

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2017. The information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of Hennepin County's CAFR dated December 31, 2017.

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

HENNEPIN COUNTY
MINNESOTA

2017 Comprehensive
Annual Financial Report

Year Ended December 31, 2017



**Hennepin County, Minnesota
Financial Highlights**

	2017	2016	Percent Change
Government-wide: Assets	\$ 3,955,987,854	\$ 3,929,581,059	0.7%
Deferred Outflows of Resources	434,624,332	594,988,857	-27.0%
Liabilities	(2,909,764,755)	(3,202,693,010)	-9.1%
Deferred Inflows of Resources	(367,549,273)	(159,064,372)	131.1%
Net Position	<u>\$ 1,113,298,158</u>	<u>\$ 1,162,812,534</u>	-4.3%
Government-wide: Program Expenses	\$ 2,864,105,111	\$ 2,645,693,616	8.3%
Program Revenues	<u>1,895,512,954</u>	<u>1,740,282,816</u>	8.9%
Net Program Expense	(968,592,157)	(905,410,800)	7.0%
General Revenues	<u>919,077,781</u>	<u>857,365,800</u>	7.2%
Change in Net Position	<u>\$ (49,514,376)</u>	<u>\$ (48,045,000)</u>	3.1%
Expense Per Capita	\$ 2,287.58	\$ 2,146.64	6.6%

The Medical Center is now included as a blended component unit rather than a discretely presented component unit, and is included in the above amounts.

Funds Available for Investment at December 31:			
General Investible Funds	\$ 995,463,368	\$ 1,047,454,937	-5.0%
Bond Proceeds/Non-General Investible Funds	<u>145,067,932</u>	<u>178,067,532</u>	-18.5%
Total Investible Funds	<u>\$ 1,140,531,300</u>	<u>\$ 1,225,522,469</u>	-6.9%
Annual Daily Average of General Investible Funds	\$ 1,145,145,418	\$ 1,194,636,551	-4.1%
Average Investment Return for All Funds *	1.26%	0.66%	91.0%
Average Investment Yield for All Funds	1.35%	1.28%	5.6%

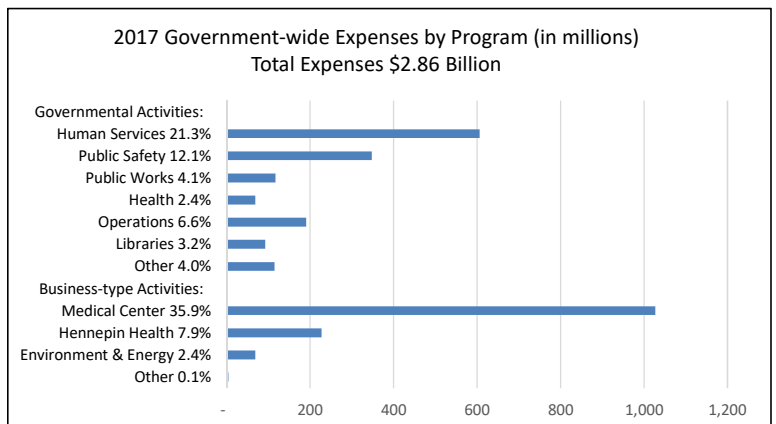
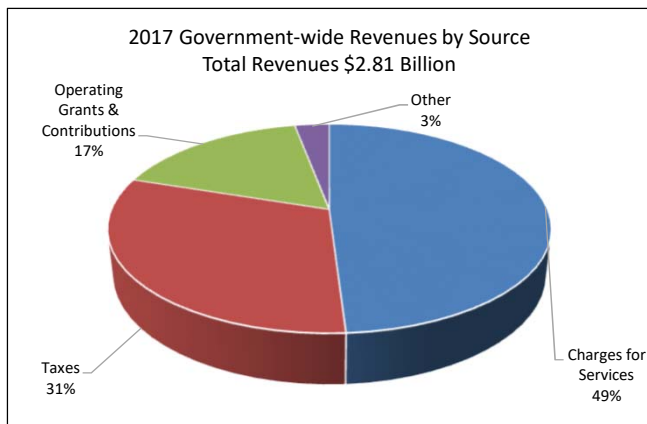
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2017 before recording the net change in fair value of investments was \$16,022,421 as compared to \$14,588,941 in 2016.

Total County Issued Bonds and Notes*	\$ 957,085,000	\$ 955,230,000	0.2%
Average Interest Rate on General Obligation Debt	4.30%	4.35%	-1.2%
Net General Obligation Debt Per Capita	\$ 837.65	\$ 763.59	9.7%
Ratio of Net General Obligation Debt to Property Market Value	0.636%	0.611%	4.2%
Long-term Bond Ratings:* Standard & Poor's	AAA	AAA	
Fitch Ratings	AAA	AAA	

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

Net Tax Capacity*	\$ 1,718,948,808	\$ 1,602,471,674	7.3%
Tax Capacity Rates:			
City of Minneapolis	44.095%	45.336%	-2.7%
Suburban	44.134%	45.361%	-2.7%
Estimated Market Value*	\$ 154,120,886,000	\$ 144,409,721,000	6.7%

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



Hennepin County, Minnesota

Comprehensive Annual Financial Report Year Ended December 31, 2017

Hennepin County Board of Commissioners

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

Hennepin County Administrator

David J. Hough



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

Available online at hennepin.us/cafr



Hennepin County, Minnesota
 2017 Comprehensive Annual Financial Report
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Introductory Section

HENNEPIN COUNTY

MINNESOTA

June 12, 2018

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

Minnesota Statutes require all counties to issue an annual report on their financial position and activity prepared in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the State auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Hennepin County (the County) for the fiscal year ended December 31, 2017.

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, 2017. The independent auditor’s report is located at the front of the financial section of this report.

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

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

Profile of the Government

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



Lowry Avenue Bridge

David J. Hough, County Administrator

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Profile of the Government – continued

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

2017 Hennepin County Facts	
Population	1,252,024
Estimated Per Capita Income (2016)	\$67,427
Number of Cities	45
2017 Approved Budget (Excluding the Medical Center)	\$1.94 billion
Taxable Property Estimated Market Value	\$164.8 billion

County Services

At the end of 2017, 16,246 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2017 department operating indicators.

Libraries

Number of Employees – 777

- Circulation – 15.1 million (books, CDs and DVDs)
- Annual visits to library locations – 5.3 million
- Visits to library website – 12.8 million



Hennepin County Library (HCL) serves patrons by providing access to library buildings and resources including materials, technology and staff. Just over 64% of County residents are active library card holders. HCL offers events and resources for all ages related to performing arts, visual arts and culture. The public art located in library buildings is also viewable at www.hclib.org/art. The new Webber Park library opened in 2017 with expanded hours, replacing the old building with a new building that is twice the size and has twice the number of computers available for public use.

Public Safety

Number of Employees – 2,369

- County Attorney – Evaluated 16,326 adult and juvenile criminal cases
- Public Defender – Opened 36,363 adult criminal, juvenile delinquency and child protection cases
- Sheriff's Office – Answered 232,654 emergency 911 calls and an additional 383,945 non-emergency calls
- Community Corrections and Rehabilitation – 185,034 hours of Sentencing-to-Service hours completed (a sentencing alternative for low-risk adult and juvenile offenders)

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



County Services - continued

Human Services

Number of Employees – 3,586

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



- Serves one in four Hennepin County residents
- Average number of visitors per month to the Human Services Centers – 35,000
- Children in out-of-home placement as of the end of March – 2,041
- Child protection screening calls in March – 1,964
- Emergency shelter use in March – 3,399 families

Health

Number of Employees – 7,542

- NorthPoint Health & Wellness Center patient visits – 104,054
- Hennepin Health – 28,599 enrolled in prepaid Medical Assistance/Minnesota Care programs and 2,045 enrolled in Special Needs Basic Care
- Total cases referred to the Medical Examiner's Office – 7,729



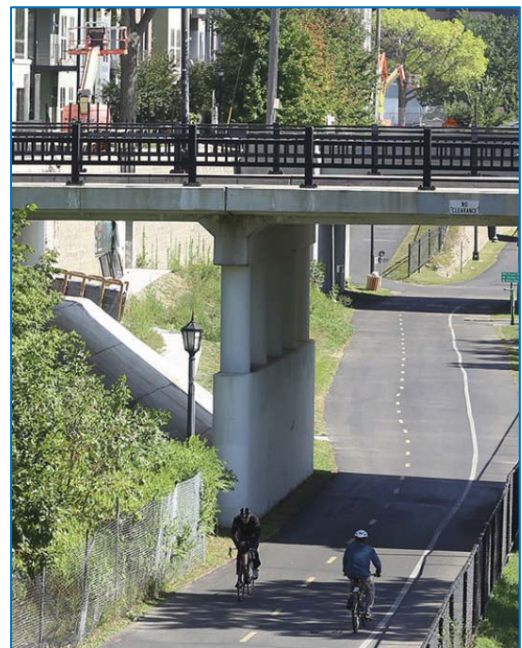
Healthcare services available to citizens include: basic care, medical services to the indigent, emergency medical services, and investigations of certain deaths. These services are provided through the NorthPoint Health & Wellness Center; Hennepin Health, the Office of the Medical Examiner; and Hennepin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

Public Works

Number of Employees – 460

- Hennepin County's transportation system includes:
- 2,204 lane miles of road maintained
 - 673 miles of bikeway
 - 402 miles of sidewalk
 - 147 bridges

Public Works provides maintenance and construction of County roads and bridges; management of the County's solid waste system; as well as housing, transit and economic development programs. In 2017, these services were provided by five areas: Environment and Energy, Community Works, Transportation Operations, Transportation Project Delivery, and Management Support. Public Works also manages two County internal service funds; the Central Mobile Equipment Division and the Energy Center. In addition, Public Works provides staff support to the Hennepin County Housing and Redevelopment Authority (HRA) and the Hennepin County Regional Railroad Authority (RRA) blended component units.



Midtown Greenway 5.5 mile bike trail

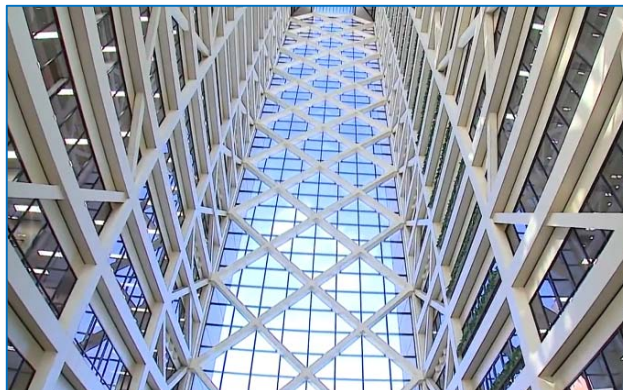
County Services - continued

Operations

Number of Employees – 1,512

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

Board of Commissioners	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
County Administration	Implements county board policies, promotes interests with other government agencies and partners, and provides direction to departments to achieve the County's overarching goals.
Budget & Finance	Ensures sound credit conditions, working capital, and overall financial health within Hennepin County by supporting strategic objectives through best practices in budgeting, accounting, payroll, purchasing, leveraging technology, and effective management of financial and human resource systems and services.
Facility Services	Operates and manages 6.5 million square feet of building space owned and leased by the County to provide services to citizens.
Information Technology	Provides innovative, effective, and timely business-driven information technology solutions to County departments, building a technical infrastructure that supports the delivery of services to community partners and the citizens of the County in a secure, reliable, accessible manner.
Real Property Group	Administers property assessments; handles the administration of property tax collection activities and distribution to local governments; provides services relating to driver's licenses, motor vehicles, vital records and DNR registrations; and administers elections, including maintenance of a centralized voter registration file.
Human Resources	Provides human resource programs and support services.
Audit, Compliance & Investigation	Provides independent audit and investigative functions using established standards and best practices to identify and facilitate the mitigation of risk as a service to County management, the Audit Committee and the County Board.
General County Purposes	Reserves available funding for contingent activities further defined by the Board during the budget year and also includes the following countywide functions: the Center of Innovation and Excellence; Communications; Retiree Health Care; Employee Tuition Assistance; the Business Information Office, support of youth activities, the County Fair, the Hennepin History Museum, and Hennepin County Extension Services; and provides dues/contributions to organizations benefiting the County.



Hennepin County Government Center Atrium

Budget

Budget Process

Budgets are adopted on a basis, consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. Project-length financial plans are adopted for all capital projects, as well as certain HRA and RRA projects. The budget process is described in more detail in the Notes to Required Supplementary Information on page 100.

2017 Original Budget Focus

The 2017 original budget was developed to address future needs of our residents in an effective manner. The budget totaled \$1.94 billion, a 0.7% decrease compared to the adjusted 2016 budget. The budget included a net property tax levy of \$745.3 million. The net property tax levy's 4.49% increase supports the strong fiscal stewardship that the County is known for, as reflected in the County's AAA bond rating for over 30 years. The Operations portion of the total budget was \$316.6 million, which is a 1.3% decrease from the 2016 budget. The 2017 budget included funding for a total of 8,466.7 full-time equivalent (FTE) employees, representing a 4.6% increase over 2016. Human Services' FTE increase was a 5.2% increase from 2016 due to the immediate demand to meet the Minnesota Department of Human Services requirements related to the MnChoice Program.

The capital portion of the 2017 budget totaled \$308.4 million, a 4.8% increase over the adjusted 2016 budget capital budget of \$294.3 million.

Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 87. The comparison for enterprise funds is presented in the Supplementary Information - Enterprise Funds subsection of this report, which starts on page 115.

Major Initiatives and Achievements

The Hennepin Healthcare Clinic and Specialty Center open its doors in March of 2018. The new six-story building contains more than 26 primary care and specialty clinics including Allergy, Internal Medicine, Cardiology, Pediatrics, Pulmonary and more. It also provides same-day surgery, imaging, rehabilitation, and ancillary services together in one building.

The Clinic and Specialty Center was designed to create a healing environment. Different spaces for wheelchair compatibility and enlarged exam rooms to accommodate families and interpreters during the exam were tested and then incorporated into the building design.

Floor to ceiling windows provide abundant natural light for 29 plant species and to highlight artwork from local artists. It is estimated that 530,000 clinics visits will be scheduled during 2018.



Major Initiatives and Achievements

The County established a new .5% transportation sales and use tax and \$20 motor vehicle excise tax that were effective in October 2017. These sales tax revenues will be used for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed by legislation.



The new Hennepin County Human Service Center at 2215 East Lake Street in Minneapolis opened in 2017. In addition to the Service Center itself, the new mixed-use development includes retail space, the Midtown Farmers Market, and a transit hub for the METRO Blue Line and Lake Street buses. The County anticipates that as many as 1,000 people will use the Service Center each day.

The year-long renovation of Ridgedale Library began in 2017. The new modern, open floor plan will provide flexible, adaptable spaces. Lower shelving and larger windows provide more natural light, while showcasing the building's unique outdoor environment. Improvements include additional meeting and study rooms, more computers with better Wi-Fi coverage and connectivity, and new furniture. With features such as designated play and learn areas for children, and a sensory room that offers a quiet space for patrons who are on the autism spectrum, the library reconfiguration will better serve a variety of users groups.



Economic and Financial Condition

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

Local Economy

The economy of the County, for which the City of Minneapolis is the county seat, has longstanding characteristics of strength and diversity in comparison to outstate, regional and even the national economy, as shown in measurements of income and employment. Healthcare, medical device manufacturing, retail sales, financial services and insurance, high tech, and food processing are significant economic sectors providing a strong employment and wage base in the County. Many large international companies maintain their headquarters in the County. At the year-end of 2017, the County unemployment rate of 3.2% was improved from the previous year's rate of 3.4%. The County's unemployment rate remained lower than the State rate of 3.6% and the national rate of 4.4%.

Economic and Financial Condition – continued

Long-term Financial Planning

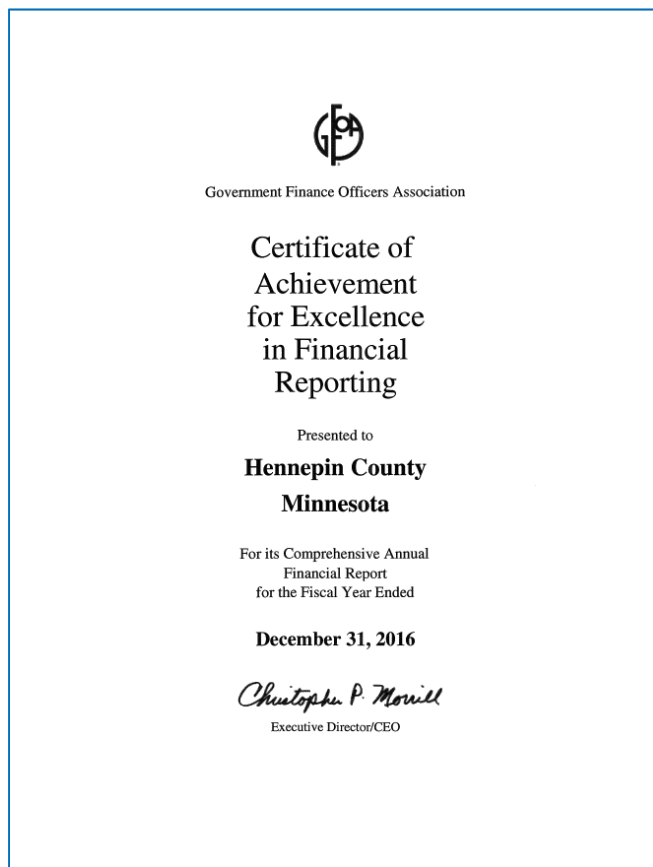
The overall State of Minnesota economic environment relating to the 2018 budget process was modestly stronger compared to the conditions of 2017. The February 2018 State budget and economic forecast predicted a \$329 million surplus for the biennium ending on June 30, 2019, a favorable increase compared to November's forecast of a \$188 million deficit. Consumer spending is expected to increase by 2.9% in 2018.

Excluding the Medical Center component unit, for 2018 the County budgeted \$2.38 billion to provide essential services and to make strategic investments in the future. Budget highlights include:

- The 2018 County operating budget reflects an increase of \$186.6 million or 10.6% from the 2017 operating budget. The 2018 capital budget totals \$433.4 million, which is \$99.1 million more than the 2017 adjusted capital budget, an increase of 29.6%.
- Budgeted property tax revenues are \$777.6 million or 13.6% of the 2018 budgeted revenue of \$2.38 billion. This is an increase of \$32.3 million or 4.3% from the 2017 adjusted budget.
- For 2018, other tax revenues are budgeted at \$186.5 million, an increase of \$128.6 million from 2017's adjusted budget. The increase is due to the County establishing a new .5% transportation sales and use tax and a \$20 Motor vehicle excise tax effective October 2017. The sales tax revenues will be used for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed by legislation.
- The Human Services program is projecting an estimated \$48.1 million in revenues for fees and services in 2018. The majority of this revenue relates to case management and other services for specialized populations, such as vulnerable adults and at-risk children, and is reimbursed by Federal/State Medical Assistance funding at pre-established rates for units of service.
- Another major source of fee and service revenue is the Solid Waste program, which collects fees for services associated with management of solid waste. In 2018, \$53.4 million is budgeted as revenue from tipping fees, ordinances, and solid waste fees.
- A majority of the County's budget relates to the Human Services, Public Safety and Operations (including debt) programs. In 2018, these programs account for 53% of the appropriated expenditure budget and 78% of budgeted FTE's.

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

Financial Reporting Award and Acknowledgements



Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's comprehensive annual financial reports for the years 1974 through 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that uses accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

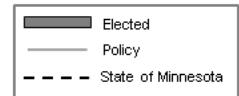
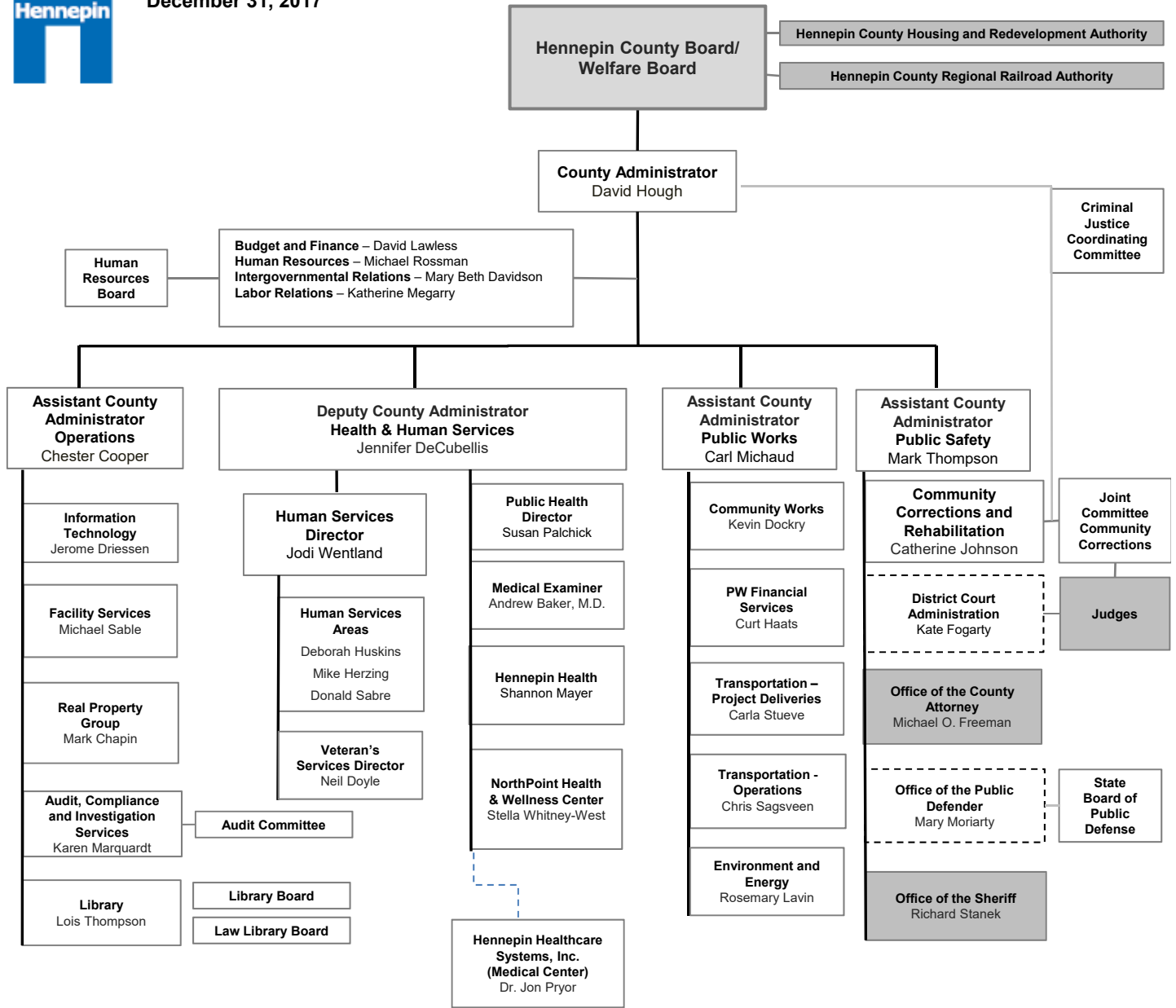
The preparation of this report could not have been accomplished without the dedicated services of the entire financial staff of the County. We would like to express appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given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



David J. Hough
County Administrator



David R. Lawless
Director of Budget and Finance



Hennepin County, Minnesota
Principal Officials
December 31, 2017



Commissioners:

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

County Administrator	David Hough
Deputy County Administrator – Health & Human Services	Jennifer DeCubellis
Assistant County Administrator – Public Works	Carl Michaud
Assistant County Administrator – Public Safety	Mark Thompson
Assistant County Administrator – Operations	Chester Cooper

Governmental Activities Departments and Directors

Public Works:

Community Works	Kevin Dockry
PW Financial Services	Curt Haats
Transportation – Project Deliveries	Carla Stueve
Transportation – Operations	Chris Sagsveen

Public Safety:

County Attorney	Michael Freeman
Public Defender	Mary Moriarty
Sheriff	Richard Stanek
Community Corrections and Rehabilitation	Catherine Johnson

Health:

NorthPoint Health & Wellness Center	Stella Whitney-West
Medical Examiner	Andrew Baker, M.D.

Libraries

Lois Langer Thompson

Human Services:

Human Services Director	Jodi Wentland
Public Health Director	Susan Palchick
Veteran's Services Director	Neil Doyle
Area Director	Deborah Huskins
Area Director	Mike Herzing
Area Director	Donald Sabre

Operations:

Budget and Finance	David Lawless
Facility Services	Michael Sable
Information Technology	Jerome Driessen
Real Property Group	Mark Chapin
Human Resources	Michael Rossman
Audit, Compliance and Investigation Services	Karen Marquardt

Business-type Activities Departments and Directors

Hennepin Health	Shannon Mayer
Environment and Energy	Rosemary Lavin
Medical Center	Jon Pryor

Financial Section



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Independent Auditor's Report

To the Board of County Commissioners
Hennepin County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the accompanying financial statements, in 2017 the County adopted Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* (GASB 80), which resulted in the County restating net position as of January 1, 2017, for reporting of Hennepin Healthcare System, Inc. d.b.a. Hennepin County Medical Center (the Medical Center) as a blended rather than a discrete component unit. Our opinion is not modified with respect to this matter.

Other Matters**Required Supplementary Information**

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

Other Information

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

The 2017 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 supplementary information is fairly stated, in all material respects, in relation to the 2017 basic financial statements taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County's 2016 basic financial statements (not presented herein) and have issued our report dated May 31, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, as listed in the table of contents, as of and for the year ended December 31, 2016, is presented for purposes of additional analysis and is not a required part of the 2017 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 2016 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2016 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 2016 supplementary information is fairly stated, in all material respects, in relation to the 2016 basic financial statements taken as a whole after being adjusted for the restatement discussed in Note 1 to the accompanying financial statements, for the adoption of GASB 80, which resulted in the County restating the financial statements as of and for the year ended December 31, 2016, for reporting of the Medical Center as a blended rather than a discrete component unit.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 12, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
June 12, 2018



Management's Discussion and Analysis

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of Hennepin County and its blended component units for the year ended December 31, 2017. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, the Medical Center is included in the County's financial statements as a blended component unit in 2017, and 2016 was restated for comparison. The information provided here should be read in conjunction with the transmittal letter that begins on page 1 and the notes to the basic financial statements, which are presented on pages 43 to 86.

FINANCIAL HIGHLIGHTS

Government-Wide

At December 31, 2017, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.11 billion. Of this amount, \$143.1 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.59 billion.

The County's \$49.5 million decrease in net position during the year primarily relates to changes in pension amounts reported under the requirements of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, which reduced net position by \$69.6 million in 2017. The County is required to report a net pension liability, as well as related deferred outflows and inflows of resources and expenses, in the government-wide financial statements. The net pension liability is the County's proportionate share of the difference between total pension liability (the present value of projected benefit payments to employees based on their past service) and the fair value of pension assets set aside in a trust run by the State of Minnesota (the State) to pay pension benefits.

Although GASB 68 requires the County to report the net pension liability and related amounts, the County is not legally liable for these amounts, and the County's actual contributions to pension plans are not impacted by this reporting requirement. Only the State's legislature has the power to change pension contribution rates. Historically, rate increases have been for both employer and employee contributions, and the legislature has at times required special funding from the State. However, under the requirements of GASB 68, the net pension liability is measured as if only the employer would bear the burden of a potential future funding shortfall. The County's year-end net position is reported approximately \$918.9 million lower under the requirements of GASB 68 than net position would be without those requirements, resulting in the reporting of the \$621.2 million deficit unrestricted net position.

In governmental activities, other items that had significant impacts on the government-wide financial statements included:

- \$47.4 million of early property tax remittances were received in December 2017 from taxpayers responding to changes in the federal income tax law.
- The remaining \$83.6 million of outstanding General Obligation (G.O.) debt relating to bonds that had been issued in 2010 to assist CTIB were fully defeased in 2017 as a condition of the dissolution of CTIB. The funds received from CTIB for the defeasance resulted in the elimination of the County's related note receivable from CTIB.
- Several large construction projects were completed in 2017, contributing to the increase in capital assets, including the \$43.5 million South Minneapolis Human Services Center and the \$56.9 million renovation of the Franklin Avenue Bridge over Interstate 35W in Minneapolis.

FINANCIAL HIGHLIGHTS - continued

Fund Level

As reported in the governmental fund Balance Sheets on pages 32 and 33, at the end of 2017 the County's governmental funds reported total ending fund balances of \$497.5 million. Primary factors contributing to the \$95.4 million decrease in fund balance during 2017 are listed below.

