.4 | 3,010,367 | 3.7 | 157,129,917 | 5.3 |
| 2016 | 679,285 | 3.4 | 1,938,642 | 3.6 | 3,001,131 | 3.9 | 159,106,500 | 4.9 |
| 2017 | 694,060 | 3.2 | 1,979,780 | 3.3 | 3,046,697 | 3.6 | 160,319,750 | 4.4 |
| 2018 | 707,209 | 2.5 | 2,016,208 | 2.7 | 3,099,006 | 2.9 | 162,075,000 | 3.9 |
| 2019 | 711,530 | 2.8 | 2,023,566 | 3.0 | 3,113,673 | 3.3 | 163,538,667 | 3.7 |
| 2020 ² | 706,189 | 6.2 | 2,005,559 | 6.0 | 3,075,445 | 5.8 | 160,742,333 | 8.1 |
| 2021 | 693,226 | 3.6 | 1,973,734 | 3.6 | 3,024,835 | 3.6 | 161,298,000 | 5.4 |

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

¹ Labor statistics for the metropolitan area include Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, St. Croix, Washington and Wright counties.² Unemployment rates reflect adverse impacts of the COVID-19 pandemic.

Unaudited

Hennepin County, Minnesota

Employment Information by Industry

Last Ten Years

| Industry | Hennepin County Industry Ranking | | | | | | | | | |
|--|----------------------------------|------|------|------|------|------|------|------|------|------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Health care and social assistance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Professional and technical services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Finance and insurance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 |
| Government and government enterprises | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 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 |
| Administrative and waste services | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 7 |
| Management of companies and enterprises | 12 | 12 | 11 | 11 | 11 | 12 | 12 | 13 | 9 | 8 |
| Accommodation and food services | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 9 |
| Real estate | 10 | 11 | 12 | 12 | 12 | 11 | 11 | 10 | 10 | 10 |
| Wholesale trade | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 13 | 11 |
| Other services, except public administration | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 12 |
| Transportation and warehousing | 13 | 13 | 14 | 13 | 13 | 13 | 13 | 12 | 12 | 13 |
| Construction | 14 | 14 | 13 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Educational services | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 15 |
| Arts, entertainment, and recreation | 16 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 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: 2021 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

| | 2021 ² | | | 2012 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 |
| State of Minnesota Principal Employers | | | | | | |
| Mayo Foundation | 48,000 | 1 | 1.59% | 33,000 | 3 | 1.11% |
| State of Minnesota | 41,000 | 2 | 1.36% | 40,000 | 1 | 1.35% |
| United States Federal Government | 35,000 | 3 | 1.16% | 34,000 | 2 | 1.15% |
| Target Corporation | 31,000 | 4 | 1.02% | 31,000 | 4 | 1.04% |
| Fairview Health Services | 30,000 | 5 | 0.99% | | | |
| Allina Health | | | | 23,000 | 5 | 0.77% |
| | <u>185,000</u> | | <u>6.12%</u> | <u>161,000</u> | | <u>5.42%</u> |

¹ Source for 2012: Statewide information from the US Department of Labor (acinet.org). Data specific to the County is no longer available, so available statewide information is shown.

² Source for 2021: Statewide information from the Minneapolis / St. Paul Business Journal.

Unaudited



Employees by Function/Program

Last Ten Years

| | 2012 | 2013 | 2014 | 2015 |
|---|--------------|--------------|--------------|--------------|
| <u>Governmental Activities:</u> | | | | |
| Operations | 1,805 | 1,844 | 2,005 | 2,073 |
| Human Services | 2,896 | 2,955 | 3,084 | 3,264 |
| Health | 222 | 241 | 259 | 280 |
| Public Safety | 2,224 | 2,203 | 2,249 | 2,245 |
| Public Works | 343 | 350 | 343 | 367 |
| <u>Business-type Activities:</u> | | | | |
| Hennepin Health | 98 | 94 | 82 | 70 |
| Environment and Energy | 84 | 91 | 85 | 90 |
| Medical Center ¹ | N/A | N/A | N/A | N/A |
| | <u>7,672</u> | <u>7,778</u> | <u>8,107</u> | <u>8,389</u> |
| <i>Percent change from prior year, excluding Medical Center</i> | <i>0.8%</i> | <i>1.4%</i> | <i>4.2%</i> | <i>3.5%</i> |
| Total Unionized Employees | 5,237 | 5,315 | 5,315 | 5,504 |
| Total Full-Time Equivalents | 7,256 | 7,379 | 7,608 | 7,890 |