- Human Services fund balance decreased \$20.8 million due to increases in personal services costs and an increase in the number of children in out-of-home placements.
- The RRA Fund's fund balance decreased \$27.2 million due to activities related to Southwest Corridor, Bottineau Corridor, Orange Line Bus Rapid Transit, and bridges over the Midtown Greenway Corridor.
- Optional early redemption of bonds resulted in the \$12.8 million decrease in fund balance in the General Debt Service Fund.
- Fund balance in the General Capital Projects fund decreased \$24.8 million, primarily due the provision of funds to the HRA for the expansion of the NorthPoint Health & Wellness Center in Minneapolis.

The Century Plaza Building was sold for \$8.2 million, with proceeds reported in the General Fund.

Unassigned fund balance for the General Fund was \$123.3 million, or approximately 20.1% of total General Fund expenditures for the year ended December 31, 2017, compared to \$128.3 million and 22.1% for 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include Operations, Human Services, Health, Public Safety, Public Works, Libraries, the Hennepin County Regional Railroad Authority (RRA) and Hennepin County Housing and Redevelopment Authority (HRA) blended component units, and Interest on Debt. The business-type activities of the County include Hennepin Health Plan, Environment and Energy, the Medical Center blended component unit, and Other Enterprises. The government-wide financial statements can be found on pages 28 to 31 of this report.

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. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 44 to 49 of the Notes to the Basic Financial Statements.

The County maintains the following governmental fund types: the General Fund, special revenue funds, debt service funds, and capital projects funds. The County has six special revenue funds: Human Services Fund, Library Fund, the Ballpark Sales Tax Fund, the Transportation Sales Tax Fund, and the funds for blended component units; the RRA and the HRA. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for each of these funds. The basic governmental fund financial statements can be found on pages 32 to 38.

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

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

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

The basic proprietary fund financial statements can be found on pages 39 to 41 of this report. Individual fund data for the nonmajor enterprise funds, as well as for the internal service funds, is provided in the form of *combining statements* in the supplementary information section of this report.

- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is the same as the method used for proprietary funds. The basic fiduciary fund financial statement can be found on page 42 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS – continued

Fund Financial Statements – continued

The **Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 43 to 86 of this report.

Required and Supplementary Information beginning on page 87 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, County assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.11 billion on December 31, 2017.

Summary of Net Position (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 799.7	\$ 880.6	\$ 416.1	\$ 368.7	\$ 1,215.8	\$ 1,249.3
Noncurrent Assets:						
Other assets	190.3	293.8	62.1	53.4	252.4	347.2
Net capital assets	1,937.8	1,864.7	549.9	468.4	2,487.7	2,333.1
Total assets	2,927.8	3,039.1	1,028.1	890.5	3,955.9	3,929.6
Deferred outflows of resources	245.4	357.3	189.3	237.6	434.7	594.9
Current Liabilities	329.9	296.2	174.5	133.5	504.4	429.7
Noncurrent Liabilities	1,777.4	2,120.6	627.9	652.4	2,405.3	2,773.0
Total liabilities	2,107.3	2,416.8	802.4	785.9	2,909.7	3,202.7
Deferred inflows of resources	193.1	71.9	174.5	87.1	367.6	159.0
Net Position:						
Net investment in capital assets	1,206.5	1,219.9	384.9	395.0	1,591.4	1,614.9
Restricted	33.3	55.6	109.8	100.9	143.1	156.5
Unrestricted (deficit)	(367.0)	(367.8)	(254.2)	(240.8)	(621.2)	(608.6)
Total Net Position	\$ 872.8	\$ 907.7	\$ 240.5	\$ 255.1	\$ 1,113.3	\$ 1,162.8

The 2016 amounts above and in the table on the following page have been restated due to the County's adoption of the provisions of GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* (GASB 80).

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued

Net Position – continued

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.

Changes in Net Position

As shown in the table below, the County’s net position decreased in the current year by \$49.5 million from the 2016 net position, a change from 2016 of 4.3%

	Changes in Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for services	\$ 149.0	\$ 141.6	\$ 1,227.8	\$ 1,096.8	\$ 1,376.8	\$ 1,238.4
Operating grants and contributions	366.6	348.5	72.5	63.5	439.1	412.0
Capital grants and contributions	79.6	89.1	-	0.8	79.6	89.9
General Revenues:						
Property taxes	801.0	765.2	-	-	801.0	765.2
Sales tax	57.3	36.5	-	-	57.3	36.5
Wheelage tax	10.0	9.9	-	-	10.0	9.9
Other taxes	3.3	3.5	3.7	3.6	7.0	7.1
Grants and contributions	31.2	32.4	-	-	31.2	32.4
Investment earnings	12.5	6.2	-	-	12.5	6.2
Total Revenues	1,510.5	1,432.9	1,304.0	1,164.7	2,814.5	2,597.6
Expenses						
Operations	223.5	213.8	-	-	223.5	213.8
Human Services	593.1	565.6	-	-	593.1	565.6
Health	67.1	65.4	-	-	67.1	65.4
Public Safety	336.3	336.8	-	-	336.3	336.8
Public Works	113.9	92.5	-	-	113.9	92.5
Libraries	88.4	85.9	-	-	88.4	85.9
Housing and Redevelopment Authority	12.3	11.0	-	-	12.3	11.0
Regional Railroad Authority	54.3	24.6	-	-	54.3	24.6
Interest on long-term debt	48.1	44.0	-	-	48.1	44.0
Hennepin Health Plan	-	-	227.3	128.1	227.3	128.1
Environment and Energy	-	-	68.7	59.1	68.7	59.1
Medical Center	-	-	1,027.0	1,015.3	1,027.0	1,015.3
Other Enterprises	-	-	4.0	3.6	4.0	3.6
Total Expenses	1,537.0	1,439.6	1,327.0	1,206.1	2,864.0	2,645.7
Increase (Decrease) in Net Position Before Transfers	(26.5)	(6.7)	(23.0)	(41.4)	(49.5)	(48.1)
Transfers	(8.4)	(17.3)	8.4	17.3	-	-
Increase (decrease) in net position	(34.9)	(24.0)	(14.6)	(24.1)	(49.5)	(48.1)
Net Position – Beginning (as restated)	907.7	931.7	255.1	279.2	1,162.8	1,210.9
Net Position – Ending	\$ 872.8	\$ 907.7	\$ 240.5	\$ 255.1	\$ 1,113.3	\$ 1,162.8

GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued`

Changes in Net Position – continued

The 2017 decrease in government-wide net position included:

- A \$34.9 million decrease in governmental activities due to the required inclusion of GASB 68 pension expenses totaling \$47.4 million.
- A \$14.6 million business-type activities decrease, that primarily related to the activities of the Medical Center blended component unit.

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

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

Governmental Funds

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

As discussed in the financial highlights, the County's governmental funds reported combined ending fund balances of \$497.5 million, which is a decrease of \$95.4 million from the prior year's ending balances. Approximately 24.8% of total governmental fund balance, or \$123.3 million, is included in the unassigned (residual) classification for the General Fund, showing that it has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in nonspendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

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

Revenues by Source:	Revenues Classified by Source Governmental Funds (in millions)					
	2017		2016		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Property taxes	\$ 806.8	49.9%	\$ 771.1	52.5%	\$ 35.7	4.6%
Sales tax	57.3	3.5%	36.5	2.5%	20.8	57.0%
Wheelage tax	10.0	0.6%	9.9	0.7%	0.1	1.0%
Other taxes	3.3	0.2%	3.5	0.2%	(0.2)	-5.7%
Intergovernmental	547.4	33.8%	472.0	32.1%	75.4	16.0%
Investment earnings (losses)	12.9	0.9%	6.3	0.4%	6.6	104.8%
Charges for services	145.9	9.0%	137.5	9.4%	8.4	6.1%
Fines and forfeits	1.5	0.1%	1.6	0.1%	(0.1)	-6.3%
Licenses and permits	8.1	0.5%	8.0	0.5%	0.1	1.3%
Other	24.9	1.5%	22.9	1.6%	2.0	8.7%
Total Revenues	\$ 1,618.1	100%	\$ 1,469.3	100%	\$ 148.8	10.1%

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Governmental Funds – continued

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

- **Property taxes** increased \$35.7 million due to the 4.49% increase in the tax levy.
- **Sales tax revenue** increased \$20.8 million after the County established a new .5% transportation sales and use tax and \$20 motor vehicle excise tax that were effective in October 2017. These sales tax revenues will be used for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed by legislation.
- **Intergovernmental revenue** increased \$75.4 million when, prior to dissolution, CTIB repaid \$83.6 million to eliminate the County's note receivable relating to debt that had been issued by the County for CTIB in 2010 to assist CTIB in obtaining more favorable financing terms.

Expenditures. The table below presents expenditures by function as well as increases or decreases from the prior year. In 2017, governmental fund expenditures increased \$249.2 million compared to 2016 expenditures.

Expenditures by Function Governmental Funds (in millions)							
Expenditures by Function:	2017		2016		Increase (Decrease)		
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change	
Operations	\$ 182.4	9.7%	\$ 181.3	14.3%	\$ 1.1	0.1%	
Human services	590.3	31.2%	553.4	32.5%	36.9	2.2%	
Health	70.6	3.7%	62.2	3.6%	8.4	0.5%	
Public safety	304.3	16.1%	285.8	16.8%	18.5	1.1%	
Public works	69.3	3.8%	71.5	4.3%	(2.2)	-0.1%	
Libraries	81.5	4.3%	78.0	4.6%	3.5	0.2%	
HRA	36.5	1.9%	43.2	2.5%	(6.7)	-0.4%	
RRA	54.9	2.9%	24.5	1.4%	30.4	1.9%	
Debt service:							
Principal retirement	257.9	13.6%	111.7	6.6%	146.2	8.9%	
Interest and fiscal charges	56.0	3.0%	45.9	2.7%	10.1	0.6%	
Intergovernmental	13.7	0.7%	-	0.0%	13.7	0.8%	
Capital projects	172.6	9.1%	183.3	10.8%	(10.7)	-0.7%	
Total Expenditures	\$ 1,890.0	100.0%	\$ 1,640.8	100.0%	\$ 249.2	15.2%	

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Governmental Funds – continued

Expenditures – continued. The governmental fund expenditures that changed significantly in 2017 from the prior year included those in the following functional categories:

- Expenditures for **Human Services** increased by \$36.9 million in 2017 largely due to a \$23.9 million increase in personal services. More than 50 new child protection workers were hired, helping to reduce caseloads by approximately 20% and provide better child protection services. Public assistance spending increased \$12.9 million, primarily due to an increase in the number of children in out-of-home placements.
- **RRA** expenditure increases of \$30.4 million were due to activities related to Southwest Corridor, Bottineau Corridor, Orange Line Bus Rapid Transit, and bridges over the Midtown Greenway Corridor.
- **Debt Service Principal Retirement** expenditures increased \$146.2 million. During 2017, the Second Lien Sales Tax Revenue Bonds (Ballpark Project) were refunded on a current basis, resulted in an \$84 million expenditure. Additionally, the remaining \$83.6 million of outstanding G.O. debt relating to bonds that the County had issued in 2010 to assist CTIB were fully defeased as a condition of the dissolution of CTIB. The revenue received from CTIB for the defeasance also resulted in the elimination of the County's related note receivable from CTIB.

Fund Balances

The **General Fund** is the County's primary operating fund. At the end of 2017, total fund balance for the General Fund was \$181.2 million and unassigned fund balance was \$123.3 million. Comparing the unassigned fund balance and total fund balance to total fund expenditures can be used as a measure of liquidity. The General Fund unassigned fund balance represents 24.8% of the total governmental fund balances and represents 20.1% of the total General Fund expenditures. In 2016, the unassigned fund balance represented 21.6% of total governmental fund balances and 22.1% of General Fund expenditures. The General Fund ended the year with a decrease of \$8.6 million in fund balance, primarily relating to budgeted use of fund balance for:

- A \$4 million increase in expenses for uncompensated care (a reciprocal transaction with the Medical Center);
- Increased use of contingency to fund child protection;
- Increased spending in the Public Safety program for child protection and for new portable recording body camera technology for law enforcement officers, including software, hardware, infrastructure, and employees to manage the roll-out of the body-worn camera program, and
- Facility Services increases relate to the operation of new buildings, especially new South Minneapolis Human Services Hub.

The **Human Services** fund balance decreased \$20.8 million, as previously mentioned, primarily due to increases in personal services costs and increases in public assistance for children in out-of-home placements.

The \$7.6 million decrease in fund balance in the **Ballpark Sales Tax Fund** related to larger transfers to the debt service fund than originally expected for optional early redemption of debt.

The **RRA Fund's** fund balance decreased by \$27.2 million due to activities related to Southwest Corridor, Bottineau Corridor, Orange Line Bus Rapid Transit, and bridges over the Midtown Greenway Corridor.

Fund balance in the **General Debt Service Fund** decreased \$12.8 million, which was primarily due to the optional early redemption of debt, offset by new issuances of debt in 2017.

The **General Capital Project Fund** had a net fund balance decrease from 2016 of \$24.8 million due to the provision of funds to the HRA for the expansion of the NorthPoint Health & Wellness Center in Minneapolis.

Fund balances in the **Library Fund, HRA Fund, Transportation Sales Tax** and **RRA Debt Service Fund** did not change significantly in 2017.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – continued

Governmental Funds – continued

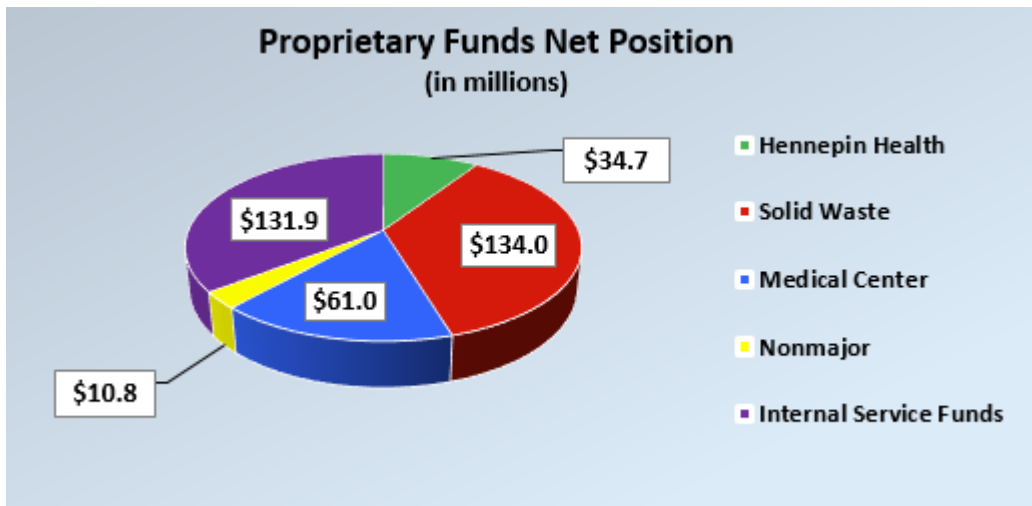
General Fund Budgetary Highlights

The General Fund 2017 budget did not change significantly between the time of original approval and the time the amended budget was finalized. The revenue budget was increased by \$1.8 million and the expenditure budget was increased by \$1.6 million. The increases primarily related to the transfer of responsibility for the provision of legal services for child protection cases from the Human Services Fund to the General Fund.

Proprietary Funds

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

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



Enterprise Funds' total net position decreased by \$14.6 million during 2017 primarily due to the activities of the Medical Center blended component unit.

Internal Service Funds' total net position increased overall by \$5.5 million. The Employee Health Plan Self Insurance fund increased by \$5 million, primarily due to lower than expected medical claims.

Fiduciary Fund

The County maintains one fiduciary fund, an agency fund used to account for assets that the County holds for others in an agency capacity, including pass-through grants that are equivalent to pure cash conduits; client, inmate, and other governmental agency funds held in the custody of the County; and revenues collected on behalf of other governmental units related to property taxes. Amounts held or due as agent at year-end totaled \$373.4 million, a 175.7% increase from the prior year. The increase is primarily due to \$149.2 million of early property tax remittances that were received in December 2017 from taxpayers responding to changes in the federal income tax law, and due to the inclusion of \$103.5 million of funds held for the former Counties Transit Improvement Board.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the table below, the County's net capital assets for both governmental and business-type activities as of December 31, 2017, totals approximately \$2.49 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures. Additional information on the County's capital assets can be found in Note 5 on pages 58 to 59 of this report.

Hennepin County's Capital Assets (in millions)						
	Governmental Activities		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 103.1	\$ 106.8	\$ 37.8	\$ 37.8	\$ 140.9	\$ 144.6
Land improvements	35.5	35.5	1.9	1.9	37.4	37.4
Buildings	858.3	828.1	547.0	541.3	1,405.3	1,369.4
Equipment	168.6	177.3	275.5	259.2	444.1	436.5
Software	21.9	34.4	3.9	4.1	25.8	38.5
Library books and other media	54.4	50.5	-	-	54.4	50.5
Leasehold improvements	22.9	21.1	24.1	26.8	47.0	47.9
Arts & historical treasures	5.3	5.0	-	-	5.3	5.0
Infrastructure	1,575.0	1,462.2	-	-	1,575.0	1,462.2
Construction in progress	144.6	193.4	196.2	101.1	340.8	294.5
Total capital assets	<u>2,989.6</u>	<u>2,914.3</u>	<u>1,086.4</u>	<u>972.2</u>	<u>4,075.9</u>	<u>3,886.5</u>
Less: accumulated depreciation and amortizations	<u>(1,051.8)</u>	<u>(1,049.6)</u>	<u>(536.4)</u>	<u>(503.8)</u>	<u>(1,588.2)</u>	<u>(1,553.4)</u>
Total capital assets, net	<u>\$ 1,937.8</u>	<u>\$ 1,864.7</u>	<u>\$ 550.0</u>	<u>\$ 468.4</u>	<u>\$ 2,487.7</u>	<u>\$ 2,333.1</u>
Percent change from prior year	3.9%		17.4%		6.6%	

Net capital assets increased \$154.6 million during 2017, and some of the significant changes are described below.

Governmental Activities:

- **Infrastructure** increased by approximately \$112.8 million from 2016 due to the completion of road and bridge projects that included the \$56.9 million renovation of the Franklin Avenue Bridge, \$22.2 million for the final phase of reconstructing Highway 101 in the City of Minnetonka, \$17.9 million for the reconstruction of Douglas Drive in the City of Golden Valley, the \$12.1 million Washington Avenue South project in Minneapolis, and six other projects.
- **Buildings** increased by \$30.2 million largely due to the completion of the South Minneapolis Human Services Center, which also explained much of the \$48.8 million decrease in **construction in progress**.

Business-Type Activities:

- **Construction in progress** increased \$95.1 million during 2017, as construction of the Medical Center's Clinic and Specialty Center neared completion.

CAPITAL ASSET AND DEBT ADMINISTRATION – continued

Debt Administration

As shown in the table below, G.O. bonds and notes increased by \$14.6 million during 2017. The change in balance can mainly be attributed to the following:

- In governmental activities, \$100 million of G.O. bonds were issued to finance countywide capital improvements.
- In addition to regularly scheduled principal payments, the County made optional payments of \$25.4 million for early redemption of G.O. bonds.
- The remaining \$83.6 million of outstanding debt that had been issued to assist CTIB in 2010 was defeased in 2017.
- In business-type activities, \$86.3 million of G.O. bonds were issued for the Medical Center blended component unit for the final phase of the construction of the Clinic and Specialty Center.

Hennepin County's Outstanding Debt						
(in millions)						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds and notes	\$ 916.1	\$ 990.7	\$ 162.5	\$ 73.3	\$ 1,078.6	1,064.0
Revenue bonds	204.9	236.3	-	-	204.9	236.3
Notes payable	4.3	4.9	-	-	4.3	4.9
	<u>\$ 1,125.3</u>	<u>\$ 1,231.9</u>	<u>\$ 162.5</u>	<u>\$ 73.3</u>	<u>\$ 1,287.8</u>	<u>1,305.2</u>

In 2017, the Debt Service Fund received \$86.8 million of levy support. State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the taxable market value of property. The County's outstanding net levy-supported debt is significantly below the \$4.94 billion statutory limit.

The County's credit ratings on long-term G.O. bonds as of December 31, 2017 were:

Standard and Poor's Ratings Services	AAA
Fitch Ratings	AAA

Revenue bonds decreased by \$31.4 million during 2017 due to regularly scheduled principal payments and the use of \$27.8 million of existing resources in conjunction with the issuance of Ballpark Sales Tax Revenue Refunding bonds and notes.

Additional information on the County's long-term debt can be found in Notes 9 and 10 on pages 64 to 68 of this report and on the Schedule of Changes in Long-term Debt, located on pages 112-113.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Excluding the Medical Center blended component unit, the 2018 County governmental and enterprise fund budgets total \$2.38 billion, including a net property tax levy of \$777.6 million. The budget for 2018 increased \$285.7 million, a 13.6% increase from the 2017 budget. The property tax levy is an increase of \$32.3 million (4.3% higher) than the 2017 level. The 2018 budget includes funding for a total of 8,602.4 full-time equivalent employees, representing a 1.2% increase over 2017.

The 2018 \$433.4 million capital budget is an increase of \$99.1 million compared to the 2017 budget level. Capital budget revenues include \$360.3 million to be supported by bonded indebtedness. The 2018 level for bonding is \$182.9 million more than the \$177.4 million that was included in the adjusted 2017 budget. The majority of the bonding increase is related to the addition of the Transportation Sales Tax & Development program, which is programmed for \$150 million in bonding, with future principal and interest payments to be made from the .5% transportation sales and use tax. The budgeted 2018 property tax for levy-supported debt service of \$90.4 million was a \$3.5 million increase, compared to \$86.9 million in 2017.

The overall State of Minnesota economic environment relating to the 2018 budget process was modestly stronger compared to the conditions of 2017. The February 2018 State budget and economic forecast predicted a \$329 million surplus for the biennium ending on June 30, 2019, a favorable increase compared to November's forecast of a \$188 million deficit. Consumer spending is expected to increase by 2.9% in 2018. In December 2017, the County's unemployment rate of 3.2% was lower than both the national and State rates, at 4.4% and 3.6%, respectively.

REQUESTS FOR INFORMATION

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

Basic Financial Statements



Hennepin County, Minnesota
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and investments	\$ 641,712,164	\$ 168,644,580	\$ 810,356,744
Receivables, net	131,889,354	238,508,210	370,397,564
Internal balances	7,424,957	(7,424,957)	-
Prepaid items	9,955,598	7,570,723	17,526,321
Inventories	3,317,824	8,849,086	12,166,910
Land held for resale	5,353,789	-	5,353,789
Total Current Assets	<u>799,653,686</u>	<u>416,147,642</u>	<u>1,215,801,328</u>
Noncurrent Assets:			
Cash and investments	163,224,691	61,086,707	224,311,398
Notes receivable	27,139,364	986,521	28,125,885
Capital assets:			
Land	103,133,810	37,768,072	140,901,882
Land improvements	35,484,487	1,893,908	37,378,395
Buildings	858,332,508	546,921,986	1,405,254,494
Equipment	168,616,403	275,503,304	444,119,707
Software	21,796,580	3,941,970	25,738,550
Library books and other media	54,403,041	-	54,403,041
Leasehold improvements	22,907,196	24,137,447	47,044,643
Art and historical treasures	5,251,462	-	5,251,462
Infrastructure	1,575,011,511	-	1,575,011,511
Construction in progress	144,629,883	196,202,260	340,832,143
Total capital assets	<u>2,989,566,881</u>	<u>1,086,368,947</u>	<u>4,075,935,828</u>
Less accumulated depreciation and amortization	<u>(1,051,760,241)</u>	<u>(536,426,344)</u>	<u>(1,588,186,585)</u>
Net Capital Assets	<u>1,937,806,640</u>	<u>549,942,603</u>	<u>2,487,749,243</u>
Total Noncurrent Assets	<u>2,128,170,695</u>	<u>612,015,831</u>	<u>2,740,186,526</u>
Total Assets	<u>2,927,824,381</u>	<u>1,028,163,473</u>	<u>3,955,987,854</u>
Deferred Outflows of Resources:			
Pension-related	235,473,692	189,268,415	424,742,107
Deferred charge on debt refunding	9,882,225	-	9,882,225
Total Deferred Outflows of Resources	<u>245,355,917</u>	<u>189,268,415</u>	<u>434,624,332</u>
Total Assets and Deferred Outflows	<u>\$ 3,173,180,298</u>	<u>\$ 1,217,431,888</u>	<u>\$ 4,390,612,186</u>

Continued on next page

Hennepin County, Minnesota
Statement of Net Position
December 31, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current Liabilities:			
Accounts and contracts payable	\$ 121,756,779	\$ 35,031,832	\$ 156,788,611
Accrued interest payable	4,495,388	-	4,495,388
Accrued liabilities	26,435,723	110,676,488	137,112,211
Unearned revenue	54,340,682	17,941,158	72,281,840
Workers' compensation claims	1,500,000	1,700,000	3,200,000
Revenue bonds	17,575,000	-	17,575,000
General obligation bonds and notes	92,680,494	4,989,506	97,670,000
Notes payable	518,092	-	518,092
Compensated absences	10,600,000	4,200,000	14,800,000
Total Current Liabilities	<u>329,902,158</u>	<u>174,538,984</u>	<u>504,441,142</u>
Noncurrent Liabilities:			
Workers' compensation claims	13,609,236	13,450,000	27,059,236
Capital lease	-	2,221,000	2,221,000
Revenue bonds	187,326,559	-	187,326,559
General obligation bonds and notes	823,466,989	157,465,741	980,932,730
Notes payable	3,826,644	-	3,826,644
Net pension	602,057,812	374,020,788	976,078,600
Postemployment healthcare benefits	63,346,196	43,921,610	107,267,806
Compensated absences	83,754,040	36,856,998	120,611,038
Total Noncurrent Liabilities	<u>1,777,387,476</u>	<u>627,936,137</u>	<u>2,405,323,613</u>
Total Liabilities	<u>2,107,289,634</u>	<u>802,475,121</u>	<u>2,909,764,755</u>
Deferred Inflows of Resources:			
Pension-related	<u>193,052,424</u>	<u>174,496,849</u>	<u>367,549,273</u>
Net Position:			
Net investment in capital assets	1,206,561,675	384,924,769	1,591,486,444
Restricted for:			
Grant and donor restrictions	860,930	42,738	903,668
Debt service	18,605,402	-	18,605,402
Statutory requirements relating to:			
Metropolitan health plan	-	32,906,672	32,906,672
Solid waste management	-	27,817,288	27,817,288
Youth sports	5,271,357	-	5,271,357
County Recorder technology and other	8,572,676	-	8,572,676
Medical Center expendable	-	28,251,421	28,251,421
Medical Center nonexpendable	-	20,748,955	20,748,955
Unrestricted (deficit)	<u>(367,033,800)</u>	<u>(254,231,925)</u>	<u>(621,265,725)</u>
Total Net Position	<u>872,838,240</u>	<u>240,459,918</u>	<u>1,113,298,158</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 3,173,180,298</u>	<u>\$ 1,217,431,888</u>	<u>\$ 4,390,612,186</u>

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

Hennepin County, Minnesota
Statement of Activities
For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
Primary Government:				
Governmental Activities:				
Operations	\$ 213,307,688	\$ 10,179,458	\$ 223,487,146	\$ (33,181,158)
Human Services	585,068,920	8,025,254	593,094,174	13,039,056
Health	66,170,920	962,157	67,133,077	1,486,348
Public Safety	327,701,146	8,611,111	336,312,257	11,300,280
Public Works	85,708,263	28,152,325	113,860,588	2,993,200
Libraries	71,249,471	17,146,602	88,396,073	4,218,095
Housing and Redevelopment Authority	11,663,531	632,729	12,296,260	44,090
Regional Railroad Authority	54,273,570	33,638	54,307,208	100,089
Interest on Long-term Debt	48,127,742	-	48,127,742	-
	1,463,271,251	73,743,274	1,537,014,525	-
Business-type Activities:				
Hennepin Health Plan	227,084,415	199,596	227,284,011	-
Environment and Energy	61,242,596	7,554,213	68,796,809	-
Medical Center	993,047,116	33,997,745	1,027,044,861	-
Other Enterprises	2,956,312	1,008,593	3,964,905	-
	1,284,330,439	42,760,147	1,327,090,586	-
Total	\$ 2,747,601,690	\$ 116,503,421	\$ 2,864,105,111	\$ -

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
\$ 32,495,916	\$ 20,732,854	\$ -	\$ (137,077,218)	\$ -	\$ (137,077,218)
52,685,114	259,521,079	-	(293,927,037)	-	(293,927,037)
29,363,243	7,342,736	-	(31,913,446)	-	(31,913,446)
19,546,765	36,954,692	-	(291,111,080)	-	(291,111,080)
7,778,536	38,311,910	79,133,308	8,369,966	-	8,369,966
3,914,690	2,961,650	-	(85,737,828)	-	(85,737,828)
2,500,933	713,708	-	(9,125,709)	-	(9,125,709)
713,873	111,121	427,339	(53,154,964)	-	(53,154,964)
-	-	-	(48,127,742)	-	(48,127,742)
<u>148,999,070</u>	<u>366,649,750</u>	<u>79,560,647</u>	<u>(941,805,058)</u>	<u>-</u>	<u>(941,805,058)</u>
231,003,831	648,043	-	-	4,367,863	4,367,863
53,834,305	5,266,083	-	-	(9,696,421)	(9,696,421)
939,043,280	66,566,198	\$ -	-	(21,435,383)	(21,435,383)
3,941,747	-	-	-	(23,158)	(23,158)
<u>1,227,823,163</u>	<u>72,480,324</u>	<u>-</u>	<u>-</u>	<u>(26,787,099)</u>	<u>(26,787,099)</u>
<u>\$ 1,376,822,233</u>	<u>\$ 439,130,074</u>	<u>\$ 79,560,647</u>	<u>(941,805,058)</u>	<u>(26,787,099)</u>	<u>(968,592,157)</u>
General Revenues:					
Property taxes			800,979,263	-	800,979,263
Sales tax			57,266,835	-	57,266,835
Wheelage tax			9,973,509	-	9,973,509
Other taxes			3,344,822	3,743,368	7,088,190
Grants & contributions not restricted to specific programs			31,242,476	-	31,242,476
Unrestricted investment earnings			12,527,508	-	12,527,508
Transfers			(8,396,008)	8,396,008	-
Total General Revenues and Transfers			<u>906,938,405</u>	<u>12,139,376</u>	<u>919,077,781</u>
Change in Net Position			(34,866,653)	(14,647,723)	(49,514,376)
Net Position - Beginning, as Restated			<u>907,704,893</u>	<u>255,107,641</u>	<u>1,162,812,534</u>
Net Position - Ending			<u>\$ 872,838,240</u>	<u>\$ 240,459,918</u>	<u>\$ 1,113,298,158</u>

Hennepin County, Minnesota
Balance Sheets
Governmental Funds
December 31, 2017
With Comparative Totals for December 31, 2016

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
ASSETS					
Cash and investments	\$ 277,369,091	\$ 129,489,920	\$ 42,759,207	\$ -	\$ -
Delinquent taxes receivable, net	3,847,394	1,472,053	382,810	-	-
Due from other governmental agencies	11,266,791	50,140,912	-	6,077,953	14,374,783
Accrued investment interest	3,139,219	-	-	-	-
Interfund receivable	1,533,249	1,787,848	-	-	-
Other receivable	6,837,044	386,477	744,167	-	-
Prepaid items	730,213	316,527	1,238,272	-	-
Inventories	2,981,343	-	-	-	-
Land held for resale	-	-	-	-	-
Note receivable	84,674	-	-	-	-
Restricted cash and investments	-	-	6,026,820	2,905,670	1,633,263
	<u>\$ 307,789,018</u>	<u>\$ 183,593,737</u>	<u>\$ 51,151,276</u>	<u>\$ 8,983,623</u>	<u>\$ 16,008,046</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 34,055,110	\$ 26,306,222	\$ 1,407,393	\$ 80,735	\$ 13,911,573
Accrued interest payable	-	-	-	-	-
Accrued liabilities	11,786,141	5,216,418	741,111	-	-
Interfund payable	54,199,058	28,079,786	4,269,866	-	-
Commercial paper payable	-	-	-	-	-
Unearned revenue	21,291,758	15,808,073	4,026,023	-	-
	<u>121,332,067</u>	<u>75,410,499</u>	<u>10,444,393</u>	<u>80,735</u>	<u>13,911,573</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,327,894	1,350,453	349,810	-	-
Unavailable revenue - intergovernmental	1,956,364	2,379,156	-	-	-
	<u>5,284,258</u>	<u>3,729,609</u>	<u>349,810</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	3,711,556	316,527	3,210,401	-	-
Restricted	14,439,209	265,754	6,000,821	8,902,888	2,096,473
Committed	-	103,871,348	31,145,851	-	-
Assigned	39,704,269	-	-	-	-
Unassigned	123,317,659	-	-	-	-
	<u>181,172,693</u>	<u>104,453,629</u>	<u>40,357,073</u>	<u>8,902,888</u>	<u>2,096,473</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 307,789,018</u>	<u>\$ 183,593,737</u>	<u>\$ 51,151,276</u>	<u>\$ 8,983,623</u>	<u>\$ 16,008,046</u>

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	General Capital Projects	Totals	
						2017	2016
\$	6,721,410	\$ 15,465,439	\$ 4,592,454	\$ 19,763,038	\$ 117,430,461	\$ 613,591,020	\$ 752,766,443
	44,663	168,910	-	509,306	31,883	6,457,019	8,177,609
	136,829	-	-	-	31,345,300	113,342,568	65,030,364
	-	-	-	-	188,198	3,327,417	3,202,975
	-	-	-	-	14,942,575	18,263,672	14,939,100
	28,401	118,430	-	-	104,000	8,218,519	14,834,324
	257,265	-	-	-	-	2,542,277	2,831,957
	-	-	-	-	-	2,981,343	3,306,720
	5,353,789	-	-	-	-	5,353,789	6,583,789
	15,424,690	-	-	11,630,000	-	27,139,364	111,699,040
	853,953	455,840	-	-	-	11,875,546	19,635,071
\$	<u>28,821,000</u>	<u>16,208,619</u>	<u>4,592,454</u>	<u>31,902,344</u>	<u>164,042,417</u>	<u>813,092,534</u>	<u>1,003,007,392</u>
\$	1,176,025	\$ 2,181,607	\$ -	\$ 1,037,290	\$ 31,529,043	\$ 111,684,998	\$ 104,450,940
	-	-	-	-	-	-	31,600
	-	-	-	-	-	17,743,670	19,398,076
	13,198,051	-	-	-	817,318	100,564,079	95,317,524
	-	-	-	-	-	-	75,000,000
	480,876	2,047,252	-	5,140,877	5,545,823	54,340,682	8,583,480
	<u>14,854,952</u>	<u>4,228,859</u>	<u>-</u>	<u>6,178,167</u>	<u>37,892,184</u>	<u>284,333,429</u>	<u>302,781,620</u>
	40,463	87,107	-	467,306	28,983	5,652,016	6,893,429
	111,121	-	-	11,630,000	9,570,850	25,647,491	100,499,337
	<u>151,584</u>	<u>87,107</u>	<u>-</u>	<u>12,097,306</u>	<u>9,599,833</u>	<u>31,299,507</u>	<u>107,392,766</u>
	257,265	-	-	-	-	7,495,749	8,113,397
	13,557,199	11,892,653	4,592,454	13,626,871	116,550,400	191,924,722	256,031,216
	-	-	-	-	-	135,017,199	157,639,040
	-	-	-	-	-	39,704,269	42,751,107
	-	-	-	-	-	123,317,659	128,298,246
	<u>13,814,464</u>	<u>11,892,653</u>	<u>4,592,454</u>	<u>13,626,871</u>	<u>116,550,400</u>	<u>497,459,598</u>	<u>592,833,006</u>
\$	<u>28,821,000</u>	<u>16,208,619</u>	<u>4,592,454</u>	<u>31,902,344</u>	<u>164,042,417</u>	<u>813,092,534</u>	<u>1,003,007,392</u>

Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 December 31, 2017

Total governmental fund balances (page 33)	\$	497,459,598
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (The capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)		1,872,522,307
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.		31,299,507
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.		151,200,313
Net pension liabilities and related deferred inflows and deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		(559,636,544)
Long-term liabilities and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		<u>(1,120,006,941)</u>
Net position of governmental activities (page 29)	\$	<u><u>872,838,240</u></u>

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



Hennepin County, Minnesota
Statements of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
REVENUES					
Property taxes	\$ 357,786,261	\$ 247,851,099	\$ 67,466,347	\$ -	\$ -
Sales tax	-	-	-	36,892,052	20,374,783
Wheelage tax	9,973,509	-	-	-	-
Other taxes	3,013,535	189,804	51,443	-	-
Intergovernmental	94,394,280	269,505,655	6,101,916	-	-
Investment earnings (losses)	11,230,335	-	69,138	84,682	-
Charges for services	95,121,063	47,049,492	1,141,367	-	-
Fines and forfeits	327,436	-	1,143,785	-	-
Licenses and permits	6,394,048	1,718,177	-	-	-
Other	19,186,323	2,321,024	1,626,338	-	-
Total Revenues	597,426,790	568,635,251	77,600,334	36,976,734	20,374,783
EXPENDITURES					
Current:					
Operations	169,113,279	-	-	2,330,720	-
Human services	-	590,326,508	-	-	-
Health	70,618,049	-	-	-	-
Public safety	304,342,954	-	-	-	-
Public works	69,100,925	-	-	-	173,007
Libraries	-	-	81,408,711	-	-
Housing and Redevelopment Authority	-	-	-	-	-
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Intergovernmental	-	-	-	-	13,738,566
Capital projects	-	-	-	-	-
Total Expenditures	613,175,207	590,326,508	81,408,711	2,330,720	13,911,573
Excess (Deficiency) of Revenues Over Expenditures	(15,748,417)	(21,691,257)	(3,808,377)	34,646,014	6,463,210
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	2,300,000	861,305	2,300,000	-	-
Transfers out	(3,369,782)	-	-	(42,273,128)	(4,366,737)
Sale of capital assets	8,221,495	-	-	-	-
Debt premiums	-	-	-	-	-
Total Other Financing Sources (Uses)	7,151,713	861,305	2,300,000	(42,273,128)	(4,366,737)
Net Change in Fund Balances	(8,596,704)	(20,829,952)	(1,508,377)	(7,627,114)	2,096,473
Fund Balances - Beginning	189,769,397	125,283,581	41,865,450	16,530,002	-
Fund Balances - Ending	\$ 181,172,693	\$ 104,453,629	\$ 40,357,073	\$ 8,902,888	\$ 2,096,473

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	General Capital Projects	Totals	
						2017	2016
\$	8,343,034	\$ 25,498,199	\$ 7,193,118	\$ 86,755,741	\$ 5,946,214	\$ 806,840,013	\$ 771,058,972
	-	-	-	-	-	57,266,835	36,468,191
	-	-	-	-	-	9,973,509	9,918,363
	6,473	8,270	5,262	65,510	4,525	3,344,822	3,514,045
	195,616	4,928	-	98,024,343	79,133,308	547,360,046	472,035,912
	69,519	427,339	-	59,106	1,014,728	12,954,847	6,337,260
	1,853,704	709,945	-	-	-	145,875,571	137,518,611
	-	-	-	-	-	1,471,221	1,627,304
	-	-	-	-	-	8,112,225	7,978,466
	647,229	3,928	-	-	1,146,119	24,930,961	22,832,926
	<u>11,115,575</u>	<u>26,652,609</u>	<u>7,198,380</u>	<u>184,904,700</u>	<u>87,244,894</u>	<u>1,618,130,050</u>	<u>1,469,290,050</u>
	-	-	-	-	10,984,250	182,428,249	181,340,867
	-	-	-	-	-	590,326,508	553,443,954
	-	-	-	-	-	70,618,049	62,204,105
	-	-	-	-	-	304,342,954	285,755,221
	-	-	-	-	-	69,273,932	71,479,236
	-	-	-	-	-	81,408,711	78,033,098
	36,471,605	-	-	-	-	36,471,605	43,224,198
	-	54,902,255	-	-	-	54,902,255	24,538,111
	-	-	1,610,000	256,324,793	-	257,934,793	111,689,556
	-	-	1,293,000	54,688,166	-	55,981,166	45,864,968
	-	-	-	-	-	13,738,566	-
	-	-	-	-	172,583,098	172,583,098	183,261,307
	<u>36,471,605</u>	<u>54,902,255</u>	<u>2,903,000</u>	<u>311,012,959</u>	<u>183,567,348</u>	<u>1,890,009,886</u>	<u>1,640,834,621</u>
	<u>(25,356,030)</u>	<u>(28,249,646)</u>	<u>4,295,380</u>	<u>(126,108,259)</u>	<u>(96,322,454)</u>	<u>(271,879,836)</u>	<u>(171,544,571)</u>
	-	-	-	189,040,000	73,717,592	262,757,592	196,212,650
	-	-	-	(137,976,953)	-	(137,976,953)	(35,304,504)
	27,725,607	-	-	40,809,386	4,977,300	78,973,598	62,603,156
	(861,305)	-	-	-	(28,102,646)	(78,973,598)	(62,603,156)
	-	1,094,855	-	-	-	9,316,350	483,806
	-	-	-	21,462,726	20,946,713	42,409,439	65,225,715
	<u>26,864,302</u>	<u>1,094,855</u>	<u>-</u>	<u>113,335,159</u>	<u>71,538,959</u>	<u>176,506,428</u>	<u>226,617,667</u>
	1,508,272	(27,154,791)	4,295,380	(12,773,100)	(24,783,495)	(95,373,408)	55,073,096
	12,306,192	39,047,444	297,074	26,399,971	141,333,895	592,833,006	537,759,910
\$	<u>13,814,464</u>	<u>11,892,653</u>	<u>4,592,454</u>	<u>13,626,871</u>	<u>116,550,400</u>	<u>497,459,598</u>	<u>592,833,006</u>

Hennepin County, Minnesota
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities**
 For the Year Ended December 31, 2017

Net change in governmental fund balances (page 37) \$ (95,373,408)

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. 78,395,357

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. (5,748,263)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (76,093,259)

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. 90,382,129

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds (i.e. interest on long-term debt, the amortization of long-term debt discount, and certain pension expenses). (33,638,147)

The net revenue of certain activities of **internal service funds** is reported with governmental activities. 7,208,938

Change in net position of governmental activities (page 31) \$ (34,866,653)

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

Hennepin County, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2017
With Comparative Totals for December 31, 2016

	Business-type Activities - Enterprise Funds				Totals		2017 Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	2017	2016 (restated)	
ASSETS & DEFERRED OUTFLOWS							
Current Assets:							
Cash	\$ 84,929,218	\$ 20,353,026	\$ 59,391,626	\$ 3,970,710	\$ 168,644,580	\$ 154,641,787	\$ 179,470,289
Interfund receivable	-	-	2,926,405	32,392	2,958,797	4,242,264	89,725,364
Other receivable	19,478,637	5,237,688	213,437,260	354,625	238,508,210	203,587,440	543,831
Inventories	-	2,897,887	5,947,651	3,548	8,849,086	6,095,498	336,481
Prepaid items	19,451	2,215	7,546,438	2,619	7,570,723	8,396,514	7,413,321
Total Current Assets	104,427,306	28,490,816	289,249,380	4,363,894	426,531,396	376,963,503	277,489,286
Noncurrent Assets:							
Restricted cash and investments	500,000	9,523,275	51,063,432	-	61,086,707	52,287,069	-
Notes receivable	-	986,521	-	-	986,521	1,084,272	-
Capital assets:							
Land	-	8,179,432	28,603,548	985,092	37,768,072	37,768,072	1,040,600
Land improvements	-	-	-	1,893,908	1,893,908	1,893,908	-
Buildings	-	163,806,816	382,272,003	843,167	546,921,986	541,353,591	45,401,501
Equipment	746,004	32,997,245	230,025,637	11,734,418	275,503,304	259,199,864	99,321,532
Software	-	-	3,941,970	-	3,941,970	4,061,000	4,702,015
Leasehold improvements	1,301,599	-	22,835,848	-	24,137,447	26,768,103	-
Construction in progress	-	71,968	196,130,292	-	196,202,260	101,158,971	6,346,383
Total capital assets	2,047,603	205,055,461	863,809,298	15,456,585	1,086,368,947	972,203,509	156,812,031
Less accumulated depreciation and amortization	215,865	86,199,530	441,567,752	8,443,197	536,426,344	503,787,701	91,527,698
Net Capital Assets	1,831,738	118,855,931	422,241,546	7,013,388	549,942,603	468,415,808	65,284,333
Total Noncurrent Assets	2,331,738	129,365,727	473,304,978	7,013,388	612,015,831	521,787,149	65,284,333
Total Assets	106,759,044	157,856,543	762,554,358	11,377,282	1,038,547,227	898,750,652	342,773,619
Deferred Outflows of Resources:							
Pension-related	1,285,381	1,221,881	186,761,153	-	189,268,415	237,650,061	-
Total Assets and Deferred Outflows	\$ 108,044,425	\$ 159,078,424	\$ 949,315,511	\$ 11,377,282	\$ 1,227,815,642	\$ 1,136,400,713	\$ 342,773,619
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Interfund payable	\$ 2,668,454	\$ -	\$ 7,715,300	\$ -	\$ 10,383,754	\$ 8,272,620	\$ -
Accounts and contracts payable	4,957,327	3,691,717	26,279,073	103,715	35,031,832	41,689,524	10,071,781
Accrued expenses	38,436,640	127,370	72,112,478	-	110,676,488	74,973,222	8,692,053
Unearned revenue	17,941,158	-	-	-	17,941,158	10,382,356	-
Current portion of:							
Workers' compensation claims	-	-	1,700,000	-	1,700,000	1,700,000	1,500,000
General obligation bonds and notes	-	495,966	4,328,540	165,000	4,989,506	521,299	2,617,854
Compensated absences	150,000	50,000	4,000,000	-	4,200,000	4,200,000	10,600,000
Total Current Liabilities	64,153,579	4,365,053	116,135,391	268,715	184,922,738	141,739,021	33,481,688
Noncurrent Liabilities, Net of Current Portion:							
Workers' compensation claims	-	-	13,450,000	-	13,450,000	12,450,000	13,609,236
Capital lease	-	-	2,221,000	-	2,221,000	-	-
General obligation bonds and notes	-	12,229,523	144,891,218	345,000	157,465,741	72,835,472	16,648,395
Net pension	6,484,616	5,599,174	361,936,998	-	374,020,788	487,680,949	-
Postemployment healthcare benefits	1,098,085	985,699	41,837,826	-	43,921,610	42,207,979	63,346,196
Compensated absences	542,170	1,099,201	35,215,627	-	36,856,998	37,277,774	83,754,040
Total Noncurrent Liabilities	8,124,871	19,913,597	599,552,669	345,000	627,936,137	652,452,174	177,357,867
Total Liabilities	72,278,450	24,278,650	715,688,060	613,715	812,858,875	794,191,195	210,839,555
Deferred Inflows of Resources:							
Pension-related	1,027,565	809,306	172,659,978	-	174,496,849	87,101,877	-
Net Position:							
Net investment in capital assets	1,831,738	106,130,442	270,459,201	6,503,388	384,924,769	395,059,037	46,018,084
Restricted for:							
Statutory requirements relating to:							
Metropolitan health plan	32,906,672	-	-	-	32,906,672	28,385,731	-
Solid waste management	-	27,817,288	-	-	27,817,288	26,856,536	-
Medical Center expendable	-	-	28,251,421	-	28,251,421	26,544,760	-
Medical Center nonexpendable	-	-	20,748,955	-	20,748,955	19,122,000	-
Brownfield assessment and cleanup	-	42,738	-	-	42,738	12,646	-
Unrestricted (deficit)	-	-	(258,492,104)	4,260,179	(254,231,925)	(240,873,069)	85,915,980
Total Net Position	34,738,410	133,990,468	60,967,473	10,763,567	240,459,918	255,107,641	131,934,064
Total Liabilities, Deferred Inflows and Net Position	\$ 108,044,425	\$ 159,078,424	\$ 949,315,511	\$ 11,377,282	\$ 1,227,815,642	\$ 1,136,400,713	\$ 342,773,619

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

Hennepin County, Minnesota
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds						
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Total		2017 Internal Service Funds
					2017	2016 (restated)	
OPERATING REVENUES							
Net charges for services.	\$ 231,003,831	\$ 53,834,305	\$ 939,043,280	\$ 3,941,747	\$ 1,227,823,163	\$ 1,095,804,182	\$ 257,051,776
Grants.	-	-	59,256,840	-	59,256,840	54,106,224	-
Total Operating Revenues	<u>231,003,831</u>	<u>53,834,305</u>	<u>998,300,120</u>	<u>3,941,747</u>	<u>1,287,080,003</u>	<u>1,149,910,406</u>	<u>257,051,776</u>
OPERATING EXPENSES							
Personal services.	10,437,274	8,005,478	718,060,625	2,113,449	738,616,826	740,958,085	180,697,917
Commodities.	27,305	302,175	219,809,482	250,465	220,389,427	203,239,874	20,651,005
Contractual services.	208,457,007	44,562,387	47,274,165	360,806	300,654,365	207,071,766	28,850,545
Depreciation and amortization.	199,596	7,554,213	33,997,745	1,008,593	42,760,147	41,381,918	18,701,680
Other.	8,079,066	1,586,538	7,426,995	213,481	17,306,080	7,464,413	4,042,238
Total Operating Expenses	<u>227,200,248</u>	<u>62,010,791</u>	<u>1,026,569,012</u>	<u>3,946,794</u>	<u>1,319,726,845</u>	<u>1,200,116,056</u>	<u>252,943,385</u>
Operating Income (Loss)	<u>3,803,583</u>	<u>(8,176,486)</u>	<u>(28,268,892)</u>	<u>(5,047)</u>	<u>(32,646,842)</u>	<u>(50,205,650)</u>	<u>4,108,391</u>
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental.	-	4,977,117	-	-	4,977,117	5,485,153	-
Investment earnings (losses).	648,043	288,966	7,309,358	-	8,246,367	3,940,636	-
Interest expense.	(83,763)	(287,542)	-	(13,400)	(384,705)	(100,162)	(482,189)
Gain (Loss) on capital asset disposal.	-	-	-	(4,711)	(4,711)	(9,663)	645,253
Other.	-	3,743,368	(475,849)	-	3,267,519	4,658,185	-
Environmental grants awarded.	-	(6,498,476)	-	-	(6,498,476)	(5,915,940)	-
Total Nonoperating Revenues (Expenses)	<u>564,280</u>	<u>2,223,433</u>	<u>6,833,509</u>	<u>(18,111)</u>	<u>9,603,111</u>	<u>8,058,209</u>	<u>163,064</u>
Income (Loss) Before Contributions	4,367,863	(5,953,053)	(21,435,383)	(23,158)	(23,043,731)	(42,147,441)	4,271,455
Capital contributions.	-	-	7,400,234	995,774	8,396,008	18,091,526	1,270,705
Change in Net Position	4,367,863	(5,953,053)	(14,035,149)	972,616	(14,647,723)	(24,055,915)	5,542,160
Total Net Position - Beginning	<u>30,370,547</u>	<u>139,943,521</u>	<u>75,002,622</u>	<u>9,790,951</u>	<u>255,107,641</u>	<u>279,163,556</u>	<u>126,391,904</u>
Total Net Position - Ending	<u>\$ 34,738,410</u>	<u>\$ 133,990,468</u>	<u>\$ 60,967,473</u>	<u>\$ 10,763,567</u>	<u>\$ 240,459,918</u>	<u>\$ 255,107,641</u>	<u>\$ 131,934,064</u>

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

Hennepin County, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	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.	\$ 251,049,827	\$ 53,894,241	\$ 928,686,494	\$ 3,817,366	\$ 1,237,447,928	\$ 250,880,503
Operating grants.	-	-	59,256,840	-	59,256,840	-
Payments to suppliers for goods and services.	(205,860,276)	(46,785,174)	(276,360,091)	(623,740)	(529,629,281)	(47,362,330)
Payments to employees for services.	(9,967,909)	(7,513,566)	(694,612,590)	(2,113,449)	(714,207,514)	(179,341,748)
Other operating disbursements.	(8,079,066)	(1,586,538)	(7,426,995)	(213,481)	(17,306,080)	(3,042,238)
Net Cash Provided (Used) by Operating Activities	<u>27,142,576</u>	<u>(1,991,037)</u>	<u>9,543,658</u>	<u>866,696</u>	<u>35,561,893</u>	<u>21,134,187</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net grants and contributions.	-	2,319,760	(475,849)	-	1,843,911	-
Net Interfund loans.	(2,715,225)	-	4,826,359	-	2,111,134	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,715,225)</u>	<u>2,319,760</u>	<u>4,350,510</u>	<u>-</u>	<u>3,955,045</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets.	(46,518)	(610,316)	(109,180,823)	(860,920)	(110,698,577)	(17,223,693)
Interest paid.	(83,763)	(287,542)	-	(13,400)	(384,705)	(482,189)
Proceeds from issuance of debt.	-	-	86,282,408	-	86,282,408	3,422,283
Debt issuance cost and principal payments.	-	-	-	(160,000)	(160,000)	(1,755,504)
Net Cash Used by Capital and Related Financing Activities	<u>(130,281)</u>	<u>(897,858)</u>	<u>(22,898,415)</u>	<u>(1,034,320)</u>	<u>(24,960,874)</u>	<u>(16,039,103)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income.	648,043	288,966	1,832,054	-	2,769,063	-
Purchase of investments.	-	-	(3,820,028)	-	(3,820,028)	-
Sale of investments.	-	-	1,502,864	-	1,502,864	-
Net Cash Provided (Used) by Investing Activities	<u>648,043</u>	<u>288,966</u>	<u>(485,110)</u>	<u>-</u>	<u>451,899</u>	<u>-</u>
Net Increase (Decrease) In Cash	24,945,113	(280,169)	(9,489,357)	(167,624)	15,007,963	5,095,084
Cash at Beginning of Year	<u>60,484,105</u>	<u>30,156,470</u>	<u>68,880,983</u>	<u>4,138,334</u>	<u>163,659,892</u>	<u>174,375,205</u>
Cash at End of Year	<u>\$ 85,429,218</u>	<u>\$ 29,876,301</u>	<u>\$ 59,391,626</u>	<u>\$ 3,970,710</u>	<u>\$ 178,667,855</u>	<u>\$ 179,470,289</u>
CASH COMPONENTS:						
Cash.	\$ 84,929,218	\$ 20,353,026	\$ 59,391,626	\$ 3,970,710	\$ 168,644,580	\$ 179,470,289
Restricted cash.	500,000	9,523,275	-	-	10,023,275	-
Cash at End of Year	<u>\$ 85,429,218</u>	<u>\$ 29,876,301</u>	<u>\$ 59,391,626</u>	<u>\$ 3,970,710</u>	<u>\$ 178,667,855</u>	<u>\$ 179,470,289</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss).	\$ 3,803,583	\$ (8,176,486)	\$ (28,268,892)	\$ (5,047)	\$ (32,646,842)	\$ 4,108,391
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization.	199,596	7,554,213	33,997,745	1,008,593	42,760,147	18,701,680
(Increase) decrease in:						
Receivables and prepaid items.	(8,049,989)	51,406	(24,687,957)	(124,972)	(32,811,512)	(5,986,309)
Inventories.	-	(2,897,887)	143,540	759	(2,753,588)	283,691
Increase (decrease) in:						
Accounts payable and accrued expenses.	23,224,918	1,120,771	7,005,377	(12,637)	31,338,429	4,026,734
Unearned revenue.	7,558,802	-	-	-	7,558,802	-
Net pension liability.	(1,213,593)	(1,067,840)	(111,378,728)	-	(113,660,161)	-
Deferred outflows-pension.	914,933	805,050	46,661,663	-	48,381,646	-
Deferred inflows-pension.	704,326	619,736	86,070,910	-	87,394,972	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 27,142,576</u>	<u>\$ (1,991,037)</u>	<u>\$ 9,543,658</u>	<u>\$ 866,696</u>	<u>\$ 35,561,893</u>	<u>\$ 21,134,187</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets.	-	-	7,400,234	995,774	8,396,008	1,270,705
Gain (loss) on disposal of capital assets.	-	-	8,448	(4,711)	3,737	(8,890)
Increase (decrease) in fair value of investments.	(45,779)	(144,431)	5,577,796	-	5,387,586	-
Capitalized interest.	-	-	3,060,000	-	3,060,000	-

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

Hennepin County, Minnesota
Statement of Fiduciary Net Position
Agency Fund
December 31, 2017

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 351,048,123
Delinquent taxes receivable	<u>22,394,196</u>
Total Assets	<u>\$ 373,442,319</u>
LIABILITIES	
Amounts due as agent	<u>\$ 373,442,319</u>

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

Hennepin County (the County) was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member Hennepin County Board of Commissioners (County Board) elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units. 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, and separately issued financial statements can be obtained from the RRA.