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>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2,138 | 2,289 | 2,251 | 2,257 | 2,184 | 2,039 |
| 3,482 | 3,586 | 3,506 | 3,274 | 3,260 | 3,151 |
| 281 | 290 | 300 | 303 | 278 | 269 |
| 2,313 | 2,369 | 2,386 | 2,426 | 2,410 | 2,153 |
| 373 | 366 | 374 | 372 | 360 | 361 |
| 91 | 109 | 114 | 106 | 103 | 99 |
| 94 | 94 | 97 | 99 | 93 | 93 |
| 7,286 | 7,143 | 7,276 | 7,246 | 7,334 | 7,167 |
| <u>16,058</u> | <u>16,246</u> | <u>16,304</u> | <u>16,083</u> | <u>16,022</u> | <u>15,332</u> |
| 4.6% | 3.8% | -0.8% | -2.1% | -1.7% | -6.0% |
| 10,275 | 10,404 | 10,507 | 10,395 | 10,398 | 9,974 |
| 14,305 | 14,450 | 14,497 | 14,330 | 14,267 | 14,207 |

Operating Indicators

Last Ten Years

| | 2012 | 2013 | 2014 |
|---|---------|--------|---------|
| <u>Governmental Activities Operating Indicators by Function/Program</u> | | | |
| <u>Operations</u> | | | |
| Library items circulated (millions) | 16.6 | 15.8 | 16.0 |
| eLibrary visits (millions) | 21.1 | 19.5 | 20.0 |
| Number of library volunteer hours supplementing service | 101,924 | 92,773 | 100,000 |
| <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 | 84,412 | 82,069 | 85,358 |
| Medical Examiner | | | |
| Number of Autopsies Performed | N/A | N/A | 1,060 |
| <u>Public Safety</u> | | | |
| Sheriff's Office: | | | |
| Number of mortgage foreclosure sales | 4,132 | 2,596 | 1,752 |
| Number of jail bookings | 35,857 | 35,910 | 34,116 |
| Community Corrections: | | | |
| Percent of adult client recidivism | 23.5% | 28.8% | 22.9% |
| <u>Public Works</u> | | | |
| Present pavement serviceability rating (portion rated good or better) | 61% | 62% | 59% |
| Engineering costs as a percent of actual capital project costs | N/A | 22% | 18% |
| <u>Business-type Activities Operating Indicators by Function/Program</u> | | | |
| <u>Hennepin Health</u> | | | |
| Administrative Cost Ratio | 15.4% | 14.8% | 14.0% |
| Enrollment ¹ | 3,981 | 11,888 | 13,290 |
| <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 | 41.0% | 41.0% |

¹ Effective 2013, Hennepin Health new program enrollments are included. In 2017, Hennepin Health added 21,000 new enrollees previously served by a different HMO.

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

Sources: Various County departments

Unaudited

Table 28

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 ² | 2021 ² |
|---------|---------|---------|---------|---------|-------------------|-------------------|
| 16.0 | 16.0 | 15.1 | 18.3 | 17.7 | 9.0 | 13.8 |
| 20.0 | 20.0 | 12.8 | 12.2 | 12.0 | 8.6 | 8.9 |
| 100,000 | 100,000 | 75,076 | 72,045 | 62,774 | 11,523 | 4,150 |
| N/A | 52,273 | 51,609 | 50,390 | 47,440 | 51,279 | 39,831 |
| N/A | 145,080 | 132,602 | 138,088 | 135,920 | 136,104 | 130,125 |
| N/A | 1,437 | 1,179 | 1,276 | 1,498 | 954 | 629 |
| N/A | 117,026 | 111,901 | 108,064 | 103,003 | 116,846 | 100,887 |
| 96,962 | 95,345 | 104,054 | 105,059 | 101,987 | 74,837 | 107,011 |
| 1,100 | 1,288 | 1,310 | 1,196 | 1,256 | 1,387 | 1,481 |
| 1,545 | 1,054 | 809 | 630 | 494 | 231 | 300 |
| 34,343 | 31,554 | 32,154 | 32,154 | 30,950 | 21,173 | 25,000 |
| 20.0% | 24.3% | 20.4% | 22.0% | 23.0% | 22.0% | 22.0% |
| 60% | 66% | 63% | 65% | 60% | 62% | 67% |
| 18% | 18% | 24% | 23% | 28% | 22% | 22% |
| 15.5% | 15.0% | 10.4% | 12.0% | 11.6% | 12.6% | 10.5% |
| 13,734 | 12,144 | 25,529 | 27,500 | 24,613 | 27,800 | 27,255 |
| N/A | 620,781 | 628,037 | 628,735 | 643,739 | 585,180 | 662,753 |
| N/A | 23,051 | 22,050 | 21,718 | 21,349 | 19,282 | 18,965 |
| 45.0% | 51.0% | 50.0% | 49.0% | 49.0% | 48.0% | 50.0% |