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

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 Minneapolis Medical Research Foundation. 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, 2017

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

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

➤ **Fund Financial Statements**

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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

The County reports the following governmental funds:

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

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

- The *Human Services Fund* is used to account for specific state and federal revenues, property taxes levied for human services, and expenditures for financial, social and public health services.
- The *Library Fund* is used to account for County-committed property tax revenues and for expenditures relating to the activities of the County's public libraries.
- The *Ballpark Sales Tax Fund* is used to account for the inflows of cash from taxpayers and transfers to other funds for repayment of Ballpark related bonds, Minnesota Ballpark Authority operating costs, and other expenditures allowed under legislation.
- The *Transportation Sales Tax Fund* is used to account for the inflows of cash from taxpayers for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed under legislation. This fund was established after the Counties Transit Improvement Board (CTIB) was dissolved in 2017 by resolution of the CTIB Board and each of its member counties. The County then imposed, effective October 1, 2017, a .5% sales and use tax and a \$20 per vehicle excise tax and related revenues are reported in this fund.
- 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds – continued.

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

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

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

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

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

The County reports the following proprietary funds:

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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* (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 provides a wide variety of benefits to the community, including community-based social service programs such as free clinics, health screenings, training for emergency service personnel, crisis intervention, and transportation to and from the hospital campus. Additionally, a large number of health-related education programs are provided for the benefit of the community, including: health enhancements and wellness, classes on specific conditions, medical education, telephone information services, and other programs designed to improve the general standard of the health in the community. The Medical Center also provides medical care without charge or at reduced cost to certain residents of the community through the provision of charity care.

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

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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. 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. 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.

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. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In governmental funds, capital outlay and capital projects expenditures include expenditures for capital assets, as well as for items that are capital in nature but do not qualify for financial reporting as capital assets under the County's capitalization policy. The costs of maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized (e.g., road overlays). In proprietary funds, outlays for capital assets are capitalized as the projects are constructed. Interest is capitalized when there is a period of time required to prepare the capital asset for use.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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:	Major river crossings	90 years
	Conventional bridges	50-70 years
	County roads	60 years
Equipment:	Automobiles and light trucks	3-6 years
	Construction/maintenance vehicles	10-20 years
	General equipment	10 years
	Computer equipment	3 years
	800Mz radio equipment	7 years
Library books and materials		7 years
Software		3-8 years

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

Pensions. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. 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 issued. In governmental funds, the proceeds from the issuance of debt and debt premiums are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs and debt principal payments are reported as governmental fund expenditures.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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

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

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

D. Comparative Data, Reclassifications, and Use of Estimates

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of certain changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been restated, as discussed in Note 1E, for the adoption of GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* (GASB 80), which resulted in the County restating the financial statements as of and for the year ended December 31, 2016, for recognition of the Medical Center as a blended component unit. Other 2016 amounts have been reclassified in order to be consistent with the current year's presentation. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended December 31, 2016, 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Restatement of Beginning Net Position. The County adopted the provisions of GASB 80, in the current year, which changed the presentation of the Medical Center to a blended component unit rather than a discretely presented component unit. Under the provisions of GASB 80, the Medical Center is a blended component unit because it is incorporated as a not-for-profit corporation and the County is the sole corporate member. Due to the adoption of GASB 80, the Medical Center is now presented as a major enterprise fund of the County in the business type activities. The Governmental Activities' equity interest in component unit was removed due to blending the Medical Center. The Governmental Activities and Business-type Activities were restated as follows:

	Governmental Activities		
	Balance as Previously Reported	Change as a Result of GASB 80 Adoption	Balance As Restated
As of December 31, 2016			
Assets	\$ 3,177,111,269	\$ (138,008,242)	\$ 3,039,103,027
Deferred outflows	357,338,796	-	357,338,796
Liabilities	2,479,780,055	(63,005,620)	2,416,774,435
Deferred inflows	71,962,495	-	71,962,495
Net position	<u>\$ 982,707,515</u>	<u>\$ (75,002,622)</u>	<u>\$ 907,704,893</u>
For the Year Ended December 31, 2016			
Revenues	\$ 1,432,885,806	\$ (34,646,192)	\$ 1,398,239,614
Expenses	1,456,874,891	(17,323,096)	1,439,551,795
Change in equity interest	27,912,891	(27,912,891)	-
Transfers	-	(17,323,096)	(17,323,096)
Change in net position	(51,901,976)	27,912,891	(23,989,085)
January 1, 2016 net position	1,034,609,491	(102,915,513)	931,693,978
December 31, 2016 net position	<u>\$ 982,707,515</u>	<u>\$ (75,002,622)</u>	<u>\$ 907,704,893</u>

	Business-type Activities		
	Balance as Previously Reported	Change as a Result of GASB 80 Adoption	Balance As Restated
As of December 31, 2016			
Assets	\$ 242,603,390	\$ 647,874,642	\$ 890,478,032
Deferred outflows	4,227,245	233,422,816	237,650,061
Liabilities	66,212,807	719,705,768	785,918,575
Deferred inflows	512,809	86,589,068	87,101,877
Net position	<u>\$ 180,105,019</u>	<u>\$ 75,002,622</u>	<u>\$ 255,107,641</u>
For the Year Ended December 31, 2016			
Revenues	\$ 194,641,541	\$ 1,004,767,461	\$ 1,199,409,002
Expenses	190,784,565	1,015,357,256	1,206,141,821
Transfers	-	17,323,096	17,323,096
Change in net position	3,856,976	(27,912,891)	(24,055,915)
January 1, 2016 net position	176,248,043	102,915,513	279,163,556
December 31, 2016 net position	<u>\$ 180,105,019</u>	<u>\$ 75,002,622</u>	<u>\$ 255,107,641</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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

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

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

Capital assets used in governmental activities (note that the capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	\$ 2,832,754,850
Accumulated depreciation related to governmental activities	<u>(960,232,543)</u>
Total Capital Assets Reconciliation Item	<u>\$ 1,872,522,307</u>

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

General obligation (G.O.) bonds and notes payable	\$ (794,629,753)
Net G.O. premiums and discounts (to be amortized as interest expense)	(121,517,730)
Revenue bonds	(184,670,000)
Revenue bond premiums (to be amortized as interest expense)	(20,231,559)
Notes payable	(4,344,736)
Accrued interest payable	(4,495,388)
Deferred charge on debt refunding	<u>9,882,225</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,120,006,941)</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	\$ 133,436,951
Less depreciation expense	<u>(55,041,594)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 78,395,357</u>

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

Issuance of debt	\$ (262,757,592)
Bond premiums	(42,409,439)
Debt transferred from governmental activities to business-type activities	3,337,368
Principal repayments – G.O. debt	157,623,700
Principal repayments – refunding bonds	132,030,794
Principal repayments – Ballpark revenue bonds	102,039,206
Principal repayments – note payable	<u>518,092</u>
Total Long-term Debt Reconciliation Item	<u>\$ 90,382,129</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions and Investments – Excluding Those Held by the Medical Center’s Component Units

Deposits with Financial Institutions. It is the County’s policy to follow MN Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security, an irrevocable standby letter of credit, or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned/controlled by the financial institution furnishing the collateral. At year end, the bank balance was \$42,278,337. 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 \$142,642,154. County and fiduciary cash and investments are pooled.

Management of Investment Risk. At December 31, 2017, the County had the following investments:

<u>Nonfiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration in Years</u>
U.S. Government and Agency	\$ 935,145,271	2.59
Repurchase Agreements	91,124,066	0.07
Commercial Paper	60,000,000	0.03
Money Market Funds	<u>2,905,674</u>	0.07
Total Fair Value	<u>\$ 1,089,175,011</u>	
Effective Duration		2.23
<u>Fiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration in Years</u>
Money Market Funds	\$ 103,540,001	.06

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

Credit Risk. The County’s investments in the bonds of U.S. government and agencies were rated AA by Standard & Poor’s (S&P) and Aaa by Moody’s Investors Service (Moody’s), with the exception of \$15,478,197 of certain unrated U.S. government and agency issues. The County’s investments in money market funds were rated AAA by S&P and Aaa by Moody’s. Commercial paper was rated P-1 by Moody’s and A-1+ by S&P. The County’s general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of bankers acceptances, guaranteed investment contracts, and shares of investment companies.

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County’s total investments is in each of the following: 22% Federal Home Loan Mortgage Corporation, 22% Federal Farm Credit Banks Funding Corporation, 15% Federal National Mortgage Association, 10% Federal Home Loan Bank, and 6% US Bank.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

A. Deposits with Financial Institutions and Investments – Excluding Those Held by the Medical Center’s Component Units – continued

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses. Cash from all funds is pooled for deposit and investment purposes. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the funds shown in the table below. Investment earnings are allocated based on average monthly cash and investment balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2017 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings
<u>Governmental Funds:</u>			
General	\$ 12,356,354	\$ (1,126,019)	\$ 11,230,335
Special Revenue:			
Library	70,944	(1,806)	69,138
Ballpark Sales Tax	84,682	-	84,682
Housing and Redevelopment	64,550	4,969	69,519
Regional Railroad	349,385	77,954	427,339
Debt Service	59,106	-	59,106
Capital Projects	1,014,728	-	1,014,728
	<u>13,999,749</u>	<u>(1,044,902)</u>	<u>12,954,847</u>
<u>Proprietary Funds:</u>			
Enterprise:			
Hennepin Health	693,822	(45,779)	648,043
Solid Waste	433,397	(144,431)	288,966
Medical Center	895,453	71,133	966,586
	<u>2,022,672</u>	<u>(119,077)</u>	<u>1,903,595</u>
Total	<u>\$ 16,022,421</u>	<u>\$ (1,163,979)</u>	<u>\$ 14,858,442</u>

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

	2017	2016
Investment income and realized gains and losses	\$ 16,022,421	\$ 13,751,817
Net annual increase (decrease) in the fair value of investments	(1,163,979)	(6,928,392)
Total Investment Earnings (Losses)	<u>\$ 14,858,442</u>	<u>\$ 6,823,425</u>

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

A. Deposits with Financial Institutions and Investments – Excluding Those Held by the Medical Center’s Component Units – 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 29, 2017 (the last active market day).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement, or can be determined by third parties such as a pricing service using accepted methodologies.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 29, 2017. 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 Notes	\$ 169,758,401	\$ -	\$ -	\$ 169,758,401
U.S. Agency Debentures	-	736,900,164	-	736,900,164
U.S. Agency Mortgage-backed Securities	-	28,486,697	-	28,486,697
	<u>\$ 169,758,401</u>	<u>\$ 765,368,861</u>	<u>\$ -</u>	<u>\$ 935,145,262</u>

B. Investments Held by the Medical Center’s Component Units

County investment policies do not apply to the Medical Center’s Component Units (MCCUs), therefore, the MCCUs investment information is provided separately from the County’s investment information.

Management of Investment Risk

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The MCCUs limit exposure to interest rate risk by establishing separate pools of investments for shorter-term versus longer-term investment maturities (based on underlying securities) and by utilizing fixed income investment options. At December 31, 2017, the MCCUs had the following investments.

	Carrying Amount	Less than 1 Year	1 to 5 Years	Over 5 Years
Mutual funds				
– fixed income	\$ 18,539,709	<u>\$ 4,807,881</u>	<u>\$ 1,216,395</u>	<u>\$ 12,515,433</u>
Mutual funds – equities	32,523,723			
	<u>\$ 51,063,432</u>			

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

B. Investments Held by the Medical Center’s Component Units – continued

Management of Investment Risk – continued

Credit Risk. The MCCU investments in fixed income mutual funds were rated as follows: \$12,515,433 rated A+ by S&P, \$4,807,881 rated Baa3 by Moody’s, and \$1,216,395 is unrated.

Concentration of Credit Risk. The MCCUs’ investment policies do not limit their investment choices or the amount of any investment that they may invest in. As of December 31, 2017, less than 5% of MCCU investments were invested in securities of any one issuer.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the MCCU will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The MCCUs’ investment policies do not limit their investment choices.

Fair Value Measurements. The following table summarizes MCCU financial investments according to the fair value hierarchy and observable or determinable value, as of December 29, 2017.

Investments	Fair Value Measurements at Report Date Using:		
	Level 1	Level 2	Level 3
Mutual funds – fixed income	\$ 18,539,709	\$ -	\$ -
Mutual funds – equities	32,523,723	-	-
Total Investments	<u>\$ 51,063,432</u>	<u>\$ -</u>	<u>\$ -</u>

4. RESTRICTED CASH AND INVESTMENTS

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

- \$500,000 Hennepin Health cash restricted by MN statute 62D.041 for protection in the event of insolvency
- \$9,523,275 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota statutes, section 383B.81.
- \$51,063,432 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017, as restated	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2017
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 4,970,513	\$ 280,949	\$ -	\$ 5,251,462
Land	106,806,107	1,119,129	(4,791,426)	103,133,810
Construction in progress	193,357,887	127,229,436	(175,957,440)	144,629,883
<i>Total capital assets not being depreciated</i>	<u>305,134,507</u>	<u>128,629,514</u>	<u>(180,748,866)</u>	<u>253,015,155</u>
<i>Capital assets being depreciated:</i>				
Buildings	828,072,042	59,472,446	(29,211,980)	858,332,508
Equipment	177,342,244	12,901,606	(21,627,447)	168,616,403
Software	34,427,737	-	(12,631,157)	21,796,580
Library books and materials	50,503,561	6,145,268	(2,245,788)	54,403,041
Leasehold improvements	21,126,625	2,095,828	(315,257)	22,907,196
Land improvements	35,484,487	-	-	35,484,487
Infrastructure	1,462,211,107	119,302,296	(6,501,892)	1,575,011,511
<i>Total capital assets being depreciated</i>	<u>2,609,167,803</u>	<u>199,917,444</u>	<u>(72,533,521)</u>	<u>2,736,551,726</u>
<i>Less accumulated depreciation for:</i>				
Buildings	398,818,292	19,540,927	(29,037,236)	389,321,983
Equipment	125,681,983	15,329,032	(21,478,305)	119,532,710
Software	22,377,653	6,620,234	(12,631,157)	16,366,730
Library books and materials	29,529,246	7,279,823	(2,245,788)	34,563,281
Leasehold improvements	14,176,688	2,566,092	(315,257)	16,427,523
Land improvements	15,857,836	1,657,587	-	17,515,423
Infrastructure	443,139,037	20,749,579	(5,856,025)	458,032,591
<i>Total accumulated depreciation</i>	<u>1,049,580,735</u>	<u>73,743,274</u>	<u>(71,563,768)</u>	<u>1,051,760,241</u>
Total capital assets being depreciated, net	<u>1,559,587,068</u>	<u>126,174,170</u>	<u>(969,753)</u>	<u>1,684,791,485</u>
Governmental activities capital assets, net	<u>1,864,721,575</u>	<u>254,803,684</u>	<u>(181,718,619)</u>	<u>1,937,806,640</u>
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	37,768,072	-	-	37,768,072
Construction in progress	101,158,971	96,747,949	(1,704,660)	196,202,260
<i>Total capital assets not being depreciated</i>	<u>138,927,043</u>	<u>96,747,949</u>	<u>(1,704,660)</u>	<u>233,970,332</u>
<i>Capital assets being depreciated:</i>				
Buildings	541,353,591	9,280,395	(3,712,000)	546,921,986
Equipment	263,260,864	18,077,259	(1,892,849)	279,445,274
Leasehold improvements	26,768,103	1,882,496	(4,513,152)	24,137,447
Land improvements	1,893,908	-	-	1,893,908
<i>Total capital assets being depreciated</i>	<u>833,276,466</u>	<u>29,240,150</u>	<u>(10,118,001)</u>	<u>852,398,615</u>
<i>Less accumulated depreciation for:</i>				
Buildings	315,316,852	19,370,888	(3,709,377)	330,978,363
Equipment	171,629,696	20,524,328	(1,899,361)	190,254,663
Leasehold improvements	15,326,261	2,789,175	(4,513,000)	13,602,436
Land improvements	1,515,126	75,756	-	1,590,882
<i>Total accumulation depreciation</i>	<u>503,787,935</u>	<u>42,760,147</u>	<u>(10,121,738)</u>	<u>536,426,344</u>
Total capital assets being depreciated, net	<u>329,488,531</u>	<u>(13,519,997)</u>	<u>3,737</u>	<u>315,972,271</u>
Business-type activities capital assets, net	<u>468,415,574</u>	<u>83,227,952</u>	<u>(1,700,923)</u>	<u>549,942,603</u>
Total Capital Assets, Net	<u>\$ 2,333,137,149</u>	<u>\$ 338,031,636</u>	<u>\$ (183,419,542)</u>	<u>\$ 2,487,749,243</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

5. CAPITAL ASSETS – CONTINUED

Depreciation expenses for each governmental function, including the relevant Internal Service Fund amounts, are shown in a separate column in the government-wide statement of activities. The governmental activities programs' depreciation expenses, excluding the Internal Service Funds' amounts, are: Operations \$6,838,432, Human Services \$4,340,636, Health \$602,930, Public Safety \$3,889,573, Public Works, \$22,886,291 and Libraries \$15,817,365, RRA \$33,638, and HRA \$632,729.

Of the capital assets shown in governmental activities in the table on the previous page, the RRA and HRA blended component units' capital asset activity for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
RRA:				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 37,397,947	\$ -	\$ (291,426)	\$ 37,106,521
<i>Capital assets being depreciated:</i>				
Buildings	1,790,681	-	(755,901)	1,034,780
Less accumulated depreciation	1,404,647	33,638	(581,157)	857,128
	386,034	(33,638)	(174,744)	177,652
RRA Capital Assets, Net	\$ 37,783,981	\$ (33,638)	\$ (466,170)	\$ 37,284,173
HRA:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,423,503	\$1,119,129	\$ -	\$ 2,542,632
Construction in progress ¹	34,964,127	23,688,945	(43,529,566)	15,123,506
<i>Total capital assets not being depreciated</i>	36,387,630	24,808,074	(43,529,566)	17,666,138
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	-	-	12,654,573
Less accumulated depreciation	6,740,683	632,729	-	7,373,412
<i>Total capital assets being depreciated, net</i>	5,913,890	(632,729)	-	5,281,161
HRA Capital Assets, Net	\$ 42,301,520	\$ 24,175,345	\$(43,529,566)	\$ 22,947,299

¹ The HRA construction in progress deletion was a building that was completed and transferred from the HRA to the County.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

6. REVENUES AND RECEIVABLES

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

Fund:	Taxes Receivable	Intergov- ernmental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Total Net Receivables
General	\$4,533,489	\$ 11,266,791	\$ 3,139,219	\$ 6,837,044	\$ (686,095)	\$ 25,090,448
Human Services	1,946,433	50,140,912	-	386,477	(474,380)	51,999,442
Library	501,432	-	-	744,167	(118,622)	1,126,977
Ballpark Sales Tax	-	6,077,953	-	-	-	6,077,953
Transportation Sales Tax	-	14,374,783	-	-	-	14,374,783
HRA	59,220	136,829	-	28,401	(14,557)	209,893
RRA	224,411	-	-	118,430	(55,501)	287,340
General Debt Service	666,086	-	-	-	(156,780)	509,306
Capital Projects	41,463	31,345,300	188,198	104,000	(9,580)	31,669,381
Hennepin Health	-	-	-	19,558,221	(79,584)	19,478,637
Solid Waste	-	-	-	5,237,688	-	5,237,688
Medical Center	-	-	-	244,484,401	(31,047,141)	213,437,260
Nonmajor Enterprise	-	-	-	354,625	-	354,625
Internal Service	-	-	-	543,831	-	543,831
Total	\$7,972,534	\$ 113,342,568	\$ 3,327,417	\$ 278,397,285	\$ (32,642,240)	\$370,397,564

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 \$1,515,515 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:

	2017
Gross patient charges	\$ 2,406,922,000
Deductions from gross patient charges	(1,522,432,000)
Intergovernmental transfers	62,613,000
Uncompensated care reimbursements from County General Fund	22,500,000
Provision for bad debts	(41,463,000)
Net patient service revenue	\$ 928,140,000

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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. 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 2017 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	30%	20%
Medicaid	29	43
Medicare	18	30
Self-pay	23	7
	<u>100%</u>	<u>100%</u>

Notes Receivable. In addition to the receivables detailed in the preceding table, the County reports notes receivable totaling \$11,630,000 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. The County reports \$15,424,690 of notes receivable in the HRA Fund. In 2011, the County Board authorized participation in a project to construct the Northwest Family Service Center. The County’s participation in this transaction allowed the County and partners to benefit from New Market Tax Credits. The Capital Projects Fund originally provided a \$14,175,000 loan for the project that flowed through the HRA Fund to Northwest Family Service Center Lender LLC. At year-end, the HRA reports the remaining \$13,198,051 note receivable and a corresponding interfund payable to the County. The note charges a 6% interest rate and matures in June 2019. The HRA also provides Transit-oriented Development (TOD) loans and reports the \$2,968,852 notes receivable net of \$742,213 allowance for uncollectibles for net HRA TOD notes receivable of \$2,226,639. Notes receivable relating to lead abatement totaling \$94,082 are reported in the General Fund at \$84,674 after netting a \$9,408 allowance for uncollectibles.

Deferred Long-term Loans Receivable. In 2000, the HRA Board of Commissioners established the Affordable Housing Incentive Fund (AHIF) Program to assist municipalities, government and nonprofit agencies, private and nonprofit housing developers, and lenders in the development of affordable housing throughout Hennepin County. As of December 31, 2017 there are 186 AHIF deferred loans outstanding, with original terms ranging from 10 to 45 years. Loans totaling \$24,216,075 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 \$30,901,305 are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met and are expected to be repaid or refinanced with extended terms at their due date. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero. A total of \$12,409,140 is outstanding at year-end for 632 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 5 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved and net carrying value is zero.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

6. REVENUES AND RECEIVABLES – CONTINUED

Deferred Long-term Loans Receivable – continued. The federal Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. As of December 31, 2017 there are 423 HOME deferred loans totaling \$35,531,217 outstanding, with original terms ranging from 5 to 40 years. Loans are structured with various terms, including those with principal and interest deferred until the end of the loan term and expected to be repaid or refinanced with extended terms at that date; forgivable loan agreements placed through Habitat for Humanity; forgivable loans providing funding to the West Hennepin Affordable Housing Land Trust; loans to low-income homebuyers in the form of deferred, zero interest loans that are payable at the end of their 30-year term; and other loan structures. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

7. COMMITMENTS

Light Rail, Commuter Rail, and Bus Rapid Transit.

For the capital costs of light rail and bus rapid transit projects, commitments will be paid from future property tax revenues received by the RRA, and as of December 31, 2017 the RRA has committed to expend:

- \$59,900,000 for the capital costs of the project development continuance and engineering phases of the Southwest Corridor (METRO Green Line) light rail transit project. The RRA's total commitment is for up to 10% of the total capital cost not to exceed \$185,800,000; and
- \$50,890,000 for the engineering phase of the Bottineau (METRO Blue Line) light rail transit project. The RRA's total commitment is for up to 10% of the total capital cost not to exceed \$149,600,000; and
- \$12,790,000 for the Orange Line bus rapid transit project capital costs.

Separately from the RRA commitments above, the County has committed to expend the following amounts for the capital costs of light rail and bus rapid transit projects:

- \$44,000,000 for the capital costs of the project development continuance and engineering phases of the Southwest Corridor (METRO Green Line Extension) light rail transit project. The County's total commitment to this project is for an amount not to exceed \$402,595,000; and
- \$530,100,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs.
- \$24,923,000 for the Orange Line bus rapid transit project capital costs.

In addition, the County has committed to annually fund its share of the net operating costs of the existing METRO Blue Line, METRO Green Line and Northstar Commuter Rail line. The County will begin providing funding for transit operations in 2018. Commitments will be paid from the 0.5% transportation sales and use tax and \$20 per vehicle excise tax, both imposed by the County effective October 1, 2017.

Acquisition of the Thrivent Building. The County has committed to purchase the office building at 625 4th Avenue South in Minneapolis for \$55,000,000, plus normal and customary closing costs and other adjustments. The purchase, along with an \$11,458,000 commitment for the purchase of 332 parking stalls in a planned mixed-use project adjacent to the building, will be made in 2018 using proceeds from the issuance of G.O. bonds.

Solid Waste Facilities. The County is obligated under service agreements to make certain payments and supply solid waste to two solid waste facilities. Payments are being made from user charges, and future payments are expected to be \$15,840,000 in 2018 and \$12,293,000 in 2019.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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' postemployment healthcare benefits and compensated absences. As a result, the County reports these estimated future benefit costs in the fund statements on a full accrual basis. Interfund liabilities are reported in the governmental funds for the amounts to be paid to the internal service fund in future years for these benefits.

Interfund Balances at December 31, 2017 consisted of the following:

Fund Due From	Fund Due To	Purpose	Amount
<i>Between Funds Within Governmental Activities:</i>			
General	Internal Service	Postemployment healthcare benefits, \$49,000,000 is not expected to be repaid within one year.	\$52,539,412
Human Services	Internal Service	Postemployment healthcare benefits, \$27,000,000 not expected to be repaid within one year.	27,630,345
Library	Internal Service	Postemployment healthcare benefits, \$4,000,000 not expected to be repaid within one year.	4,269,866
HRA	Capital Projects	Northwest Family Service Center, full amount expected to be repaid in 2019	13,198,051
<i>Between Funds Within Business-type Activities:</i>			
Medical Center	Nonmajor Enterprise	Radio communications services	32,392
<i>Between Governmental Activities and Business-type Activities:</i>			
General	Medical Center	Investment earnings, medical services	1,659,646
Human Services	Medical Center	Medical services	449,441
Hennepin Health	General	Risk-share arrangement	913,230
Hennepin Health	Human Services	Risk-share arrangement	1,755,224
Capital Projects	Medical Center	Medical Center facility preservation	817,318
Medical Center	General	Legal services, human services	620,019
Medical Center	Human Services	Human services	32,624
Medical Center	Capital Projects	Construction of steam line to the Specialty Center	1,744,524
Medical Center	Internal Service	Provision of heat to buildings, construction of steam line to serve the new Specialty Center, self-insured workers compensation, vehicle rental	5,285,741

Interfund transfers during 2017 consisted of the following:

Fund Transferred From	Fund Transferred To	Purpose	Amount
General	Capital Projects	Contributions for building projects	\$ 610,563
General	General Debt Service	Wheelage tax support of debt service	2,000,000
General	General Debt Service	Central Library Parking Facility debt service	759,219
Ballpark Sales Tax	General	Sales tax support of youth sports	2,300,000
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,300,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	37,673,128
Transportation Sales Tax	Capital Projects	Southwest LRT	4,366,737
HRA	Human Services	Northwest Family Service Center	861,305
Capital Projects	HRA	NorthPoint Health & Wellness Center expansion	13,405,171
Capital Projects	HRA	Construction of South Minneapolis Human Services Center	14,320,436
Capital Projects	General Debt Service	Augsburg debt service	377,039
			\$ 78,973,598

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2017 are as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
G.O. bonds – County-wide & Capital Notes	\$ 752,478,229	\$ 70,380,224	\$ (71,393,700)	\$ 751,464,753	\$ 90,345,494
Limited Authority G.O. bonds RRA	33,145,000	-	(1,610,000)	31,535,000	1,670,000
G.O. bonds – non-levy supported	12,645,000	-	(1,015,000)	11,630,000	665,000
G.O. revenue bonds – CTIB	83,605,000	-	(83,605,000)	-	-
Unamortized premiums	108,824,940	20,946,712	(8,253,922)	121,517,730	-
Total G.O. bonds & notes	990,698,169	91,326,936	(165,877,622)	916,147,483	92,680,494
Sales tax revenue bonds	229,700,000	189,040,000	(234,070,000)	184,670,000	17,575,000
Unamortized premiums	6,595,534	21,462,726	(7,826,701)	20,231,559	-
Total revenue bonds and notes	236,295,534	210,502,726	(241,896,701)	204,901,559	17,575,000
Total G.O. & revenue bonds and notes	1,226,993,703	301,829,662	(407,774,323)	1,121,049,042	110,255,494
Notes payable	4,862,828	-	(518,092)	4,344,736	518,092
Compensated absences	94,009,325	13,749,805	(13,405,090)	94,354,040	10,600,000
Postemployment healthcare	61,334,742	10,926,453	(8,914,999)	63,346,196	-
Governmental Activities Total	1,387,200,598	326,505,920	(430,612,504)	1,283,094,014	121,373,586
<u>Business-type Activities:</u>					
G.O. bonds Golf Course	670,000	-	(160,000)	510,000	165,000
G.O. bonds Solid Waste	9,749,421	3,337,368	(361,300)	12,725,489	495,966
G.O. bonds Medical Center	62,937,350	86,282,408	-	149,219,758	4,328,540
Total G.O. bonds	73,356,771	89,619,776	(521,300)	162,455,247	4,989,506
Capital lease Medical Center	-	2,221,000	-	2,221,000	-
Compensated absences	41,477,774	3,775,917	(4,196,693)	41,056,998	4,200,000
Postemployment healthcare	42,207,979	6,782,635	(5,069,004)	43,921,610	-
Business-type Activities Total	157,042,524	102,399,328	(9,786,997)	249,654,855	9,189,506
Government-wide Total	\$1,544,243,122	\$ 428,905,248	\$ (440,399,501)	\$1,532,748,869	\$130,563,092

The Schedule of Changes in Long-term Debt (page 112) provides additional detail on bonds and notes. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

10. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds and notes are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities included in the County's annual five-year capital improvement program. During the year, G.O. bonds totaling \$160,000,000 were issued to finance County-wide capital improvements, including \$86,282,408 used for the construction of the Medical Center's Clinic and Specialty Center and \$3,337,368 used for Solid Waste Fund capital assets. The Medical Center Fund and Solid Waste Fund (business-type activities) will pay the annual debt service requirements of the G.O. bonds used.

During 2017, the County optionally redeemed \$25,395,000 of G.O. bonds. Additionally, the remaining \$83,605,000 of outstanding G.O. debt relating to bonds that the County had issued in 2010 to assist CTIB were legally defeased in 2017 as a condition of the dissolution of CTIB. The funds received from CTIB for the defeasance resulted in the elimination of the County's related note receivable from CTIB, with no gain or loss to the County.

Sales tax revenue bonds are issued when sales tax revenue is pledged to pay debt service. In 2007 and 2008, the County issued Ballpark Revenue Bonds and pledged revenue derived from a 0.15% Hennepin County sales tax to pay the debt service. The revenue bonds were issued for the construction of Target Field in Minneapolis, the home of the Minnesota Twins. Target Field is owned by the Minnesota Ballpark Authority, which is not a County agency or component unit.

In January 2017, \$116,885,000 of First Lien Sales Tax Revenue Refunding Bonds (Ballpark Project), Series 2017A were issued. Together with the premium and \$9,019,206 of Ballpark sales tax revenue cash, the bonds were used to refund the \$141,050,000 callable amount of First Lien Sales Tax Revenue Bonds (Ballpark Project), Series 2007A. The advance refunding resulted in a \$64,317,366 reduction in debt service payments over 21 years and an economic gain (difference between the present value of the debt service payments for the old and new debt) of \$32,229,800.

In December 2017, \$72,155,000 of Third Lien Variable Rate Sales Tax Revenue Refunding Notes (Ballpark Project – Direct Purchase) Series 2017D were privately placed with Wells Fargo Bank, National Association pursuant to a Continuing Covenant Agreement and the Fifth Supplemental Indenture of Trust, both dated December 1, 2017. Together with \$18,822,940 of Ballpark sales tax revenue cash, proceeds of the Notes were used to refund on a current basis the Second Lien Sales Tax Revenue Bonds (Ballpark Project), Series 2008B. The current refunding resulted in a \$38,952,835 reduction in debt service payments over the next thirteen years and an economic gain of \$3,918,282.

At year-end, \$238,105,023 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2032. Principal and interest paid for the current year and pledged net sales tax revenues received were \$18,406,444 and \$36,444,848, respectively.

To the extent that sales tax revenues are available each year after payment of debt service, other allowable payments may occur. In addition to use for debt service and for sales tax collection fees, the sales tax revenues may be used 1) to pay for certain operating costs of the Ballpark Authority, 2) to establish and annually fund a reserve fund for capital improvements to the Ballpark, and 3) to make certain expenditures and grants for youth activities and amateur sports and extended library hours.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

	<u>G.O. Bonds & Capital Notes</u>		<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities:					
2018	\$ 92,680,494	\$ 37,079,254	\$ 17,575,000	\$ 6,544,451	\$ 153,879,199
2019	51,705,663	32,981,413	18,330,000	6,172,542	109,189,618
2020	50,995,569	30,647,296	19,135,000	5,781,516	106,559,381
2021	51,295,782	28,416,799	19,900,000	5,368,875	104,981,456
2022	45,851,889	26,228,639	20,075,000	4,932,889	97,088,417
2023-27	198,173,755	103,783,170	42,635,000	18,404,500	362,996,425
2028-32	139,590,659	62,688,330	47,020,000	6,230,250	255,529,239
2033-37	137,810,420	27,788,483	-	-	165,598,903
2038-41	26,525,522	3,001,754	-	-	29,527,276
	<u>794,629,753</u>	<u>352,615,138</u>	<u>184,670,000</u>	<u>53,435,023</u>	<u>1,385,349,914</u>
Business-type Activities:					
2018	4,989,506	4,563,280	-	-	9,552,786
2019	5,339,337	4,458,429	-	-	9,797,766
2020	5,709,431	4,345,045	-	-	10,054,476
2021	5,914,218	4,222,644	-	-	10,136,862
2022	6,303,111	4,094,427	-	-	10,397,538
2023-27	36,291,245	17,654,442	-	-	53,945,687
2028-32	32,064,341	11,397,950	-	-	43,462,291
2033-37	36,199,580	7,032,773	-	-	43,232,353
2038-41	29,644,478	2,104,522	-	-	31,749,000
	<u>162,455,247</u>	<u>59,873,512</u>	<u>-</u>	<u>-</u>	<u>222,328,759</u>
	<u>\$957,085,000</u>	<u>\$412,488,650</u>	<u>\$184,670,000</u>	<u>\$53,435,023</u>	<u>\$1,607,678,673</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly. The liquidity facility that supports the general obligation bonds of series 2013C variable rate G.O. bonds in the event that they cannot be remarketed expires on December 1, 2018. While the County intends to extend the liquidity facility and redeem these variable rate bonds on their original principal amortization schedule, which requires principal payments in 2023 through 2029, these bonds totaling \$43,440,000 must be classified as current liabilities because the liquidity facility expires in less than one year. The liquidity facility that supports the general obligation bonds of series 2017B variable rate G.O. bonds expires July 5, 2022. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2022 debt service for governmental activities' G.O. bond principal will be \$97,541,889, rather than the \$45,851,889 shown in the table on the previous page for the year 2022.

Notes Payable annual debt service requirements are as follows:

	Notes Payable		Total
	Principal	Interest	
Governmental Activities:			
2018	\$ 518,092	\$ -	\$ 518,092
2019	518,092	-	518,092
2020	518,092	-	518,092
2021	518,092	-	518,092
2022	518,092	-	518,092
2023-25	1,754,276	-	1,754,276
	\$ 4,344,736	\$ -	\$ 4,344,736

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

10. DEBT SERVICE REQUIREMENTS – CONTINUED

Taxable commercial paper is used as a liquidity instrument and as an option for short-term financing of the capital improvement plan pursuant to the County Board-authorized \$200,000,000 commercial paper program. During the year, commercial paper was issued and repaid on the 2017 maturity dates as shown below:

<u>Date of Issuance</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
January 13	\$75,000,000	.75%	February 13
January 23	75,000,000	.72%	February 23
February 13	75,000,000	.71%	March 13
February 23	75,000,000	.70%	March 24
March 13	100,000,000	.95%	May 5
March 24	100,000,000	.94%	May 12

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.

<u>Conduit Financing, Agreement Date</u>	<u>Agreement(s) Not to Exceed</u>	<u>Balance December 31, 2016</u>	<u>Balance December 31, 2017</u>
Opportunity Partners, Inc., September 2008	\$ 2,940,022	\$ 1,264,532	\$ 1,021,428
Loring Park Apartments LLC, December 2001	17,250,000	17,250,000	17,250,000
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	20,120,000	20,120,000
Ebenezer York Assisted Living LLC December 2009	16,000,000	14,014,844	13,630,507
4041 Hiawatha Millworks Lofts April 2016	24,946,367	6,786,410	22,479,555
East Town Apartments May 2017	9,885,638	-	50,001
	<u>\$ 91,142,027</u>	<u>\$ 59,435,786</u>	<u>\$ 74,551,491</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

Classification and Amount at December 31, 2017				
<u>Fund and Purpose</u>	<u>Nonspendable</u>	<u>Restricted For</u>	<u>Committed For</u>	<u>Assigned For</u>
<u>General Fund</u>				
Inventories	\$ 2,981,343			
Prepays	730,213			
Grant requirements		\$ 595,176		
Statutory requirements - primarily relating to youth sports & County Recorder technology		13,844,033		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 39,704,269
<u>Human Services Fund</u>				
Prepays	316,527			
Grant requirements		265,754		
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 103,871,348	
<u>Library Fund</u>				
Endowments	1,972,129			
Prepays	1,238,272			
Donor requirements specific to media category or library location		4,572,516		
Extended Library hours		1,428,305		
Print/electronic collection and technology improvements			31,145,851	
<u>Ballpark Sales Tax Fund</u>				
Debt service & statutory requirements		8,902,888		
<u>Transportation Sales Tax Fund</u>				
Transportation & statutory requirements		2,096,473		
<u>HRA Fund</u>				
Prepays	257,265			
Land held for resale		5,353,789		
HRA general expenditures		8,203,410		
<u>RRA Fund</u>				
RRA general expenditures		11,892,653		
<u>RRA Debt Service Fund</u>				
Debt service		4,592,454		
<u>General Debt Service Fund</u>				
Debt service		13,626,871		
<u>Capital Projects Fund</u>				
Long-term portion of receivables		13,302,051		
Bond requirements relating to capital projects		103,248,349		

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

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, 2017 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Eden Prairie	\$ 1,380,235
Hopkins	953,235
Minneapolis	2,966,013
Minnetonka	390,556
Richfield	962,829
St Louis Park	3,553,928
Wayzata Housing & Redevelopment Authority	866,042
Eleven Other Cities and Authorities	852,189
	\$ 11,925,027

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, 2017 is \$1,500,000, and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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14. RISK MANAGEMENT – continued

A. Risk Management – Excluding the Medical Center – continued

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

	2017	2016
Estimated liability at beginning of year	\$ 500,000	\$ 500,000
Estimated incurred claims (including IBNR)	2,249,735	526,953
Claim payments	(1,249,735)	(526,953)
Estimated liability at end of year	\$ 1,500,000	\$ 500,000

In addition to the above estimated liability, the County has determined that it is reasonably possible that other claims may result in approximately \$1,000,000 of adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

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 2017, \$3,072,077 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The balance in the liability account at December 31, 2017 was \$15,109,236. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

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

	2017	2016
Estimated liability at beginning of year	\$ 16,109,236	\$ 13,709,236
Estimated incurred claims (including IBNR)	2,072,077	5,471,034
Claim payments and expenses	(3,072,077)	(3,071,034)
Estimated liability at end of year	\$ 15,109,236	\$ 16,109,236

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

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, 2017

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 on the previous page, however, prior to eligibility for the statutory liability limits a MCCU was exposed to certain tort liabilities, which are estimated at \$4,735,189. A second MCCU is not eligible for the statutory liability limits, so liability coverage is purchased on a claims-made basis covering claims of up to \$5,000,000 per occurrence or \$7,000,000 in the aggregate, subject to certain deductible and self-retention amounts. The Medical Center self-insures for general, professional, and employment practices exposures. Actuarial valuations are the basis for the estimated general liability and professional claims liability, which are included in accrued expenses in the statements of net position.

Workers' Compensation Claims. The Medical Center is self-insured for workers' compensation claims. During 2017, \$5,500,000 in benefits and administrative costs were paid and charged to the workers' compensation expense account. The estimated liability for claims represents an estimate for unpaid claims and for claims incurred but not reported. An actuarial valuation is the basis for the liability and expense. The actuarial calculations assume industry-based exposure rates and client-based statistically reliable and predictable loss data for professional liability. The workers' compensation liability is included in accrued expenses in the statements of net position. Changes in the Medical Center's estimated workers' compensation liability during the years are as follows:

	2017	2016
Estimated liability at beginning of year	\$ 14,150,000	\$ 13,760,000
Estimated incurred claims (including IBNR)	4,813,000	2,709,000
Claim payments and expenses	(3,813,000)	(2,319,000)
Estimated liability at end of year	\$ 15,150,000	\$ 14,150,000

15. SELF-INSURED EMPLOYEE HEALTH PLANS

A. Employee Health Plan – Excluding the Medical Center

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

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

	2017	2016
Estimated liability at beginning of year	\$ 9,413,076	\$ 6,225,325
Estimated incurred claims (including IBNR)	106,637,790	107,523,759
Claim payments and expenses	(108,188,868)	(104,336,008)
Estimated liability at end of year	\$ 7,861,998	\$ 9,413,076

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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15. SELF-INSURED EMPLOYEE HEALTH PLANS – CONTINUED

B. Employee Health Plan –Medical Center

Employee Health and Dental Claims are self-insured. The accrual for estimated claims includes estimates of the ultimate cost for IBNR claims and are based upon estimated cost of settlement. The Medical Center purchased reinsurance on a specific-case basis for 2017 and 2016, 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, 2017 and 2016, the limits were \$600,000 for specific claims and were \$90,300,000 and \$88,000,000 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:

	2017	2016
Estimated liability at beginning of year	\$ 1,724,392	\$ 1,945,000
Estimated incurred claims (including IBNR)	75,051,000	73,127,000
Claim payments and expenses	(76,179,058)	(73,347,608)
Estimated liability at end of year	\$ 596,334	\$ 1,724,392

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

Compensated Absences. Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 800 hours for most employees. The maximum is 1,280 hours for certain employees based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$13,601,786 in 2017. 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 \$96,195,407. At the government-wide level, \$1,841,371 is reported in business-type activities. The remaining amount of \$94,354,040 is reported in governmental activities, of which \$43,898,031 is funded in the Other Employee Benefits internal service fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Single-Employer Postemployment Healthcare Benefit Program

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

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

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, 2017 and 2016 were \$615,600 and \$545,300, respectively.

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Funding Policy. The Other Employee Benefits internal service fund is used to account for the cost and liquidation of postemployment healthcare benefits relating to governmental funds on a cost-reimbursement basis. Cash set aside in this internal service fund for the future costs of retiree healthcare totaling \$23,114,643 does not meet requirements for reporting this funding as a contribution in relation to the Annual Required Contribution (ARC). The required contribution is based on projected “pay-as-you-go” financing requirements. The County Board may change the funding policy at any time. In 2017, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$85 per month to the County for the benefit. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

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

The \$11,027,541 AOC in 2017 consists of the \$6,448,211 normal cost, the \$4,315,218 amortization of UAL, and net interest and adjustments of \$264,112. During 2017, approximately 751 former employees received this postemployment healthcare benefit. The table below shows the components of the County's annual OPEB cost, the amount actually contributed to the plan, and changes in the County's net OPEB obligation relating to the postemployment healthcare plan:

ARC	\$ 10,763,429
Interest on net OPEB obligation	2,377,010
Adjustments to ARC	<u>(2,112,898)</u>
AOC (expense)	11,027,541
Contributions made	<u>(8,984,000)</u>
Increase in net OPEB obligation	2,043,541
Net OPEB obligation - beginning of year	<u>63,386,939</u>
Net OPEB obligation - end of year	<u><u>\$ 65,430,480</u></u>

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

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$16,928,032	63%	\$62,002,161
2016	\$10,725,778	87%	\$63,386,939
2017	\$11,027,541	81%	\$65,430,480

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Funded Status and Funding Progress. The actuarial accrued liability for benefits as of January 1, 2017 was \$124,777,391. This liability will be phased in over 30 years until the adoption of GASB 75, which is discussed further in Note 19. Contributions in relation to the \$11,027,541 AOC during 2017 totaled \$8,984,000. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2017 remained \$124,777,391. The annual payroll of active employees covered by the plan was \$599,421,746. The ratio of the UAAL to the covered payroll was 20.8%.

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

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

In the January 1, 2016 actuarial valuation for 2016 and 2017, the entry age normal cost method was used. The actuarial assumptions include a 3.75% investment rate of return, which is the expected long-term investment return on the County's own investments. An annual healthcare cost trend rate of 6.4% initially, reduced over 55 years to an ultimate rate of 4.5%, was used. Wage inflation of 3.75% per year and a level percentage of projected payroll 30-year open amortization period were used. The Schedule of Funding Progress for the County's retiree health plans, including the Medical Center, is found in the Required Supplementary Information section on page 87.

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 \$39,215,627.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center – continued

Single-Employer Postemployment Healthcare Benefit Program

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. 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 in relation to the annual required contribution (ARC) 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 2017, 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.

Annual OPEB cost and net OPEB obligation. The Medical Center’s annual OPEB cost is calculated based on the ARC, which is actuarially determined in accordance with the parameters of GASB Statement No. 45. The \$2,985,000 AOC in 2017 consists of the \$1,700,000 normal cost, the \$1,118,000 amortization of UAL, and net interest and adjustments of \$167,000. During 2017, approximately 118 former employees received this postemployment healthcare benefit. The table below shows the components of the County’s annual OPEB cost, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation relating to the postemployment healthcare plan:

ARC	\$ 2,818,000
Interest on net OPEB obligation	1,506,000
Adjustments to ARC	<u>(1,339,000)</u>
AOC (expense)	2,985,000
Contributions made	<u>(2,751,000)</u>
Increase in net OPEB obligation	234,000
Net OPEB obligation - beginning of year	<u>40,156,000</u>
Net OPEB obligation - end of year	<u>\$ 40,390,000</u>

The noncurrent PCA liability at December 31 totaled \$1,447,826, and is reported together with the above net OPEB obligation on the Statements of Net Position.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

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

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Costs Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$3,037,000	72%	\$39,608,000
2016	\$2,906,000	81%	\$40,156,000
2017	\$2,985,000	92%	\$40,390,000

Funded Status and Funding Progress. The actuarial accrued liability for benefits as of January 1, 2017 was \$31,933,000. This liability will be phased in over 30 years until the adoption of GASB 75, which is discussed further in Note 19. Contributions in relation to the \$2,985,000 AOC during 2017 totaled \$2,751,000. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2017 remained \$31,933,000. The annual payroll of active employees covered by the plan was \$430,782,000. The ratio of the UAAL to the covered payroll was 7.4%. The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress, showing multiyear trend information about the actuarial accrued liability for benefits and the non-funded status, immediately follows the notes to the basic financial statements.

Actuarial Methods & Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the January 1, 2016 actuarial valuation for 2016 and 2017, the entry age normal cost method was used. The actuarial assumptions include a 3.75 percent discount rate. An annual health care cost trend rate of 7.9% initially, with an ultimate rate of 4%, was used. Actuarial calculations assume a level percentage of projected payroll 30-year open amortization period. The Schedule of Funding Progress for the County’s retiree health plans, including the Medical Center, is found in the Required Supplementary Information section on page 87.

18. EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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

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

Plan Description – continued

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

Benefits Provided. PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the State Legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases. The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

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 and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.
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 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.
3. *Correctional Plan Benefits* for members first hired after June 30, 2010 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. For Correctional Plan members who were first hired prior to July 1, 1989 a full annuity is available when age plus years of service equal at least 90.

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

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

1. *General Employees Fund Contributions.* Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2017. The County was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2017. The County's contributions to the General Employees Fund for the year ended December 31, 2017 were \$65,213,219. The County's contributions were equal to the required contributions as set by state statute.
2. *Police and Fire Fund Contributions.* Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The County was required to contribute 16.2% of pay for members in calendar year 2017. The County's contributions to the Police and Fire Fund for the year ended December 31, 2017 were \$6,917,586. The County's contributions were equal to the required contributions as set by state statute.
3. *Correctional Fund Contributions.* In calendar year 2017 plan members were required to contribute 5.83% of their annual covered salary. The County was required to contribute 8.75% of pay for plan members in calendar year 2017. The County's contributions to the Correctional Fund for the year ended December 31, 2017 were \$2,994,280. 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, 2017 the County recognized pension expense of \$172,756,801 in total for all pension plans.

1. *General Employees Fund Pension Costs.* At December 31, 2017, the County reported a liability of \$882,026,880 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6,000,000 to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the County totaled \$10,951,853. The net pension liability was measured as of June 30, 2017 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the County's proportionate share was 13.65% which was an increase of .72% from its proportion measured as of June 30, 2016. For the year ended December 31, 2017 the County recognized pension expense of \$143,327,993 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$316,302 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution to the General Employees Fund. At year end, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 28,707,977	\$ (52,891,481)
Changes in actuarial assumptions	136,948,539	(87,325,356)
Difference between projected and actual investment earnings	57,389,005	(103,176,180)
Changes in proportion	48,722,314	(6,980,485)
Contributions paid to PERA subsequent to measurement date	33,520,530	-
	\$ 305,288,365	\$ (250,373,502)

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

Pension Costs – continued.

1. *General Employees Fund Pension Costs – continued.* The \$33,520,530 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in 2018 through 2020 pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2018	\$ (1,091,809)
2019	(61,393,704)
2020	4,115,716
2021	36,975,464

2. *Police and Fire Fund Pension Costs.* At December 31, 2017 the County reported a liability of \$55,584,399 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2017 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the County's proportion was 4.12% which was an increase of .11% from its proportion measured as of June 30, 2016. The County also recognized \$360,540 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9,000,000 to the Police and Fire Fund each year, starting in fiscal year 2014. For the year ended December 31, 2017 the County recognized pension expense of \$12,722,250 for its proportionate share of the Police and Fire Plan's pension expense. At year end, the County reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 1,304,154	\$ (14,620,701)
Changes in actuarial assumptions	75,268,058	(78,916,056)
Difference between projected and actual investment earnings	5,705,767	(10,736,828)
Changes in proportion	4,291,641	(1,161,534)
Contributions paid to PERA subsequent to measurement date	3,573,788	-
	\$ 90,143,408	\$ (105,435,119)

The \$3,573,788 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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
2018	\$ 2,172,077
2019	(3,275,788)
2020	994,722
2021	4,216,357
2022	14,758,131

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Pension Costs – continued.

3. *Correctional Plan Pension Costs.* At December 31, 2017 the County reported a liability of \$49,419,174 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2017 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, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017 the County's proportion was 17.34% which was an increase of .11% from its proportion measured as of June 30, 2016. For the year ended December 31, 2017 the County recognized pension expense of \$16,029,716 for its proportionate share of the Correctional Plan's pension expense. At year end the County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 32,852	\$ (794,441)
Changes in actuarial assumptions	26,734,918	(8,602,375)
Difference between projected and actual investment earnings	413,021	(2,069,077)
Changes in proportion	599,224	(274,759)
Contributions paid to PERA subsequent to measurement date	1,530,319	-
	\$ 29,310,334	\$ (11,740,652)

The \$1,530,319, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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 June 30	Pension Expense Amount
2018	\$ (9,361,901)
2019	(10,996,565)
2020	2,943,434
2021	1,375,669

Actuarial Assumptions The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees Plan through 2044 and Police and Fire Plan through 2064 and then 2.5% thereafter for both plans, and 2.5% for all years for the Correctional Plan.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Actuarial Assumptions – continued. Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire Plan was completed in 2016. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from .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% percent 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 2.5% per year thereafter.

Police and Fire Fund

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average .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 .96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

Correctional Fund

- 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 .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 percent 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	39%	5.10%
International stocks	19%	5.30%
Bonds	20%	0.75%
Alternative assets	20%	5.90%
Cash	2%	0.00%
	100%	

Discount Rate. The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net 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. In the Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2062, when projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments were discounted at the municipal bond rate of 3.56% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.96% for the Correctional Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 3.56% after.

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 at Current Single Discount Rate (in thousands)

	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% Lower	6.5%	\$1,351,102,092	6.5%	\$104,681,641	4.96%	\$ 81,436,617
Current Discount Rate	7.5%	871,075,027	7.5%	55,584,399	5.96%	49,419,174
1% Higher	8.5%	478,085,683	8.5%	15,051,916	6.96%	24,429,112

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 2017, County governmental activities' pension liabilities were liquidated at a rate of approximately 54% General Fund 35% Human Services Fund, 5% Library Fund, and 6% internal service funds.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

B. Supplemental Retirement Defined Contribution Plan

The County administers a defined contribution plan that provides additional pension benefits for eligible employees through a nonelective deferred compensation plan "grandfathered" under Section 6064(d)(3) of the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). The plan is established and administered in accordance with Minnesota Statutes, Chapter 383B. Employees have the option to participate after five years of continuous service, although the plan has been discontinued for employees hired after April 13, 1982. State legislation requires that both the employee and the employer contribute an amount equal to 1% of the employee's gross salary. Contributions (and interest allocated to the employee's account) are fully vested immediately. The County's contributions to the Supplemental Retirement Plan for the years ending December 31, 2017, 2016, and 2015 were \$99,851, \$122,490, and \$150,462, respectively.

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

As described in Note 1, the County adopted the provisions of GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14 (GASB 80)*, in the current year.

Accounting Standards Not Yet Adopted

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, is effective for the County on January 1, 2019. This statement requires the recognition of a liability when certain legal obligations exist to perform future asset retirement activities.

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

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

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

GASB Statement No. 87, *Leases*, is effective for the County on January 1, 2020. This statement requires government lessees to recognize lease liabilities and an 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.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2017

20. SUBSEQUENT EVENTS

On May 31, 2018, the Hennepin County Board voted to increase its funding commitment for the Southwest Corridor (METRO Green Line Extension) light rail project by \$190,358,000, to a new total commitment of \$592,953,000.

On May 31, 2018, the Hennepin County Regional Railroad Authority also voted to increase its funding commitment for the Southwest Corridor (METRO Green Line Extension) light rail project by \$13,748,000, to a new total commitment of \$199,548,000.

On June 12, 2018, the Hennepin County Board authorized the issuance of \$100,000,000 of G.O. bonds for capital improvements.

Required Supplementary Information

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

	Actuarial Valuation Date		
	1/1/2012	1/1/2014	1/1/2016
<u>Results of Actuarial Valuation (Restated)</u>			
Actuarial value of assets	\$ -	-	-
Actuarial accrued liability (AAL) entry age normal cost method	\$ 273,065,404	232,905,432	154,890,871
Unfunded AAL (UAAL)	\$ 273,065,404	232,905,432	154,890,871
Funded ratio	0.0 %	0.0 %	0.0 %
Covered payroll	\$ 800,339,934	896,939,982	986,747,942
UAAL as a percentage of covered payroll	34.1 %	26.0 %	15.7 %

Notes:

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

See notes to required supplementary information.

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

<u>Year Ended</u>	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%
<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%
<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%

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. All years were updated to include Hennepin County Medical Center as a new blended component unit.

See notes to required supplementary information.

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

Fiscal Year Ended	Proportion (Percentage) of the Net Pension Liability	The County's Proportionate Share (Amount) of the Net Pension Liability (a)	The State's Proportionate Share (Amount) of the Net Pension Liability Associated with the County (b)	Combined Proportionate Share of the Net Pension Liability Associated With the County (a+b)	County Covered Payroll (c)	County Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Fund:							
6/30/2015	12.7199%	\$ 659,211,482	\$ -	\$ 659,211,482	\$ 748,386,350	88.1%	78.2%
6/30/2016	12.9213%	1,049,141,410	13,702,696	1,062,844,106	802,521,842	132.4%	68.9%
6/30/2017	13.6448%	871,075,027	10,951,853	882,026,880	880,985,965	100.1%	75.9%
Police and Fire Fund:							
6/30/2015	4.143%	\$ 47,074,163	\$ -	\$ 47,074,163	\$ 38,106,826	123.5%	86.6%
6/30/2016	4.010%	160,928,278	-	160,928,278	38,679,130	416.1%	63.9%
6/30/2017	4.117%	55,584,399	-	55,584,399	42,503,612	130.8%	85.4%
Correctional Fund:							
6/30/2015	17.09%	\$ 2,642,146	\$ -	\$ 2,642,146	\$ 30,694,935	8.6%	97.0%
6/30/2016	17.23%	62,943,603	-	62,943,603	42,770,433	147.2%	58.2%
6/30/2017	17.34%	49,419,174	-	49,419,174	34,650,138	142.6%	67.9%

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
 All years were updated to include Hennepin County Medical Center as a new blended component unit.