Capital Asset Statistics by Function/Program

Last Ten Years

| | 2012 | 2013 | 2014 |
|---|-----------|-----------|-----------|
| <u>Operations</u> | | | |
| Building square footage occupied by Operations | 233,053 | 187,821 | 190,343 |
| Building square footage occupied by the Libraries | 1,006,021 | 1,005,367 | 1,017,502 |
| Size of Library collection (copies) | 4,910,846 | 4,670,388 | 4,815,158 |
| <u>Human Services</u> ¹ | | | |
| Building square footage occupied by Human Services | 452,108 | 452,108 | 422,338 |
| <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 | 359,083 | 359,083 | 359,083 |
| Building square footage occupied by the Corrections Department | 605,225 | 562,480 | 571,792 |
| Building square footage occupied by the Sheriff's Office (w/o Jail) | 152,621 | 153,437 | 174,229 |
| <u>Public Works</u> | | | |
| County roads and highways (center line miles) | 570 | 570 | 570 |
| Number of bridges | 143 | 143 | 145 |
| <u>Hennepin Health</u> | | | |
| Building square footage occupied by Hennepin Health | 32,957 | 32,957 | 32,957 |

¹ Square footage excludes common areas. The 2016 decrease reflects the movement of employees from County-owned space to leased facilities that are not part of the County's capital assets.

Sources: Various County departments

Unaudited

Table 29

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 233,684 | 246,979 | 254,889 | 257,319 | 261,606 | 271,086 | 295,240 |
| 1,017,502 | 1,041,136 | 1,074,505 | 1,072,901 | 1,075,285 | 1,059,260 | 1,059,260 |
| 4,995,316 | 4,995,316 | 4,943,703 | 4,979,909 | 4,984,797 | 5,201,785 | 5,029,195 |
| 421,624 | 337,666 | 288,858 | 397,514 | 397,304 | 372,274 | 349,496 |
| 39,964 | 43,422 | 43,422 | 43,422 | 52,083 | 52,083 | 54,162 |
| 29,430 | 29,430 | 29,430 | 29,311 | 29,311 | 29,311 | 29,311 |
| N/A | 3,301,101 | 3,314,481 | 3,761,310 | 3,801,977 | 3,778,628 | 3,675,566 |
| 383,128 | 383,128 | 385,312 | 409,101 | 409,101 | 399,288 | 392,613 |
| 571,792 | 571,879 | 571,878 | 565,448 | 581,635 | 578,249 | 573,079 |
| 174,229 | 174,305 | 174,108 | 174,723 | 168,435 | 168,048 | 163,452 |
| 570 | 570 | 570 | 570 | 570 | 570 | 566 |
| 146 | 147 | 147 | 147 | 147 | 148 | 149 |
| 32,957 | 32,957 | 25,574 | 25,574 | 25,574 | 25,574 | 25,574 |

Selected Per Capita Measures of Financial Condition
Last Ten Years

| | 2012 | 2013 | 2014 | 2015 |
|---|------------|---------|---------|---------|
| PROPERTY TAX LEVY | | | | |
| County ¹ | \$ 595 | 596 | 608 | 617 |
| % Change | (4.3) | 0.1 | 2.0 | 1.5 |
| County and other ² | \$ 2,154 | 2,171 | 2,221 | 2,243 |
| % Change | (2.4) | 0.8 | 2.3 | 1.0 |
| REVENUES | | | | |
| Total governmental funds ³ | \$ 1,077 | 1,100 | 1,187 | 1,162 |
| % Change | (2.6) | 2.1 | 7.9 | (2.1) |
| Intergovernmental | \$ 317 | 339 | 414 | 364 |
| % Change | (7.0) | 7.0 | 22.2 | (12.1) |
| EXPENDITURES | | | | |
| Total governmental funds ³ | \$ 1,099 | 1,188 | 1,195 | 1,222 |
| % Change | (4.4) | 8.1 | 0.5 | 2.2 |
| Capital projects | \$ 88 | 121 | 113 | 123 |
| % Change | (29.6) | 37.0 | (6.4) | 9.1 |
| LEVY-SUPPORTED GENERAL OBLIGATION DEBT | | | | |
| Net direct ⁴ | \$ 619 | 656 | 683 | 621 |
| % Change | (6.7) | 5.9 | 4.1 | (9.1) |
| Net direct, overlapping, and underlying G.O. | \$ 2,179 | 2,157 | 2,238 | 2,240 |
| % Change | (9.1) | (1.0) | 3.7 | 0.1 |
| PROPERTY ESTIMATED MARKET VALUE | \$ 104,347 | 103,862 | 111,126 | 118,064 |
| % Change | (4.8) | (0.5) | 7.0 | 6.2 |
| EMPLOYEES PER 10,000 CAPITA ⁵ | 61.3 | 61.6 | 62.8 | 64.5 |
| % Change | (1.9) | 0.4 | 1.9 | 2.7 |