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2016 Actual
REVENUES					
Property taxes	\$ 339,815,292	\$ 350,382,250	\$ 357,786,261	\$ 7,404,011	\$ 340,499,862
Wheelage tax	9,700,000	9,700,000	9,973,509	273,509	9,918,363
Other taxes	11,656,053	2,156,053	3,013,535	857,482	3,187,109
Intergovernmental	102,754,005	103,228,673	94,394,280	(8,834,393)	100,237,916
Investment earnings (losses)	11,800,000	11,800,000	11,230,335	(569,665)	5,570,663
Charges for services	98,767,564	98,787,564	95,121,063	(3,666,501)	89,825,078
Fines and forfeits	211,000	370,178	327,436	(42,742)	376,412
Licenses and permits	6,735,200	6,735,200	6,394,048	(341,152)	6,334,978
Other	19,667,418	19,740,603	19,186,323	(554,280)	18,863,885
Total Revenues	601,106,532	602,900,521	597,426,790	(5,473,731)	574,814,266
EXPENDITURES - CURRENT					
Operations					
County Board:					
Personal services	2,680,708	2,685,708	2,519,521	166,187	2,434,599
Commodities	48,050	73,742	57,621	16,121	26,606
Contractual services	132,243	143,069	109,026	34,043	100,163
Capital outlay	2,400	2,400	-	2,400	-
Other charges	179,588	201,662	73,024	128,638	60,143
	<u>3,042,989</u>	<u>3,106,581</u>	<u>2,759,192</u>	<u>347,389</u>	<u>2,621,511</u>
County Administration:					
Personal services	2,137,315	2,137,315	2,035,111	102,204	2,061,443
Commodities	18,650	18,568	39,506	(20,938)	17,872
Contractual services	1,147,330	1,147,330	825,404	321,926	750,954
Capital outlay	-	-	-	-	-
Other charges	49,000	49,000	43,826	5,174	29,070
	<u>3,352,295</u>	<u>3,352,213</u>	<u>2,943,847</u>	<u>408,366</u>	<u>2,859,339</u>
Budget & Finance:					
Personal services	11,660,381	11,660,381	11,088,101	572,280	10,534,785
Commodities	24,850	-	468,235	(468,235)	337,359
Contractual services	3,739,941	3,679,506	4,092,703	(413,197)	4,198,263
Capital outlay	1,500	1,500	(121,602)	123,102	-
Other charges	380,450	380,450	157,305	223,145	218,181
	<u>15,807,122</u>	<u>15,721,837</u>	<u>15,684,742</u>	<u>37,095</u>	<u>15,288,588</u>
Facility Services:					
Personal services	23,695,770	23,695,770	22,776,841	918,929	20,726,186
Commodities	1,628,661	1,836,471	1,595,204	241,267	1,397,413
Contractual services	32,568,115	32,822,152	33,834,076	(1,011,924)	31,080,064
Capital outlay	-	95,168	174,893	(79,725)	51,970
Other charges	829,738	749,774	750,330	(556)	1,753,950
	<u>58,722,284</u>	<u>59,199,335</u>	<u>59,131,344</u>	<u>67,991</u>	<u>55,009,583</u>
Information Technology:					
Personal services	3,012,303	3,012,303	2,805,764	206,539	830,471
Commodities	902	902	49,656	(48,754)	47,239
Contractual services	3,249,699	4,077,068	2,385,822	1,691,246	490,701
Capital outlay	-	-	-	-	75,719
Other charges	47,371	47,371	22,032	25,339	-
	<u>6,310,275</u>	<u>7,137,644</u>	<u>5,263,274</u>	<u>1,874,370</u>	<u>1,444,130</u>
Real Property Group:					
Personal services	29,907,742	29,927,743	30,649,595	(721,852)	29,585,908
Commodities	324,426	312,882	437,866	(124,984)	407,685
Contractual services	9,594,048	8,643,757	7,633,632	1,010,125	7,745,601
Capital outlay	930,000	930,000	1,181,979	(251,979)	1,858,317
Other charges	1,710,256	1,710,256	1,411,654	298,602	1,829,218
	<u>42,466,472</u>	<u>41,524,638</u>	<u>41,314,726</u>	<u>209,912</u>	<u>41,426,729</u>
Human Resources:					
Personal services	9,184,233	9,184,233	9,781,096	(596,863)	8,049,762
Commodities	98,560	99,936	128,402	(28,466)	220,084
Contractual services	8,793,688	8,679,171	7,112,215	1,566,956	7,163,071
Capital outlay	300	300	-	300	-
Other charges	529,945	529,945	260,282	269,663	219,959
	<u>18,606,726</u>	<u>18,493,585</u>	<u>17,281,995</u>	<u>1,211,590</u>	<u>15,652,876</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2016 Actual
EXPENDITURES - CURRENT, continued					
Operations, continued					
Audit, Compliance and Investigation Services:					
Personal services	3,483,601	3,483,601	3,289,597	194,004	2,999,300
Commodities	40,900	40,841	4,514	36,327	39,530
Contractual services	897,389	897,657	742,785	154,872	664,545
Capital outlay	-	-	-	-	-
Other charges	75,900	75,900	47,356	28,544	33,106
	<u>4,497,790</u>	<u>4,497,999</u>	<u>4,084,252</u>	<u>413,747</u>	<u>3,736,481</u>
General County Purposes ¹ :					
Personal services	7,868,531	7,887,156	10,419,336	(2,532,180)	13,156,801
Commodities	275,000	136,009	197,920	(61,911)	109,928
Contractual services	5,360,858	5,545,073	4,985,311	559,762	5,512,220
Capital outlay	38,000	38,000	(6,371)	44,371	(147,960)
Other charges	12,851,528	11,645,803	5,053,711	6,592,092	4,335,050
	<u>26,393,917</u>	<u>25,252,041</u>	<u>20,649,907</u>	<u>4,602,134</u>	<u>22,966,039</u>
Total Operations:					
Personal services	93,630,584	93,674,210	95,364,962	(1,690,752)	90,379,255
Commodities	2,459,999	2,519,351	2,978,924	(459,573)	2,603,716
Contractual services	65,483,311	65,634,783	61,720,974	3,913,809	57,705,582
Capital outlay	972,200	1,067,368	1,228,899	(161,531)	1,838,046
Other charges	16,653,776	15,390,161	7,819,520	7,570,641	8,478,677
	<u>179,199,870</u>	<u>178,285,873</u>	<u>169,113,279</u>	<u>9,172,594</u>	<u>161,005,276</u>
Health					
NorthPoint Health & Wellness Center:					
Personal services	31,525,674	31,532,465	29,448,932	2,083,533	27,318,197
Commodities	2,745,808	2,781,109	2,473,043	308,066	2,419,629
Contractual services	5,705,327	5,678,798	6,071,319	(392,521)	5,774,549
Capital outlay	135,450	428,184	986,131	(557,947)	419,435
Other charges	646,635	646,635	838,038	(191,403)	589,825
	<u>40,758,894</u>	<u>41,067,191</u>	<u>39,817,463</u>	<u>1,249,728</u>	<u>36,521,635</u>
Medical Examiner:					
Personal services	4,858,810	4,858,810	4,740,940	117,870	4,684,832
Commodities	102,500	102,216	80,955	21,261	91,830
Contractual services	1,256,079	1,256,079	1,382,423	(126,344)	1,083,784
Capital outlay	-	-	-	-	-
Other charges	90,200	90,200	101,526	(11,326)	26,663
	<u>6,307,589</u>	<u>6,307,305</u>	<u>6,305,844</u>	<u>1,461</u>	<u>5,887,109</u>
Uncompensated Care:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	22,500,000	22,500,000	22,500,000	-	18,500,000
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>22,500,000</u>	<u>22,500,000</u>	<u>22,500,000</u>	<u>-</u>	<u>18,500,000</u>
Health Administration and Support:					
Personal services	869,927	869,927	849,365	20,562	407,167
Commodities	1,001	1,001	81	920	39
Contractual services	19,200	19,200	34,458	(15,258)	34,399
Capital outlay	-	-	-	-	-
Other charges	3,200	3,200	5,125	(1,925)	1,896
	<u>893,328</u>	<u>893,328</u>	<u>889,029</u>	<u>4,299</u>	<u>443,501</u>
Sexual Assault Resources Service (SARS):					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	950,000	1,106,000	1,105,713	287	851,860
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>950,000</u>	<u>1,106,000</u>	<u>1,105,713</u>	<u>287</u>	<u>851,860</u>
Total Health:					
Personal services	37,254,411	37,261,202	35,039,237	2,221,965	32,410,196
Commodities	2,849,309	2,884,326	2,554,079	330,247	2,511,498
Contractual services	30,430,606	30,560,077	31,093,913	(533,836)	26,244,592
Capital outlay	135,450	428,184	986,131	(557,947)	419,435
Other charges	740,035	740,035	944,689	(204,654)	618,384
	<u>71,409,811</u>	<u>71,873,824</u>	<u>70,618,049</u>	<u>1,255,775</u>	<u>62,204,105</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Safety					
Public Safety Administration & Integration:					
Personal services	6,796,688	6,819,188	6,261,842	557,346	3,801,473
Commodities	679,207	596,985	639,254	(42,269)	212,998
Contractual services	6,082,456	6,118,336	5,265,223	853,113	2,527,274
Capital outlay	55,000	80,000	77,599	2,401	23,878
Other charges	163,659	191,008	151,120	39,888	86,218
	<u>13,777,010</u>	<u>13,805,517</u>	<u>12,395,038</u>	<u>1,410,479</u>	<u>6,651,841</u>
County Attorney:					
Personal services	44,578,549	46,032,691	45,916,314	116,377	41,837,738
Commodities	259,500	272,212	252,423	19,789	225,544
Contractual services	7,932,297	8,023,136	8,199,509	(176,373)	7,307,687
Capital outlay	38,000	65,152	755	64,397	-
Other charges	208,089	243,089	215,435	27,654	308,814
	<u>53,016,435</u>	<u>54,636,280</u>	<u>54,584,436</u>	<u>51,844</u>	<u>49,679,783</u>
Court Functions:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	2,055,000	2,055,000	2,003,284	51,716	1,799,818
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>2,055,000</u>	<u>2,055,000</u>	<u>2,003,284</u>	<u>51,716</u>	<u>1,799,818</u>
Public Defender:					
Personal services	8,193,309	8,193,309	8,434,648	(241,339)	8,814,351
Commodities	184,000	235,343	71,643	163,700	705,799
Contractual services	6,290,257	6,183,161	5,797,820	385,341	5,886,558
Capital outlay	-	2,340	1,721	619	156,666
Other charges	87,200	87,200	70,148	17,052	74,485
	<u>14,754,766</u>	<u>14,701,353</u>	<u>14,375,980</u>	<u>325,373</u>	<u>15,637,859</u>
Sheriff:					
Personal services	83,215,315	84,055,376	86,029,784	(1,974,408)	82,412,274
Commodities	5,133,406	5,350,335	4,450,643	899,692	4,054,496
Contractual services	13,592,190	13,696,455	12,790,346	906,109	12,975,317
Capital outlay	348,000	346,536	235,687	110,849	208,484
Other charges	1,171,037	1,209,312	1,126,163	83,149	1,030,555
	<u>103,459,948</u>	<u>104,658,014</u>	<u>104,632,623</u>	<u>25,391</u>	<u>100,681,126</u>
Community Corrections and Rehabilitation:					
Personal services	92,217,049	92,479,011	90,739,102	1,739,909	87,328,154
Commodities	3,381,060	3,358,627	3,234,681	123,946	2,895,481
Contractual services	23,533,085	22,478,063	21,826,985	651,078	20,734,550
Capital outlay	145,000	149,761	93,616	56,145	41,950
Other charges	386,086	390,897	457,209	(66,312)	304,659
	<u>119,662,280</u>	<u>118,856,359</u>	<u>116,351,593</u>	<u>2,504,766</u>	<u>111,304,794</u>
Total Public Safety					
Personal services	235,000,910	237,579,575	237,381,690	197,885	224,193,990
Commodities	9,637,173	9,813,502	8,648,644	1,164,858	8,094,318
Contractual services	59,485,285	58,554,151	55,883,167	2,670,984	51,231,204
Capital outlay	586,000	643,789	409,378	234,411	430,978
Other charges	2,016,071	2,121,506	2,020,075	101,431	1,804,731
	<u>306,725,439</u>	<u>308,712,523</u>	<u>304,342,954</u>	<u>4,369,569</u>	<u>285,755,221</u>
Total Public Works:					
Personal services	37,208,809	37,218,346	34,607,926	2,610,420	34,523,826
Commodities	7,920,511	7,830,512	7,013,645	816,867	6,575,806
Contractual services	27,501,178	27,324,274	26,082,368	1,241,906	29,687,976
Capital outlay	325,200	651,756	865,986	(214,230)	310,729
Other charges	423,525	423,527	531,000	(107,473)	380,899
	<u>73,379,223</u>	<u>73,448,415</u>	<u>69,100,925</u>	<u>4,347,490</u>	<u>71,479,236</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance
Budgetary Comparisons by Department
General Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
TOTAL EXPENDITURES - CURRENT:					
Personal services	403,094,714	405,733,333	402,393,815	3,339,518	381,507,267
Commodities	22,866,992	23,047,691	21,195,292	1,852,399	19,785,338
Contractual services	182,900,380	182,073,285	174,780,422	7,292,863	164,869,354
Capital outlay	2,018,850	2,791,097	3,490,394	(699,297)	2,999,188
Other charges	19,833,407	18,675,229	11,315,284	7,359,945	11,282,691
Total Expenditures	\$ 630,714,343	\$ 632,320,635	\$ 613,175,207	\$ 19,145,428	\$ 580,443,838
Excess (Deficiency) of Revenues Over Expenditures	(29,607,811)	(29,420,114)	(15,748,417)	13,671,697	(5,629,572)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,300,000	2,300,000	3,031,097
Transfers out	(1,404,219)	(1,404,219)	(3,369,782)	(1,965,563)	(3,862,656)
Sale of capital assets	-	-	8,221,495	8,221,495	-
Total Other Financing Sources (Uses)	(1,404,219)	(1,404,219)	7,151,713	8,555,932	(831,559)
Net Change in Fund Balance	(31,012,030)	(30,824,333)	(8,596,704)	\$ 22,227,629	(6,461,131)
Fund Balance - Beginning	189,769,397	189,769,397	189,769,397		196,230,528
Fund Balance - Ending	\$ 158,757,367	\$ 158,945,064	\$ 181,172,693		\$ 189,769,397

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

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Human Services Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 246,066,854	\$ 244,999,895	\$ 247,851,099	\$ 2,851,204		\$ 235,664,730
Other taxes	-	-	189,804	189,804		184,820
Intergovernmental	265,585,253	270,381,954	269,505,655	(876,299)		262,990,712
Charges for services	45,142,080	45,142,080	47,049,492	1,907,412		43,824,990
Licenses and permits	1,725,000	1,725,000	1,718,177	(6,823)		1,643,488
Other	1,392,000	1,392,000	2,321,024	929,024		1,413,621
Total Revenues	559,911,187	563,640,929	568,635,251	4,994,322		545,722,361
EXPENDITURES						
Human Services:						
Personal services	303,395,520	305,221,861	307,134,907	(1,913,046)		283,255,108
Commodities	2,206,266	2,206,266	2,350,603	(144,337)		2,020,426
Contractual services	53,761,835	53,761,835	53,124,565	637,270		47,080,681
Public aid assistance	197,185,400	214,138,802	212,382,751	1,756,051		199,457,023
Capital outlay	70,000	70,000	-	70,000		41,693
Other	14,953,166	14,953,165	15,333,682	(380,517)		21,589,023
Total Expenditures	571,572,187	590,351,929	590,326,508	25,421		553,443,954
Excess (Deficiency) of Revenues Over Expenditures	(11,661,000)	(26,711,000)	(21,691,257)	5,019,743		(7,721,593)
OTHER FINANCING SOURCES						
Transfers in	861,000	861,000	861,305	305		863,664
Transfers out	-	-	-	-		(1,700,000)
Total Other Financing Sources (Uses)	861,000	861,000	861,305	305		(836,336)
Net Change in Fund Balance	(10,800,000)	(25,850,000)	(20,829,952)	\$ 5,020,048		(8,557,929)
Fund Balance - Beginning	125,283,581	125,283,581	125,283,581			133,841,510
Fund Balance - Ending	\$ 114,483,581	\$ 99,433,581	\$ 104,453,629			\$ 125,283,581

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Fund
For the Year Ended December, 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				
	Budgeted Amounts		Actual	Variance with Final Budget	2016 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 66,684,553	\$ 66,684,553	\$ 67,466,347	\$ 781,794	\$ 64,976,685
Other taxes	-	-	51,443	51,443	51,096
Intergovernmental	5,407,572	5,407,572	6,101,916	694,344	6,395,551
Investment earnings (losses)	80,000	80,000	69,138	(10,862)	27,641
Charges for services	934,000	1,048,000	1,141,367	93,367	1,056,068
Fines and forfeits	1,380,400	1,380,400	1,143,785	(236,615)	1,250,892
Other	1,612,200	1,498,200	1,626,338	128,138	1,425,543
Total Revenues	76,098,725	76,098,725	77,600,334	1,501,609	75,183,476
EXPENDITURES					
Libraries:					
Personal services	47,561,962	47,561,962	45,590,657	1,971,305	43,896,625
Commodities	1,733,944	2,014,244	1,466,939	547,305	1,422,254
Contractual services	27,042,348	27,720,535	26,916,138	804,397	25,689,850
Capital outlay	6,623,850	6,693,817	6,822,579	(128,762)	6,457,300
Other	906,621	863,023	612,398	250,625	567,069
Total Expenditures	83,868,725	84,853,581	81,408,711	3,444,870	78,033,098
Excess (Deficiency) of Revenues Over Expenditures	(7,770,000)	(8,754,856)	(3,808,377)	4,946,479	(2,849,622)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,370,000	2,370,000	2,300,000	(70,000)	2,300,000
Net Change in Fund Balance	(5,400,000)	(6,384,856)	(1,508,377)	\$ 4,876,479	(549,622)
Fund Balance - Beginning	41,865,450	41,865,450	41,865,450		42,415,072
Fund Balance - Ending	\$ 36,465,450	\$ 35,480,594	\$ 40,357,073		\$ 41,865,450

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ballpark Sales Tax Fund
For the Year Ended December, 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				
	Budgeted Amounts		Actual	Variance with Final Budget	2016 Actual
	Original	Final			
REVENUES					
Sales tax	\$ 36,422,600	\$ 36,422,600	\$ 36,892,052	\$ 469,452	\$ 36,468,191
Investment earnings (losses)	-	-	84,682	84,682	23,443
Total Revenues	<u>36,422,600</u>	<u>36,422,600</u>	<u>36,976,734</u>	<u>554,134</u>	<u>36,491,634</u>
EXPENDITURES					
Operations					
Contractual services	500,000	500,000	447,205	52,795	454,218
Grants	2,000,000	2,000,000	1,883,515	116,485	1,851,433
Total Expenditures	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,330,720</u>	<u>169,280</u>	<u>2,305,651</u>
Excess of Revenues Over Expenditures	<u>33,922,600</u>	<u>33,922,600</u>	<u>34,646,014</u>	<u>723,414</u>	<u>34,185,983</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(34,010,100)	(34,010,100)	(42,273,128)	(8,263,028)	(27,393,854)
Net Change in Fund Balance	(87,500)	(87,500)	(7,627,114)	\$ <u>(7,539,614)</u>	6,792,129
Fund Balance - Beginning	<u>16,530,002</u>	<u>16,530,002</u>	<u>16,530,002</u>		<u>9,737,873</u>
Fund Balance - Ending	<u>\$ 16,442,502</u>	<u>\$ 16,442,502</u>	<u>\$ 8,902,888</u>		<u>\$ 16,530,002</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Sales Tax Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Sales tax	\$ -	\$ 13,912,000	\$ 20,374,783	\$ 6,462,783	\$ -	
EXPENDITURES						
Public Works						
Contractual services	-	-	173,007	(173,007)	-	
Intergovernmental	-	13,912,000	13,738,566	173,434	-	
Total Expenditures	-	13,912,000	13,911,573	427	-	
Excess of Revenues Over Expenditures	-	-	6,463,210	6,463,210	-	
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	(4,366,737)	(4,366,737)	-	
Net Change in Fund Balance	-	-	2,096,473	\$ 2,096,473	-	
Fund Balance - Beginning	-	-	-	-	-	
Fund Balance - Ending	\$ -	\$ -	\$ 2,096,473		\$ -	

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Redevelopment Authority Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 8,286,875	\$ 8,286,875	\$ 8,343,034	\$ 56,159	\$ 7,109,791
Other taxes	-	-	6,473	6,473	5,419
Intergovernmental	1,316,028	1,316,028	195,616	(1,120,412)	1,158,706
Investment earnings (losses)	102,000	102,000	69,519	(32,481)	40,329
Charges for services	1,863,000	1,863,000	1,853,704	(9,296)	2,056,900
Other	603,257	603,257	647,229	43,972	229,807
Total Revenues	12,171,160	12,171,160	11,115,575	(1,055,585)	10,600,952
EXPENDITURES					
Housing and Redevelopment Authority:					
Commodities	1,250	1,250	2,612,890	(2,611,640)	109,528
Contractual services	4,637,902	5,265,049	3,573,745	1,691,304	4,272,746
Capital outlay	-	-	24,808,074	(24,808,074)	32,888,157
Other	900,980	900,980	15,499	885,481	526,776
Grants and contributions	8,631,028	8,631,566	5,461,397	3,170,169	5,426,991
Total Expenditures	14,171,160	14,798,845	36,471,605	(21,672,760)	43,224,198
Excess (Deficiency) of Revenues Over Expenditures	(2,000,000)	(2,627,685)	(25,356,030)	(22,728,345)	(32,623,246)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,000,000	2,650,000	27,725,607	25,075,607	27,347,520
Transfers out	-	-	(861,305)	(861,305)	(863,664)
Total Other Financing Sources (Uses)	2,000,000	2,650,000	26,864,302	24,214,302	26,483,856
Net Change in Fund Balance	-	22,315	1,508,272	\$ 1,485,957	(6,139,390)
Fund Balance - Beginning	12,306,192	12,306,192	12,306,192		18,445,582
Fund Balance - Ending	\$ 12,306,192	\$ 12,328,507	\$ 13,814,464		\$ 12,306,192

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Regional Railroad Authority Fund
For the Year Ended December 31, 2017
With Comparative Actual Amounts for Year Ended December 31, 2016

	2017				
	Budgeted Amounts		Actual	Variance with Final Budget	2016 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 25,236,813	\$ 25,236,813	\$ 25,498,199	\$ 261,386	\$ 27,023,703
Other taxes	-	-	8,270	8,270	11,261
Intergovernmental	-	-	4,928	4,928	13,801
Investment earnings (losses)	100,000	100,000	427,339	327,339	169,464
Charges for services	660,000	660,000	709,945	49,945	755,575
Other	3,004,000	3,004,000	3,928	(3,000,072)	13,375
Total Revenues	29,000,813	29,000,813	26,652,609	(2,348,204)	27,987,179
EXPENDITURES					
Regional Railroad Authority:					
Commodities	15,750	15,750	24,225	(8,475)	57,243
Contractual services	93,899,148	93,859,487	54,833,336	39,026,151	24,375,341
Other	140,316	140,316	44,694	95,622	105,527
Total Expenditures	94,055,214	94,015,553	54,902,255	39,113,298	24,538,111
Excess (Deficiency) of Revenues Over Expenditures	(65,054,401)	(65,014,740)	(28,249,646)	36,765,094	3,449,068
OTHER FINANCING SOURCES (USES)					
Issuance of debt	56,260,957	56,260,957	-	(56,260,957)	-
Transfers in	-	-	-	-	507,905
Sale of capital assets	-	-	1,094,855	1,094,855	-
Total Other Financing Sources	56,260,957	56,260,957	1,094,855	(55,166,102)	507,905
Net Change in Fund Balance	(8,793,444)	(8,753,783)	(27,154,791)	\$ (18,401,008)	3,956,973
Fund Balance - Beginning	39,047,444	39,047,444	39,047,444		35,090,471
Fund Balance - Ending	\$ 30,254,000	\$ 30,293,661	\$ 11,892,653		\$ 39,047,444

See notes to required supplementary information.

Hennepin County, Minnesota
Notes to Required Supplementary Information
 December 31, 2017

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
<u>HRA:</u>			
2014	\$ 4,900,000	\$ 4,187,128	\$ 712,872
2015	71,679,846	8,722,578	62,957,268
2016	25,900,000	39,138,054	(13,238,054)
2017	8,300,000	32,557,540	(24,257,540)
	<u>110,779,846</u>	<u>84,605,300</u>	<u>26,174,546</u>
<u>RRA:</u>			
2015	\$ 31,800,000	\$ 18,405,391	\$ 13,394,609
2016	50,100,000	14,009,691	36,090,309
2017	85,189,000	49,595,447	35,593,553
	<u>\$ 167,089,000</u>	<u>\$ 82,010,529</u>	<u>\$ 85,078,471</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.

INTERNAL SERVICE FUND LONG-TERM OBLIGATIONS

In December 2017, \$3,394,893 of G.O. bond liabilities, along with the related capital assets, were transferred to the Energy Center Internal Service Fund, as the Energy Center Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.

Supplementary Information Governmental Funds

Hennepin County, Minnesota
Balance Sheets
General Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and Investments	\$ 277,369,091	\$ 329,236,812
Delinquent taxes receivable	3,847,394	4,804,005
Due from other governmental agencies	11,266,791	10,392,912
Accrued investment interest	3,139,219	3,157,717
Interfund receivable	1,533,249	939,367
Other receivable	6,837,044	13,473,457
Prepaid items	730,213	327,874
Inventories	2,981,343	3,306,720
Note receivable	84,674	111,137
Total Assets	\$ 307,789,018	\$ 365,750,001
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 34,055,110	\$ 31,036,713
Accrued interest payable	-	31,600
Accrued liabilities	11,786,141	13,884,416
Interfund payable	54,199,058	49,689,365
Commercial paper payable	-	75,000,000
Unearned revenue	21,291,758	160,198
Total Liabilities	121,332,067	169,802,292
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,327,894	4,121,105
Unavailable revenue - intergovernmental	1,956,364	2,057,207
Total Deferred Inflows of Resources	5,284,258	6,178,312
Fund Balances:		
Nonspendable	3,711,556	3,634,594
Restricted	14,439,209	15,085,450
Assigned	39,704,269	42,751,107
Unassigned	123,317,659	128,298,246
Total Fund Balances	181,172,693	189,769,397
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 307,789,018	\$ 365,750,001

Hennepin County, Minnesota
Balance Sheets
Special Revenue Funds
December 31, 2017 and 2016

	Human Services		Library	
	2017	2016	2017	2016
ASSETS				
Cash and investments	\$ 129,489,920	\$ 142,662,402	\$ 42,759,207	\$ 41,072,220
Delinquent taxes receivable	1,472,053	1,894,000	382,810	502,225
Due from other governmental agencies	50,140,912	41,642,675	-	9,035
Interfund receivable	1,787,848	801,682	-	-
Other receivables	386,477	359,678	744,167	77,955
Prepaid items	316,527	190,650	1,238,272	1,335,560
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	6,026,820	6,000,089
	<u>\$ 183,593,737</u>	<u>\$ 187,551,087</u>	<u>\$ 51,151,276</u>	<u>\$ 48,997,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 26,306,222	\$ 26,742,070	\$ 1,407,393	\$ 1,406,804
Accrued liabilities	5,216,418	4,816,925	741,111	696,735
Interfund payable	28,079,786	27,877,803	4,269,866	4,552,305
Unearned revenue	15,808,073	166,278	4,026,023	29,465
	<u>75,410,499</u>	<u>59,603,076</u>	<u>10,444,393</u>	<u>6,685,309</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,350,453	1,691,600	349,810	446,325
Unavailable revenue - intergovernmental	2,379,156	972,830	-	-
	<u>3,729,609</u>	<u>2,664,430</u>	<u>349,810</u>	<u>446,325</u>
Fund Balances:				
Nonspendable	316,527	190,650	3,210,401	3,310,280
Restricted	265,754	-	6,000,821	6,009,061
Committed	103,871,348	125,092,931	31,145,851	32,546,109
	<u>104,453,629</u>	<u>125,283,581</u>	<u>40,357,073</u>	<u>41,865,450</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 183,593,737</u>	<u>\$ 187,551,087</u>	<u>\$ 51,151,276</u>	<u>\$ 48,997,084</u>

Ballpark Sales Tax		Transportation Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2017	2016	2017	2016	2017	2016	2017	2016
\$ -	\$ -	\$ -	\$ -	\$ 6,721,410	\$ 10,728,214	\$ 15,465,439	\$ 39,306,842
-	-	-	-	44,663	54,737	168,910	209,144
6,077,953	5,892,544	14,374,783	-	136,829	62,365	-	-
-	-	-	-	-	-	-	-
-	-	-	-	28,401	52,496	118,430	127,630
-	-	-	-	257,265	977,873	-	-
-	-	-	-	5,353,789	6,583,789	-	-
-	-	-	-	15,424,690	15,707,903	-	-
<u>2,905,670</u>	<u>10,711,992</u>	<u>1,633,263</u>	<u>-</u>	<u>853,953</u>	<u>767,806</u>	<u>455,840</u>	<u>434,435</u>
<u>\$ 8,983,623</u>	<u>\$ 16,604,536</u>	<u>\$ 16,008,046</u>	<u>\$ -</u>	<u>\$ 28,821,000</u>	<u>\$ 34,935,183</u>	<u>\$ 16,208,619</u>	<u>\$ 40,078,051</u>
\$ 80,735	\$ 74,534	\$ 13,911,573	\$ -	\$ 1,176,025	\$ 9,430,940	\$ 2,181,607	\$ 1,030,607
-	-	-	-	-	-	-	-
-	-	-	-	13,198,051	13,198,051	-	-
-	-	-	-	480,876	-	2,047,252	-
<u>80,735</u>	<u>74,534</u>	<u>13,911,573</u>	<u>-</u>	<u>14,854,952</u>	<u>22,628,991</u>	<u>4,228,859</u>	<u>1,030,607</u>
-	-	-	-	40,463	-	87,107	-
-	-	-	-	111,121	-	-	-
-	-	-	-	151,584	-	87,107	-
-	-	-	-	257,265	977,873	-	-
8,902,888	16,530,002	2,096,473	-	13,557,199	11,328,319	11,892,653	39,047,444
-	-	-	-	-	-	-	-
<u>8,902,888</u>	<u>16,530,002</u>	<u>2,096,473</u>	<u>-</u>	<u>13,814,464</u>	<u>12,306,192</u>	<u>11,892,653</u>	<u>39,047,444</u>
<u>\$ 8,983,623</u>	<u>\$ 16,604,536</u>	<u>\$ 16,008,046</u>	<u>\$ -</u>	<u>\$ 28,821,000</u>	<u>\$ 34,935,183</u>	<u>\$ 16,208,619</u>	<u>\$ 40,078,051</u>

Hennepin County, Minnesota
Balance Sheets
RRA Debt Service Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and investments	\$ <u>4,592,454</u>	\$ <u>297,074</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Fund Balances:		
Restricted	<u>4,592,454</u>	<u>\$ 297,074</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ <u>4,592,454</u>	 \$ <u>297,074</u>

Hennepin County, Minnesota
Balance Sheets
General Debt Service Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and investments	\$ 19,763,038	\$ 25,399,154
Delinquent taxes receivable	509,306	672,001
Note receivable	11,630,000	95,880,000
Restricted cash and investments	-	1,720,749
Total Assets	\$ 31,902,344	\$ 123,671,904
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,037,290	\$ 794,132
Unearned revenue	5,140,877	-
Total Liabilities	6,178,167	794,132
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	467,306	597,801
Unavailable revenue - intergovernmental	11,630,000	95,880,000
Total Deferred Inflows of Resources	12,097,306	96,477,801
Fund Balances:		
Restricted	13,626,871	26,399,971
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 31,902,344	\$ 123,671,904

Hennepin County, Minnesota
Balance Sheets
General Capital Projects Fund
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and investments	\$ 117,430,461	\$ 164,063,725
Delinquent taxes receivable	31,883	41,497
Due from other governmental agencies	31,345,300	7,030,833
Accrued investment interest	188,198	45,258
Interfund receivable	14,942,575	13,198,051
Other receivable	104,000	743,108
Total Assets	\$ 164,042,417	\$ 185,122,472
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 31,529,043	\$ 33,935,140
Interfund payable	817,318	-
Unearned revenue	5,545,823	8,227,539
Total Liabilities	37,892,184	42,162,679
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	28,983	36,598
Unavailable revenue - intergovernmental	9,570,850	1,589,300
Total Deferred Inflows of Resources	9,599,833	1,625,898
Fund Balances:		
Restricted	116,550,400	141,333,895
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 164,042,417	\$ 185,122,472

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Years Ended December 31, 2017 and 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 339,815,292	\$ 350,382,250	\$ 357,786,261	\$ 7,404,011	\$ 340,499,862	
Wheelage tax	9,700,000	9,700,000	9,973,509	273,509	9,918,363	
Other taxes	11,656,053	2,156,053	3,013,535	857,482	3,187,109	
Intergovernmental	102,754,005	103,228,673	94,394,280	(8,834,393)	100,237,916	
Investment earnings (losses)	11,800,000	11,800,000	11,230,335	(569,665)	5,570,663	
Charges for services	98,767,564	98,787,564	95,121,063	(3,666,501)	89,825,078	
Fines and forfeits	211,000	370,178	327,436	(42,742)	376,412	
Licenses and permits	6,735,200	6,735,200	6,394,048	(341,152)	6,334,978	
Other	19,667,418	19,740,603	19,186,323	(554,280)	18,863,885	
Total Revenues	601,106,532	602,900,521	597,426,790	(5,473,731)	574,814,266	
EXPENDITURES						
Operations	179,199,870	178,285,873	169,113,279	9,172,594	161,005,276	
Health	71,409,811	71,873,824	70,618,049	1,255,775	62,204,105	
Public safety	306,725,439	308,712,523	304,342,954	4,369,569	285,755,221	
Public works	73,379,223	73,448,415	69,100,925	4,347,490	71,479,236	
Total Expenditures	630,714,343	632,320,635	613,175,207	19,145,428	580,443,838	
Excess (Deficiency) of Revenues Over Expenditures	(29,607,811)	(29,420,114)	(15,748,417)	13,671,697	(5,629,572)	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	2,300,000	2,300,000	3,031,097	
Transfers out	(1,404,219)	(1,404,219)	(3,369,782)	(1,965,563)	(3,862,656)	
Sale of capital assets	-	-	8,221,495	8,221,495	-	
Total Other Financing Sources (Uses)	(1,404,219)	(1,404,219)	7,151,713	8,555,932	(831,559)	
Net Change in Fund Balance	(31,012,030)	(30,824,333)	(8,596,704)	\$ 22,227,629	(6,461,131)	
Fund Balance - Beginning	189,769,397	189,769,397	189,769,397		196,230,528	
Fund Balance - Ending	\$ 158,757,367	\$ 158,945,064	\$ 181,172,693		\$ 189,769,397	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RRA Debt Service Fund
For the Years Ended December 31, 2017 and 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 6,903,000	\$ 6,903,000	\$ 7,193,118	\$ 290,118		\$ 2,879,011
Other taxes	-	-	5,262	5,262		2,075
Total Revenues	<u>6,903,000</u>	<u>6,903,000</u>	<u>7,198,380</u>	<u>295,380</u>		<u>2,881,086</u>
EXPENDITURES						
Debt Service:						
Principal retirement	5,610,000	5,610,000	1,610,000	4,000,000		1,550,000
Interest and fiscal charges	<u>1,293,000</u>	<u>1,293,000</u>	<u>1,293,000</u>	-		<u>1,339,500</u>
Total Expenditures	<u>6,903,000</u>	<u>6,903,000</u>	<u>2,903,000</u>	<u>4,000,000</u>		<u>2,889,500</u>
Net Change in Fund Balance	-	-	4,295,380	<u>\$ 4,295,380</u>		(8,414)
Fund Balance - Beginning	<u>297,074</u>	<u>297,074</u>	<u>297,074</u>			<u>305,488</u>
Fund Balance - Ending	<u>\$ 297,074</u>	<u>\$ 297,074</u>	<u>\$ 4,592,454</u>			<u>\$ 297,074</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Debt Service Fund
For the Years Ended December 31, 2017 and 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 86,900,000	\$ 86,900,000	\$ 86,755,741	\$ (144,259)		\$ 87,079,647
Other taxes	-	-	65,510	65,510		67,701
Intergovernmental	11,380,169	104,943,169	98,024,343	(6,918,826)		12,338,316
Investment earnings	-	-	59,106	59,106		19,650
Total Revenues	98,280,169	191,843,169	184,904,700	(6,938,469)		99,505,314
EXPENDITURES						
Debt Service:						
Principal retirement	74,543,426	252,101,426	256,324,793	(4,223,367)		110,139,556
Interest and fiscal charges	60,339,050	60,339,050	54,688,166	5,650,884		44,525,468
Total Expenditures	134,882,476	312,440,476	311,012,959	1,427,517		154,665,024
Excess (Deficiency) of Revenues	(36,602,307)	(120,597,307)	(126,108,259)	(5,510,952)		(55,159,710)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	189,040,000	189,040,000		59,865,000
Payment to refunded bond escrow agent	-	-	(137,976,953)	(137,976,953)		(35,304,504)
Transfers in	36,602,307	36,602,307	40,809,386	4,207,079		25,722,970
Debt premiums	-	-	21,462,726	21,462,726		13,879,266
Total Other Financing Sources (Uses)	36,602,307	36,602,307	113,335,159	76,732,852		64,162,732
Net Change in Fund Balance	-	(83,995,000)	(12,773,100)	\$ 71,221,900		9,003,022
Fund Balance - Beginning	26,399,971	26,399,971	26,399,971			17,396,949
Fund Balance - Ending	\$ 26,399,971	\$ (57,595,029)	\$ 13,626,871			\$ 26,399,971

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Capital Projects Fund
For the Years Ended December 31, 2017 and 2016

	2017					2016 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 5,875,218	\$ 5,875,218	\$ 5,946,214	\$ 70,996		\$ 5,825,543
Other taxes	-	-	4,525	4,525		4,564
Intergovernmental	111,753,390	149,533,672	79,133,308	(70,400,364)		88,900,910
Investment earnings	-	-	1,014,728	1,014,728		486,070
Other	8,332,000	8,332,000	1,146,119	(7,185,881)		886,695
Total Revenues	125,960,608	163,740,890	87,244,894	(76,495,996)		96,103,782
EXPENDITURES						
Operations	-	-	10,984,250	(10,984,250)		18,029,940
Capital projects	308,420,608	341,351,103	172,583,098	168,768,005		183,261,307
Total Expenditures	308,420,608	341,351,103	183,567,348	157,783,755		201,291,247
Excess (Deficiency) of Revenues	(182,460,000)	(177,610,213)	(96,322,454)	81,287,759		(105,187,465)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	182,460,000	177,409,503	73,717,592	(103,691,911)		136,347,650
Transfers in	-	-	4,977,300	4,977,300		2,830,000
Transfers out	-	-	(28,102,646)	(28,102,646)		(28,782,982)
Sale of capital assets and other	-	-	-	-		483,806
Debt premiums	-	-	20,946,713	20,946,713		51,346,449
Total Other Financing Sources (Uses)	182,460,000	177,409,503	71,538,959	(105,870,544)		162,224,923
Net Change in Fund Balance	-	(200,710)	(24,783,495)	\$ (24,582,785)		57,037,458
Fund Balance - Beginning	141,333,895	141,333,895	141,333,895			84,296,437
Fund Balance - Ending	\$ 141,333,895	\$ 141,133,185	\$ 116,550,400			\$ 141,333,895



Hennepin County, Minnesota
Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2017

	Repayment Terms	Interest Rates	Amount of Original Issue
General Obligation -			
Levy Supported Bonds and Notes			
October 22, 2008 Series E, Capital Notes	Retired in 2017	-	\$ 15,000,000
December 1, 2009 Series B	\$9,425,000 in 2018, \$9,535,000 in 2019, \$9,740,000 in 2020 and \$15,625,000 in various increments from 2021 through 2023	4.0 to 5.0%	108,530,000
December 1, 2009 Series C	\$3,770,000 in 2018	5.0%	27,980,000
December 1, 2009 Series D, ¹ Taxable	\$3,960,000 in 2019, \$4,135,000 in 2020, \$4,270,000 in 2021 and \$39,655,000 in various increments from 2022 through 2029	4.35 to 5.4%	52,020,000
May 4, 2010 Series A	\$515,000 in 2018, \$555,000 in 2019, \$605,000 in 2020 and \$5,560,000 in various increments from 2021 through 2028	3.125 to 4.0%	10,215,000
September 15, 2010 Series B	\$3,780,000 in 2018, \$3,890,000 in 2019 and \$3,970,000 in 2020	2.0 to 4.0%	34,250,000
September 15, 2010 Series B, Capital Notes	\$1,080,000 in 2018, \$1,110,000 in 2019 and \$1,130,000 in 2020	2.0 to 4.0%	10,000,000
September 15, 2010 Series C, ¹ Taxable	\$4,130,000 in 2021, \$4,220,000 in 2022, \$4,320,000 in 2023 and \$28,390,000 in various increments from 2024 through 2029	3.50 to 4.5%	41,060,000
September 15, 2010 Series D, ² Recovery Zone Econ Development	\$5,665,000 in 2030, \$5,950,000 in 2031, \$6,145,000 in 2032 and \$19,615,000 in various increments from 2033 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,465,000 in 2018, \$2,560,000 in 2019, \$2,665,000 in 2020 and \$36,400,000 in various increments from 2021 through 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	\$2,035,000 in 2018, \$2,000,000 in 2019, \$1,960,000 in 2020 and \$5,565,000 in various increments from 2021 through 2023	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	\$3,275,000 in 2018, \$3,225,000 in 2019, \$3,180,000 in 2020 and \$14,835,000 in various increments from 2021 through 2025	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$4,000,000 in 2018, 2019, 2020 and 2021	3.0 to 5.0%	40,000,000
December 03, 2013 Series C ³	\$43,440,000 in 2018	Variable - Est. 1.27%	85,000,000
November 04, 2014 Series A	\$2,500,000 in 2018, \$2,815,000 in 2019, \$2,900,000 in 2020 and \$89,425,000 in various increments from 2021 through 2039	5.0%	100,000,000
November 04, 2014 Series B	\$6,470,000 in 2018, \$6,540,000 in 2019, \$5,950,000 in 2020 and \$45,220,000 in various increments from 2021 through 2027	4.0 to 5.0%	80,615,000
July 13, 2016 Series A	\$1,270,000 in 2018, \$1,525,000 in 2019, \$1,800,000 in 2020 and \$99,690,000 in various increments from 2021 through 2041	5.0%	104,285,000
October 19, 2016 Series B	\$3,000,000 in 2018, 2019, 2020, 2021 and \$80,000,000 in various increments from 2022 through 2036	5.0%	95,000,000
October 19, 2016 Series C	\$4,905,000 in 2018, \$5,100,000 in 2019, \$4,115,000 in 2020 and \$41,345,000 in various increments from 2021 through 2028	5.0%	59,865,000
July 6, 2017 Series B	\$1,535,000 in 2018, \$1,595,000 in 2019, \$1,660,000 in 2020 and \$55,210,000 in various increments from 2021 through 2041	Variable - Est. 1.27%	60,000,000
August 29, 2017 Series C	\$1,870,000 in 2018, \$3,215,000 in 2019, \$3,375,000 in 2020 and \$91,540,000 in various increments through 2037	5.0%	100,000,000
G.O. Non-Levy Supported Bonds			
December 1, 1998 Augsburg	Retired in 2017		2,550,000
September 15, 2010 Series B, Watershed District	\$145,000 in 2018, \$150,000 in 2019, \$155,000 in 2020 and \$1,840,000 in various increments from 2021 through 2030	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$205,000 in 2018, \$215,000 in 2019, \$220,000 in 2020 and \$3,025,000 in various increments from 2021 through 2031	3.0 to 4.0%	4,715,000
January 29, 2013 Series B, Watershed District	\$315,000 in 2018, \$325,000 in 2019, \$335,000 in 2020 and \$4,700,000 in various increments from 2021 through 2032	2.0 to 3.0%	7,075,000
December 22, 2010 CTIB Bonds	Retired in 2017		102,810,000
Sales Tax Revenue Bonds			
Ballpark: May 30, 2007 Series A	Retired in 2017		150,000,000
Ballpark: April 10, 2008 Series B	Retired in 2017		116,775,000
Ballpark: January 30, 2017 Series A	\$3,975,000 in 2018, \$4,230,000 in 2019, \$4,535,000 in 2020 and \$99,775,000 in various increments from 2021 through 2032	5.0%	116,885,000
Ballpark: December 14, 2017 Series D	\$13,600,000 in 2018, \$14,100,000 in 2019, \$14,600,000 in 2020, \$15,000,000 in 2021 and \$14,855,000 in 2022	Variable - Est. 1.27%	72,155,000
Limited Tax Bonds			
Regional Railroad Authority (RRA) March 17, 2010 Series A	\$1,670,000 in 2018, \$1,730,000 in 2019, \$1,810,000 in 2020 and \$26,325,000 in various increments from 2021 through 2031	3.0 to 4.0%	42,595,000

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.

³Series 2013C liquidity agreement is expected to be renewed prior to current expiration date of December, 1, 2018, with principal and interest on the the bonds to be paid as scheduled: \$5,500,000 in 2023, \$5,720,000 in 2024, \$5,950,000 in 2025, and \$26,270,000 in various increments from 2026 through 2029.

	Principal Payable				Interest Payable		
	Balance Dec. 31, 2016	Additions	Payments	Balance Dec. 31, 2017	Due Within One Year	Total	Due Within One Year
General Obligation - Levy Supported Bonds and Notes							
October 22, 2008 Series E, Capital Notes	\$ 2,160,000	\$ -	\$ 2,160,000	\$ -	\$ -	\$ -	\$ -
December 1, 2009 Series B	53,540,000	-	9,215,000	44,325,000	9,425,000	5,405,550	1,962,600
December 1, 2009 Series C	7,360,000	-	3,590,000	3,770,000	3,770,000	188,500	188,500
December 1, 2009 Series D, ¹ Taxable	52,020,000	-	-	52,020,000	-	19,389,418	2,564,858
May 4, 2010 Series A	7,705,000	-	470,000	7,235,000	515,000	1,772,200	274,531
September 15, 2010 Series B	15,310,000	-	3,670,000	11,640,000	3,780,000	745,400	350,000
September 15, 2010 Series B, Capital Notes	4,365,000	-	1,045,000	3,320,000	1,080,000	212,400	99,800
September 15, 2010 Series C, ¹	41,060,000	-	-	41,060,000	-	13,891,220	1,656,155
September 15, 2010 Series D, ² Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	27,770,189	1,780,008
November 15, 2011 Series A	46,460,000	-	2,370,000	44,090,000	2,465,000	12,971,239	1,611,618
January 25, 2012 Series A	13,635,000	-	2,075,000	11,560,000	2,035,000	938,475	295,638
March 08, 2012 Series B	27,835,000	-	3,320,000	24,515,000	3,275,000	2,504,750	608,350
January 29, 2013 Series A	18,130,000	-	2,130,000	16,000,000	4,000,000	1,440,000	640,000
December 03, 2013 Series C	71,030,000	-	27,590,000	43,440,000	43,440,000	551,688	551,688
November 04, 2014 Series A	98,820,000	-	1,180,000	97,640,000	2,500,000	65,329,000	4,882,000
November 04, 2014 Series B	69,880,000	-	5,700,000	64,180,000	6,470,000	15,343,599	2,951,250
July 13, 2016 Series A	104,285,000	-	-	104,285,000	1,270,000	80,128,500	5,214,250
October 19, 2016 Series B	95,000,000	-	3,000,000	92,000,000	3,000,000	59,891,500	4,600,000
October 19, 2016 Series C	59,865,000	-	4,400,000	55,465,000	4,905,000	17,406,500	2,773,250
July 6, 2017 Series B	-	60,000,000	-	60,000,000	1,535,000	10,965,593	763,940
August 29, 2017 Series C	-	100,000,000	-	100,000,000	1,870,000	62,422,778	6,277,778
Total G.O. Levy Supported	825,835,000	160,000,000	71,915,000	913,920,000	95,335,000	399,268,499	40,046,214
G.O. Non-Levy Supported Bonds							
December 1, 1998 Augsburg	370,000	-	370,000	-	-	-	-
September 15, 2010 Series B, Watershed District	2,435,000	-	145,000	2,290,000	145,000	537,400	70,813
November 15, 2011 Series A, Watershed District	3,860,000	-	195,000	3,665,000	205,000	1,077,788	133,969
January 29, 2013 Series B, Watershed District	5,980,000	-	305,000	5,675,000	315,000	1,254,263	146,838
December 22, 2010 CTIB Bonds	83,605,000	-	83,605,000	-	-	-	-
Total G.O. Non-Levy Supported	96,250,000	-	84,620,000	11,630,000	665,000	2,869,451	351,620
Sales Tax Revenue Bonds							
Ballpark: May 30, 2007 Series A	141,050,000	-	141,050,000	-	-	-	-
Ballpark: April 10, 2008 Series B	88,650,000	-	88,650,000	-	-	-	-
Ballpark: January 30, 2017, Series A	-	116,885,000	4,370,000	112,515,000	3,975,000	50,635,500	5,625,750
Ballpark: December 14, 2017, Series D Refunding Notes	-	72,155,000	-	72,155,000	13,600,000	2,799,523	918,701
Total Sales Tax Revenue	229,700,000	189,040,000	234,070,000	184,670,000	17,575,000	53,435,023	6,544,451
Limited Tax Bonds							
Regional Railroad Authority (RRA) March 17, 2010 Series A	33,145,000	-	1,610,000	31,535,000	1,670,000	10,350,700	1,244,700
Total of Long-Term Debt Payable	\$ 1,184,930,000	\$ 349,040,000	\$ 392,215,000	\$ 1,141,755,000	\$ 115,245,000	\$ 465,923,673	\$ 48,186,985



Supplementary Information Enterprise Funds

Hennepin County, Minnesota
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2017
With Comparative Totals for December 31, 2016

	Glen Lake Golf Course	Radio Communications	Totals	
	2017	2016	2017	2016
ASSETS				
Current Assets:				
Cash.	\$ 83,348	\$ 3,887,362	\$ 3,970,710	\$ 4,138,334
Interfund receivable.	-	32,392	32,392	37,059
Other receivables.	-	354,625	354,625	225,577
Inventories.	3,548	-	3,548	4,307
Prepaid items.	2,619	-	2,619	2,028
Total Current Assets	89,515	4,274,379	4,363,894	4,407,305
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.	-	11,734,418	11,734,418	10,204,323
Total capital assets	3,722,167	11,734,418	15,456,585	13,926,490
Less accumulated depreciation.	2,325,790	6,117,407	8,443,197	7,756,492
Net Capital Assets	1,396,377	5,617,011	7,013,388	6,169,998
Total Assets	\$ 1,485,892	\$ 9,891,390	\$ 11,377,282	\$ 10,577,303
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable.	\$ 14,337	\$ 89,378	\$ 103,715	\$ 116,352
General obligation bonds.	165,000	-	165,000	160,000
Total Current Liabilities	179,337	89,378	268,715	276,352
Noncurrent Liabilities, Net of Current Portion:				
General obligation bonds.	345,000	-	345,000	510,000
Total Liabilities	524,337	89,378	613,715	786,352
NET POSITION				
Net investment in capital assets.	886,377	5,617,011	6,503,388	5,499,998
Unrestricted.	75,178	4,185,001	4,260,179	4,290,953
Total Net Position	961,555	9,802,012	10,763,567	9,790,951
Total Liabilities and Net Position	\$ 1,485,892	\$ 9,891,390	\$ 11,377,282	\$ 10,577,303

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017
With Comparative Totals for December 31, 2016

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
OPERATING REVENUES				
Charges for services.	\$ 942,191	\$ 2,999,556	\$ 3,941,747	\$ 4,018,439
OPERATING EXPENSES				
Personal services.	541,888	1,571,561	2,113,449	1,899,296
Commodities.	93,247	157,218	250,465	247,589
Contractual services.	128,809	231,997	360,806	365,309
Depreciation.	87,851	920,742	1,008,593	929,344
Other.	<u>23,344</u>	<u>190,137</u>	<u>213,481</u>	<u>163,249</u>
Total Operating Expenses	<u>875,139</u>	<u>3,071,655</u>	<u>3,946,794</u>	<u>3,604,787</u>
Operating Income (Loss)	<u>67,052</u>	<u>(72,099)</u>	<u>(5,047)</u>	<u>413,652</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	(13,400)	-	(13,400)	(16,500)
Gain (Loss) on capital asset disposal.	<u>-</u>	<u>(4,711)</u>	<u>(4,711)</u>	<u>(9,663)</u>
Total Nonoperating Revenues (Expenses)	<u>(13,400)</u>	<u>(4,711)</u>	<u>(18,111)</u>	<u>(26,163)</u>
Income (Loss) Before Capital Contributions	53,652	(76,810)	(23,158)	387,489
Capital contributions.	<u>-</u>	<u>995,774</u>	<u>995,774</u>	<u>-</u>
Change in Net Position	53,652	918,964	972,616	387,489
Total Net Position - Beginning	<u>907,903</u>	<u>8,883,048</u>	<u>9,790,951</u>	<u>9,403,462</u>
Total Net Position-Ending	<u>\$ 961,555</u>	<u>\$ 9,802,012</u>	<u>\$ 10,763,567</u>	<u>\$ 9,790,951</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 942,191	\$ 2,875,175	\$ 3,817,366
Payments to suppliers for goods and services.	(221,634)	(402,106)	(623,740)
Payments to employees for services.	(541,888)	(1,571,561)	(2,113,449)
Other operating disbursements.	(23,344)	(190,137)	(213,481)
	<u>155,325</u>	<u>711,371</u>	<u>866,696</u>
Net Cash Provided by Operating Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	-	(860,920)	(860,920)
Interest paid.	(13,400)	-	(13,400)
Principal payments.	(160,000)	-	(160,000)
	<u>(173,400)</u>	<u>(860,920)</u>	<u>(1,034,320)</u>
Net Cash Used by Capital and Related Financing Activities			
Net Decrease In Cash	(18,075)	(149,549)	(167,624)
Cash at Beginning of Year	101,423	4,036,911	4,138,334
	<u>83,348</u>	<u>3,887,362</u>	<u>3,970,710</u>
Cash at End of Year	\$ 83,348	\$ 3,887,362	\$ 3,970,710
CASH COMPONENTS:			
Cash.	\$ 83,348	\$ 3,887,362	\$ 3,970,710
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 67,052	\$ (72,099)	\$ (5,047)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	87,851	920,742	1,008,593
(Increase) decrease in:			
Receivables and prepaid items.	(591)	(124,381)	(124,972)
Inventories.	759	-	759
Increase (decrease) in:			
Accounts payable and accrued expenses.	254	(12,891)	(12,637)
	<u>155,325</u>	<u>711,371</u>	<u>866,696</u>
Net Cash Provided by Operating Activities			
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	-	995,774	995,774
Loss on disposal of capital assets.	-	(4,711)	(4,711)

Hennepin County, Minnesota
Schedules of Net Position
Enterprise Funds
December 31, 2017 and 2016