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

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------|---------|---------|---------|---------|---------|
| 640 | 658 | 680 | 709 | 729 | 738 |
| 3.7 | 2.7 | 3.5 | 4.2 | 2.9 | 1.1 |
| 2,328 | 2,363 | 2,469 | 2,588 | 2,656 | 2,692 |
| 3.8 | 1.5 | 4.5 | 4.8 | 2.6 | 1.4 |
| 1,192 | 1,292 | 1,360 | 1,390 | 1,481 | 1,462 |
| 2.6 | 8.4 | 5.2 | 2.2 | 6.5 | (1.3) |
| 383 | 437 | 385 | 357 | 463 | 452 |
| 5.2 | 14.1 | (12.0) | (7.3) | 29.8 | (2.5) |
| 1,331 | 1,450 | 1,477 | 1,496 | 1,740 | 1,447 |
| 8.9 | 8.9 | 1.9 | 1.3 | 16.3 | (16.8) |
| 149 | 138 | 196 | 125 | 113 | 111 |
| 20.9 | (7.3) | 41.9 | (36.2) | (9.9) | (1.0) |
| 764 | 838 | 938 | 995 | 1,053 | 1,079 |
| 23.0 | 9.6 | 12.0 | 6.1 | 5.8 | 2.5 |
| 2,507 | 2,622 | 2,944 | 3,089 | 3,255 | 3,317 |
| 11.9 | 4.6 | 12.3 | 4.9 | 5.4 | 1.9 |
| 125,049 | 131,651 | 140,672 | 149,245 | 155,111 | 163,124 |
| 5.9 | 5.3 | 6.9 | 6.1 | 3.9 | 5.2 |
| 114.3 | 115.4 | 115.1 | 113.2 | 111.3 | 112.1 |
| 77.1 | 1.0 | (0.3) | (1.6) | (1.7) | 0.7 |

Selected Ratio Measures of Financial Condition

Last Ten Years

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|
| Debt service expenditures for property tax supported bonds to: ¹ | | | | |
| County property tax levy | 12.5 % | 11.8 % | 11.2 % | 12.4 % |
| Governmental fund expenditures | 6.8 | 5.9 | 5.7 | 6.3 |
| Net general obligation debt to: | | | | |
| Property taxable market value | 0.62 | 0.66 | 0.64 | 0.53 |
| Legal debt margin | 25.9 | 28.2 | 27.0 | 21.3 |
| Direct, overlapping, and underlying net G.O. debt | 27.9 | 30.4 | 30.5 | 27.7 |
| Governmental fund revenues | 57.5 | 59.6 | 57.5 | 53.5 |
| General obligation debt due within ten years | | | | |
| To total general obligation debt | 58.5 | 59.3 | 58.5 | 61.7 |
| Unassigned General Fund fund balance ² | | | | |
| To general fund expenditures | 32.8 | 25.8 | 23.4 | 24.6 |

¹ In years when the County made optional payments for early redemption of outstanding bond issues, the optional amounts are included for the calculation of the debt service ratios. The County's optional payments for early redemption of outstanding property tax supported bond issues were \$10,000,000 in 2012, \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, \$15,000,000 in 2018, \$6,165,000 in 2019, \$10,000,000 in 2020, and \$12,000,000 in 2021.

Unaudited

Table 31

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 15.9 % | 13.4 % | 11.8 % | 11.3 % | 12.4 % | 13.9 % |
| 7.4 | 6.1 | 5.4 | 5.4 | 5.2 | 7.1 |
| 0.61 | 0.64 | 0.67 | 0.68 | 0.69 | 0.67 |
| 25.6 | 26.9 | 28.6 | 28.6 | 29.3 | 28.3 |
| 30.5 | 31.9 | 31.9 | 32.2 | 32.4 | 32.5 |
| 64.1 | 64.8 | 69.0 | 71.6 | 71.1 | 73.8 |
| 55.0 | 58.0 | 58.0 | 58.0 | 51.3 | 52.6 |
| 22.1 | 25.6 | 23.6 | 24.4 | 17.9 | 20.3 |



Mission

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



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

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