	Hennepin Health		Solid Waste	
	2017	2016	2017	2016
ASSETS AND DEFERRED OUTFLOWS				
Current Assets:				
Cash.....	\$ 84,929,218	\$ 59,984,105	\$ 20,353,026	\$ 21,638,365
Interfund receivable.....	-	-	-	-
Other receivables.....	19,478,637	11,156,333	5,237,688	5,291,309
Inventories.....	-	-	2,897,887	-
Prepaid items.....	19,451	291,766	2,215	-
Total Current Assets	<u>104,427,306</u>	<u>71,432,204</u>	<u>28,490,816</u>	<u>26,929,674</u>
Noncurrent Assets:				
Restricted cash and investments.....	500,000	500,000	9,523,275	8,518,105
Notes receivable.....	-	-	986,521	1,084,272
Capital Assets:				
Land.....	-	-	8,179,432	8,179,432
Land improvements.....	-	-	-	-
Buildings.....	-	-	163,806,816	163,548,972
Equipment.....	746,004	744,839	32,997,245	28,297,702
Software.....	-	-	-	-
Leasehold improvements.....	1,301,599	1,262,103	-	-
Construction in progress.....	-	-	71,968	1,442,971
Total capital assets	<u>2,047,603</u>	<u>2,006,942</u>	<u>205,055,461</u>	<u>201,469,077</u>
Less accumulated depreciation and amortization.....	<u>215,865</u>	<u>22,126</u>	<u>86,199,530</u>	<u>78,645,317</u>
Net Capital Assets	<u>1,831,738</u>	<u>1,984,816</u>	<u>118,855,931</u>	<u>122,823,760</u>
Total Noncurrent Assets	<u>2,331,738</u>	<u>2,484,816</u>	<u>129,365,727</u>	<u>132,426,137</u>
Total Assets	<u>106,759,044</u>	<u>73,917,020</u>	<u>157,856,543</u>	<u>159,355,811</u>
Deferred Outflows of Resources:				
Pension-related.....	1,285,381	2,200,314	1,221,881	2,026,931
Total Assets and Deferred Outflows	<u>\$ 108,044,425</u>	<u>\$ 76,117,334</u>	<u>\$ 159,078,424</u>	<u>\$ 161,382,742</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities:				
Interfund payable.....	\$ 2,668,454	\$ 5,383,679	\$ -	\$ -
Accounts and contracts payable.....	4,957,327	2,605,606	3,691,717	2,712,227
Accrued expenses.....	38,436,640	17,627,142	127,370	121,055
Unearned revenue.....	17,941,158	10,382,356	-	-
Current portion of:				
Workers' compensation claims.....	-	-	-	-
General obligation bonds and notes.....	-	-	495,966	361,299
Compensated absences.....	150,000	150,000	50,000	50,000
Total Current Liabilities	<u>64,153,579</u>	<u>36,148,783</u>	<u>4,365,053</u>	<u>3,244,581</u>
Noncurrent liabilities, net of current portion:				
Workers' compensation claims.....	-	-	-	-
Capital lease.....	-	-	-	-
General obligation bonds and notes.....	-	-	12,229,523	9,388,122
Net pension.....	6,484,616	7,698,209	5,599,174	6,667,014
Postemployment healthcare benefits.....	1,098,085	1,106,970	985,699	944,727
Compensated absences.....	542,170	469,586	1,099,201	1,005,207
Total Noncurrent Liabilities	<u>8,124,871</u>	<u>9,274,765</u>	<u>19,913,597</u>	<u>18,005,070</u>
Total Liabilities	<u>72,278,450</u>	<u>45,423,548</u>	<u>24,278,650</u>	<u>21,249,651</u>
Deferred Inflows of Resources:				
Pension-related.....	1,027,565	323,239	809,306	189,570
Net Position:				
Net investment in capital assets.....	1,831,738	1,984,816	106,130,442	113,074,339
Restricted for:				
Statutory requirements relating to:				
Metropolitan health plan.....	32,906,672	28,385,731	-	-
Solid waste management.....	-	-	27,817,288	26,856,536
Medical Center expendable.....	-	-	-	-
Medical Center nonexpendable.....	-	-	-	-
Brownfield assessment and cleanup.....	-	-	42,738	12,646
Unrestricted (deficit).....	-	-	-	-
Total Net Position	<u>34,738,410</u>	<u>30,370,547</u>	<u>133,990,468</u>	<u>139,943,521</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 108,044,425</u>	<u>\$ 76,117,334</u>	<u>\$ 159,078,424</u>	<u>\$ 161,382,742</u>

		Medical Center		Total Nonmajor			
		2017	2016	2017	2016		
\$	59,391,626	\$	68,880,983	\$	3,970,710	\$	4,138,334
	2,926,405		4,205,205		32,392		37,059
	213,437,260		186,914,221		354,625		225,577
	5,947,651		6,091,191		3,548		4,307
	7,546,438		8,102,720		2,619		2,028
	<u>289,249,380</u>		<u>274,194,320</u>		<u>4,363,894</u>		<u>4,407,305</u>
	51,063,432		43,268,964		-		-
	-		-		-		-
	28,603,548		28,603,548		985,092		985,092
	-		-		1,893,908		1,893,908
	382,272,003		376,961,452		843,167		843,167
	230,025,637		219,953,000		11,734,418		10,204,323
	3,941,970		4,061,000		-		-
	22,835,848		25,506,000		-		-
	196,130,292		99,716,000		-		-
	863,809,298		754,801,000		15,456,585		13,926,490
	441,567,752		417,363,766		8,443,197		7,756,492
	<u>422,241,546</u>		<u>337,437,234</u>		<u>7,013,388</u>		<u>6,169,998</u>
	<u>473,304,978</u>		<u>380,706,198</u>		<u>7,013,388</u>		<u>6,169,998</u>
	<u>762,554,358</u>		<u>654,900,518</u>		<u>11,377,282</u>		<u>10,577,303</u>
	186,761,153		233,422,816		-		-
\$	<u>949,315,511</u>	\$	<u>888,323,334</u>	\$	<u>11,377,282</u>	\$	<u>10,577,303</u>
\$	7,715,300	\$	2,888,941	\$	-	\$	-
	26,279,073		36,255,339		103,715		116,352
	72,112,478		57,225,025		-		-
	-		-		-		-
	1,700,000		1,700,000		-		-
	4,328,540		-		165,000		160,000
	4,000,000		4,000,000		-		-
	<u>116,135,391</u>		<u>102,069,305</u>		<u>268,715</u>		<u>276,352</u>
	13,450,000		12,450,000		-		-
	2,221,000		-		-		-
	144,891,218		62,937,350		345,000		510,000
	361,936,998		473,315,726		-		-
	41,837,826		40,156,282		-		-
	35,215,627		35,802,981		-		-
	<u>599,552,669</u>		<u>624,662,339</u>		<u>345,000</u>		<u>510,000</u>
	<u>715,688,060</u>		<u>726,731,644</u>		<u>613,715</u>		<u>786,352</u>
	172,659,978		86,589,068		-		-
	270,459,201		274,499,884		6,503,388		5,499,998
	-		-		-		-
	-		-		-		-
	28,251,421		26,544,760		-		-
	20,748,955		19,122,000		-		-
	-		-		-		-
	<u>(258,492,104)</u>		<u>(245,164,022)</u>		<u>4,260,179</u>		<u>4,290,953</u>
	<u>60,967,473</u>		<u>75,002,622</u>		<u>10,763,567</u>		<u>9,790,951</u>
\$	<u>949,315,511</u>	\$	<u>888,323,334</u>	\$	<u>11,377,282</u>	\$	<u>10,577,303</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Hennepin Health Fund
For the Years Ended December 31, 2017 and 2016

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
OPERATING REVENUES				
Net charges for services.	\$ 264,116,527	\$ 231,003,831	\$ (33,112,696)	\$ 127,883,397
OPERATING EXPENSES				
Personal services.	11,684,557	10,437,274	1,247,283	9,026,766
Commodities.	20,513	27,305	(6,792)	21,708
Contractual services.	244,068,067	208,457,007	35,611,060	118,950,097
Depreciation and amortization.	230,000	199,596	30,404	16,269
Other.	7,053,505	8,079,066	(1,025,561)	-
Total Operating Expenses	<u>263,056,642</u>	<u>227,200,248</u>	<u>35,856,394</u>	<u>128,014,840</u>
Operating Income (Loss)	<u>1,059,885</u>	<u>3,803,583</u>	<u>2,743,698</u>	<u>(131,443)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	1,055,402	648,043	(407,359)	338,331
Interest expense.	(201,181)	(83,763)	117,418	(83,662)
Total Nonoperating Revenues (Expenses)	<u>854,221</u>	<u>564,280</u>	<u>(289,941)</u>	<u>254,669</u>
Income (Loss) Before Contributions	1,914,106	4,367,863	2,453,757	123,226
Capital contributions.	-	-	-	768,430
Change in Net Position	1,914,106	4,367,863	\$ <u>2,453,757</u>	891,656
Total Net Position - Beginning	<u>30,370,547</u>	<u>30,370,547</u>		<u>29,478,891</u>
Total Net Position - Ending	<u>\$ 32,284,653</u>	<u>\$ 34,738,410</u>		<u>\$ 30,370,547</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Solid Waste Fund
For the Years Ended December 31, 2017 and 2016

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Charges for services.	\$ 52,150,724	\$ 53,834,305	\$ 1,683,581	\$ 52,352,065
OPERATING EXPENSES				
Personal services.	7,537,679	8,005,478	(467,799)	8,017,938
Commodities.	408,660	302,175	106,485	362,263
Contractual services.	42,780,822	44,562,387	(1,781,565)	36,889,511
Depreciation and amortization.	7,760,367	7,554,213	206,154	6,893,918
Other.	7,642,163	1,586,538	6,055,625	975,543
Total Operating Expenses	<u>66,129,691</u>	<u>62,010,791</u>	<u>4,118,900</u>	<u>53,139,173</u>
Operating Income (Loss)	<u>(13,978,967)</u>	<u>(8,176,486)</u>	<u>5,802,481</u>	<u>(787,108)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.	6,170,443	4,977,117	(1,193,326)	5,485,153
Investment earnings (losses).	310,858	288,966	(21,892)	147,834
Interest expense.	(695,562)	(287,542)	408,020	-
Other.	3,291,777	3,743,368	451,591	3,647,892
Environmental grants awarded.	<u>(2,500,000)</u>	<u>(6,498,476)</u>	<u>(3,998,476)</u>	<u>(5,915,940)</u>
Total Nonoperating Revenues (Expenses)	<u>6,577,516</u>	<u>2,223,433</u>	<u>(4,354,083)</u>	<u>3,364,939</u>
Change in Net Position	(7,401,451)	(5,953,053)	<u>\$ 1,448,398</u>	2,577,831
Total Net Position - Beginning	<u>139,943,521</u>	<u>139,943,521</u>		<u>137,365,690</u>
Total Net Position - Ending	<u>\$ 132,542,070</u>	<u>\$ 133,990,468</u>		<u>\$ 139,943,521</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Medical Center Fund
For the Years Ended December 31, 2017 and 2016

	<u>2017</u> Actual	<u>2016</u> Actual
OPERATING REVENUES		
Net charges for services.....	\$ 939,043,280	\$ 911,550,281
Grants.....	<u>59,256,840</u>	<u>54,106,224</u>
Total Operating Revenues	<u>998,300,120</u>	<u>965,656,505</u>
OPERATING EXPENSES		
Personal services.....	718,060,625	722,014,085
Commodities.....	219,809,482	202,608,314
Contractual services.....	47,274,165	50,866,849
Depreciation and amortization.....	33,997,745	33,542,387
Other.....	<u>7,426,995</u>	<u>6,325,621</u>
Total Operating Expenses	<u>1,026,569,012</u>	<u>1,015,357,256</u>
Operating Income (Loss)	<u>(28,268,892)</u>	<u>(49,700,751)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (losses).....	7,309,358	3,454,471
Other.....	<u>(475,849)</u>	<u>1,010,293</u>
Total Nonoperating Revenues (Expenses)	<u>6,833,509</u>	<u>4,464,764</u>
Income (Loss) Before Contributions	(21,435,383)	(45,235,987)
Capital contributions.....	<u>7,400,234</u>	<u>17,323,096</u>
Change in Net Position	(14,035,149)	(27,912,891)
Total Net Position - Beginning	<u>75,002,622</u>	<u>102,915,513</u>
Total Net Position - Ending	<u>\$ 60,967,473</u>	<u>\$ 75,002,622</u>



Hennepin County, Minnesota
Schedules of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2017 and 2016

	Hennepin Health	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 251,049,827	\$ 129,162,931
Operating grants.....	-	-
Payments to suppliers for goods and services.....	(205,860,276)	(141,306,390)
Payments to employees for services.....	(9,967,909)	(8,633,572)
Other operating disbursements.....	(8,079,066)	-
	<u>27,142,576</u>	<u>(20,777,031)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net grants and contributions.....	-	-
Net Interfund loans.....	(2,715,225)	604,659
	<u>(2,715,225)</u>	<u>604,659</u>
Net Cash Provided (Used) by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.....	(46,518)	(1,191,585)
Interest paid.....	(83,763)	(83,662)
Proceeds from issuance of debt.....	-	-
Debt issuance cost and principal payments.....	-	-
	<u>(130,281)</u>	<u>(1,275,247)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income.....	648,043	338,331
Purchase of investments.....	-	-
Sale of investments.....	-	-
	<u>648,043</u>	<u>338,331</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	24,945,113	(21,109,288)
Cash at Beginning of Year	60,484,105	81,593,393
	<u>85,429,218</u>	<u>60,484,105</u>
Cash at End of Year	\$ 85,429,218	\$ 60,484,105
CASH COMPONENTS:		
Cash.....	\$ 84,929,218	\$ 59,984,105
Restricted cash.....	500,000	500,000
	<u>85,429,218</u>	<u>60,484,105</u>
Cash at End of Year	\$ 85,429,218	\$ 60,484,105
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).....	\$ 3,803,583	\$ (131,443)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.....	199,596	16,269
(Increase) decrease in:		
Receivables and prepaid items.....	(8,049,989)	916,121
Due from component unit.....	-	-
Inventories.....	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.....	23,224,918	(23,534,477)
Due to component unit.....	-	1,658,807
Unearned revenue.....	7,558,802	(155,450)
Net pension liability.....	(1,213,593)	2,541,409
Deferred outflows-pension.....	914,933	(1,568,139)
Deferred inflows-pension.....	704,326	(520,128)
	<u>27,142,576</u>	<u>(20,777,031)</u>
Net Cash Provided (Used) by Operating Activities		
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets.....	\$ -	\$ 768,430
Gain (loss) on disposal of capital assets.....	-	-
Increase (decrease) in fair value of investments.....	(45,779)	(396,072)
Capitalized interest.....	-	-

Solid Waste		Medical Center		Nonmajor			
				Glen Lake Golf Course		Radio Communications	
2017	2016	2017	2016	2017	2016	2017	2016
\$ 53,894,241	\$ 52,659,938	\$ 928,686,494	\$ 935,782,702	\$ 942,191	\$ 985,509	\$ 2,875,175	\$ 2,819,377
-	-	59,256,840	54,106,224	-	-	-	-
(46,785,174)	(38,993,674)	(276,360,091)	(245,849,484)	(221,634)	(227,611)	(402,106)	(316,483)
(7,513,566)	(7,547,856)	(694,612,590)	(688,433,299)	(541,888)	(533,436)	(1,571,561)	(1,365,860)
(1,586,538)	(335,927)	(7,426,995)	(6,325,621)	(23,344)	(22,276)	(190,137)	(140,973)
(1,991,037)	5,782,481	9,543,658	49,280,522	155,325	202,186	711,371	996,061
2,319,760	3,304,865	(475,849)	1,010,293	-	-	-	-
-	-	4,826,359	(100,147)	-	-	-	-
2,319,760	3,304,865	4,350,510	910,146	-	-	-	-
(610,316)	-	(109,180,823)	(104,330,808)	-	-	(860,920)	(1,808,449)
(287,542)	-	-	-	(13,400)	(16,500)	-	-
-	-	86,282,408	62,937,350	-	-	-	-
-	-	-	-	(160,000)	(155,000)	-	-
(897,858)	-	(22,898,415)	(41,393,458)	(173,400)	(171,500)	(860,920)	(1,808,449)
288,966	147,834	1,832,054	2,673,177	-	-	-	-
-	-	(3,820,028)	(35,639,000)	-	-	-	-
-	-	1,502,864	29,196,000	-	-	-	-
288,966	147,834	(485,110)	(3,769,823)	-	-	-	-
(280,169)	9,235,180	(9,489,357)	5,027,387	(18,075)	30,686	(149,549)	(812,388)
30,156,470	20,921,290	68,880,983	63,853,596	101,423	70,737	4,036,911	4,849,299
\$ 29,876,301	\$ 30,156,470	\$ 59,391,626	\$ 68,880,983	\$ 83,348	\$ 101,423	\$ 3,887,362	\$ 4,036,911
\$ 20,353,026	\$ 21,638,365	\$ 59,391,626	\$ 68,880,983	\$ 83,348	\$ 101,423	\$ 3,887,362	\$ 4,036,911
9,523,275	8,518,105	-	-	-	-	-	-
\$ 29,876,301	\$ 30,156,470	\$ 59,391,626	\$ 68,880,983	\$ 83,348	\$ 101,423	\$ 3,887,362	\$ 4,036,911
\$ (8,176,486)	\$ (787,108)	\$ (28,268,892)	\$ (49,700,751)	\$ 67,052	\$ 111,211	\$ (72,099)	\$ 302,441
7,554,213	6,893,918	33,997,745	33,542,387	87,851	87,851	920,742	841,493
51,406	275,656	(24,687,957)	18,452,440	(591)	(558)	(124,381)	(188,077)
-	-	-	-	-	-	-	(25,476)
(2,897,887)	-	143,540	(1,089,321)	759	1,303	-	-
1,120,771	(1,036,190)	7,005,377	16,763,007	254	2,379	(12,891)	65,680
-	-	-	-	-	-	-	-
(1,067,840)	2,446,416	(111,378,728)	200,261,472	-	-	-	-
805,050	(1,509,525)	46,661,663	(169,441,890)	-	-	-	-
619,736	(500,686)	86,070,910	493,178	-	-	-	-
\$ (1,991,037)	\$ 5,782,481	\$ 9,543,658	\$ 49,280,522	\$ 155,325	\$ 202,186	\$ 711,371	\$ 996,061
\$ -	\$ -	\$ 7,400,234	\$ 17,323,096	\$ -	\$ -	\$ 995,774	\$ -
-	-	8,448	-	-	-	(4,711)	(9,663)
(144,431)	(157,241)	5,577,796	781,294	-	-	-	-
-	-	3,060,000	999,000	-	-	-	-



Supplementary Information Other



Hennepin County, Minnesota
Combining Statement of Net Position
Internal Service Funds
December 31, 2017
With Comparative Totals for December 31, 2016

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
ASSETS				
Current Assets:				
Cash	\$ 2,549,054	\$ 24,971,955	\$ 30,698,563	\$ 1,951,607
Interfund receivable	27,455	698,185	-	2,450,056
Receivables from users	9,841	43,986	119,554	201,372
Inventories	77,265	160,724	-	98,492
Prepaid items	217,162	-	7,196,159	-
Total Current Assets	2,880,777	25,874,850	38,014,276	4,701,527
Capital Assets:				
Land	-	-	-	1,040,600
Buildings	-	-	-	45,401,501
Equipment	4,406,031	55,485,011	39,083,675	280,965
Software	-	-	4,702,015	-
Construction in progress	-	6,346,383	-	-
Total capital assets	4,406,031	61,831,394	43,785,690	46,723,066
Less accumulated depreciation	2,850,827	32,861,175	31,662,397	24,087,449
Net Capital Assets	1,555,204	28,970,219	12,123,293	22,635,617
Total Assets	\$ 4,435,981	\$ 54,845,069	\$ 50,137,569	\$ 27,337,144
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts and contracts payable	\$ 170,484	\$ 3,308,446	\$ 3,840,884	\$ 974,395
Accrued expenses	85,968	32,997	690,705	2,681
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	2,617,854
Compensated absences	50,000	60,000	475,000	-
Total Current Liabilities	306,452	3,401,443	5,006,589	3,594,930
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	16,648,395
Postemployment healthcare benefits	(118,994)	364,523	1,079,447	4,789
Compensated absences	271,747	135,459	3,663,689	43,442
Total Noncurrent Liabilities	152,753	499,982	4,743,136	16,696,626
Total Liabilities	459,205	3,901,425	9,749,725	20,291,556
Net Position:				
Net investment in capital assets	1,555,204	28,970,219	12,123,293	3,369,368
Unrestricted	2,421,572	21,973,425	28,264,551	3,676,220
Total Net Position	3,976,776	50,943,644	40,387,844	7,045,588
Total Liabilities and Net Position	\$ 4,435,981	\$ 54,845,069	\$ 50,137,569	\$ 27,337,144

	Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
				2017	2016
\$	17,146,042	\$ 35,140,395	\$ 67,012,673	\$ 179,470,289	\$ 174,375,205
	2,110,045	-	84,439,623	89,725,364	84,797,247
	-	169,078	-	543,831	714,734
	-	-	-	336,481	620,172
	-	-	-	7,413,321	6,184,226
	<u>19,256,087</u>	<u>35,309,473</u>	<u>151,452,296</u>	<u>277,489,286</u>	<u>266,691,584</u>
	-	-	-	1,040,600	1,040,600
	-	-	-	45,401,501	37,411,614
	65,850	-	-	99,321,532	108,539,358
	-	-	-	4,702,015	17,333,172
	-	-	-	6,346,383	5,480,101
	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>156,812,031</u>	<u>169,804,845</u>
	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>91,527,698</u>	<u>104,958,483</u>
	-	-	-	65,284,333	64,846,362
\$	<u>19,256,087</u>	<u>35,309,473</u>	<u>151,452,296</u>	<u>342,773,619</u>	<u>331,537,946</u>
\$	1,713,484	\$ 64,088	\$ -	\$ 10,071,781	\$ 5,987,157
	9,437	7,870,265	-	8,692,053	10,106,112
	1,500,000	-	-	1,500,000	1,500,000
	-	-	-	2,617,854	1,755,504
	<u>15,000</u>	<u>-</u>	<u>10,000,000</u>	<u>10,600,000</u>	<u>6,865,001</u>
	<u>3,237,921</u>	<u>7,934,353</u>	<u>10,000,000</u>	<u>33,481,688</u>	<u>26,213,774</u>
	13,609,236	-	-	13,609,236	14,609,236
	-	-	-	16,648,395	15,843,966
	68,886	14,471	61,933,074	63,346,196	61,334,742
	<u>74,546</u>	<u>45,935</u>	<u>79,519,222</u>	<u>83,754,040</u>	<u>87,144,324</u>
	<u>13,752,668</u>	<u>60,406</u>	<u>141,452,296</u>	<u>177,357,867</u>	<u>178,932,268</u>
	<u>16,990,589</u>	<u>7,994,759</u>	<u>151,452,296</u>	<u>210,839,555</u>	<u>205,146,042</u>
	-	-	-	46,018,084	47,246,892
	<u>2,265,498</u>	<u>27,314,714</u>	<u>-</u>	<u>85,915,980</u>	<u>79,145,012</u>
	<u>2,265,498</u>	<u>27,314,714</u>	<u>-</u>	<u>131,934,064</u>	<u>126,391,904</u>
\$	<u>19,256,087</u>	<u>35,309,473</u>	<u>151,452,296</u>	<u>342,773,619</u>	<u>331,537,946</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds

For the Year Ended December 31, 2017
With Comparative Totals for December 31, 2016

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services.	\$ 10,410,047	\$ 16,632,637	\$ 73,339,372	\$ 8,644,111
OPERATING EXPENSES				
Personal services.	5,311,015	2,054,565	39,723,120	167,767
Commodities.	452,408	2,816,741	13,185,556	4,178,334
Contractual services.	4,676,987	1,590,339	12,362,435	2,310,377
Depreciation.	491,636	7,515,243	9,138,139	1,556,662
Other charges.	187,988	344,174	2,150,444	109,090
 Total Operating Expenses	 11,120,034	 14,321,062	 76,559,694	 8,322,230
 Operating Income (Loss)	 (709,987)	 2,311,575	 (3,220,322)	 321,881
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	-	-	-	(482,189)
Gain (Loss) on capital asset disposal.	(890)	646,143	-	-
 Total Nonoperating Revenues (Expenses)	 (890)	 646,143	 -	 (482,189)
 Income (Loss) Before Contributions	 (710,877)	 2,957,718	 (3,220,322)	 (160,308)
 Capital contributions.	 -	 863,787	 406,918	 -
 Change in Net Position	 (710,877)	 3,821,505	 (2,813,404)	 (160,308)
Total Net Position - Beginning	4,687,653	47,122,139	43,201,248	7,205,896
 Total Net Position - Ending	 \$ 3,976,776	 \$ 50,943,644	 \$ 40,387,844	 \$ 7,045,588

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2017	2016
\$ 7,854,837	\$ 119,603,786	\$ 20,566,986	\$ 257,051,776	\$ 236,750,158
5,805,662	107,068,802	20,566,986	180,697,917	176,155,807
1,932	16,034	-	20,651,005	18,018,919
389,302	7,521,105	-	28,850,545	30,200,818
-	-	-	18,701,680	19,213,744
1,239,833	10,709	-	4,042,238	3,138,652
7,436,729	114,616,650	20,566,986	252,943,385	246,727,940
418,108	4,987,136	-	4,108,391	(9,977,782)
-	-	-	(482,189)	(399,953)
-	-	-	645,253	1,045,532
-	-	-	163,064	645,579
418,108	4,987,136	-	4,271,455	(9,332,203)
-	-	-	1,270,705	1,289,312
418,108	4,987,136	-	5,542,160	(8,042,891)
1,847,390	22,327,578	-	126,391,904	134,434,795
\$ 2,265,498	\$ 27,314,714	\$ -	\$ 131,934,064	\$ 126,391,904

Hennepin County, Minnesota
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017

	Central Services	Central Mobile Equipment	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 10,475,453	\$ 17,143,198	\$ 73,416,278
Payments to suppliers for goods and services.	(5,055,689)	(1,765,898)	(26,325,804)
Payments to employees for services.	(5,148,138)	(2,093,520)	(39,635,868)
Other operating disbursements.	(187,988)	(344,174)	(2,150,444)
Net Cash Provided (Used) by Operating Activities	83,638	12,939,606	5,304,162
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	(847,057)	(7,295,364)	(6,333,497)
Interest paid.	-	-	-
Proceeds from issuance of debt.	-	-	-
Debt issuance cost and principal payments.	-	-	-
Net Cash Used by Capital and Related Financing Activities	(847,057)	(7,295,364)	(6,333,497)
Net Increase (Decrease) in Cash	(763,419)	5,644,242	(1,029,335)
Cash at Beginning of Year	3,312,473	19,327,713	31,727,898
Cash at End of Year	\$ 2,549,054	\$ 24,971,955	\$ 30,698,563
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ (709,987)	\$ 2,311,575	\$ (3,220,322)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	491,636	7,515,243	9,138,139
(Increase) decrease in:			
Receivables and prepaid items.	(39,517)	512,051	(1,184,715)
Inventories.	120,621	9,483	-
Increase (decrease) in:			
Accounts payable and accrued expenses.	220,885	2,591,254	571,060
Net Cash Provided (Used) by Operating Activities	\$ 83,638	\$ 12,939,606	\$ 5,304,162
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ -	\$ 863,787	\$ 406,918
Loss on disposal of capital assets.	(8,890)	-	-

Energy Center	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$ 7,501,319	\$ 6,134,253	\$ 118,031,436	\$ 18,178,566	\$ 250,880,503
(6,101,527)	(508,691)	(7,604,721)	-	(47,362,330)
(165,350)	(6,804,772)	(107,053,605)	(18,440,495)	(179,341,748)
<u>(109,090)</u>	<u>(239,833)</u>	<u>(10,709)</u>	<u>-</u>	<u>(3,042,238)</u>
1,125,352	(1,419,043)	3,362,401	(261,929)	21,134,187
(2,747,775)	-	-	-	(17,223,693)
(482,189)	-	-	-	(482,189)
3,422,283	-	-	-	3,422,283
<u>(1,755,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,755,504)</u>
(1,563,185)	-	-	-	(16,039,103)
(437,833)	(1,419,043)	3,362,401	(261,929)	5,095,084
<u>2,389,440</u>	<u>18,565,085</u>	<u>31,777,994</u>	<u>67,274,602</u>	<u>174,375,205</u>
\$ <u>1,951,607</u>	\$ <u>17,146,042</u>	\$ <u>35,140,395</u>	\$ <u>67,012,673</u>	\$ <u>179,470,289</u>
\$ 321,881	\$ 418,108	\$ 4,987,136	\$ -	\$ 4,108,391
1,556,662	-	-	-	18,701,680
(1,142,314)	(1,721,578)	(21,816)	(2,388,420)	(5,986,309)
153,587	-	-	-	283,691
<u>235,536</u>	<u>(115,573)</u>	<u>(1,602,919)</u>	<u>2,126,491</u>	<u>4,026,734</u>
\$ <u>1,125,352</u>	\$ <u>(1,419,043)</u>	\$ <u>3,362,401</u>	\$ <u>(261,929)</u>	\$ <u>21,134,187</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,270,705
-	-	-	-	(8,890)

Hennepin County, Minnesota
Schedules of Net Position
Internal Service Funds
For the Years Ended December 31, 2017 and 2016

	Central Services		Central Mobile Equipment		Information Technology	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current Assets:						
Cash	\$ 2,549,054	\$ 3,312,473	\$ 24,971,955	\$ 19,327,713	\$ 30,698,563	\$ 31,727,898
Interfund receivable	27,455	9,154	698,185	1,198,475	-	-
Receivables from users	9,841	30,933	43,986	55,747	119,554	123,085
Inventories	77,265	197,886	160,724	170,207	-	-
Prepaid items	217,162	174,854	-	-	7,196,159	6,007,913
Total Current Assets	2,880,777	3,725,300	25,874,850	20,752,142	38,014,276	37,858,896
Capital Assets:						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	4,406,031	4,380,913	55,485,011	55,353,590	39,083,675	48,468,009
Software	-	-	-	-	4,702,015	17,333,172
Construction in progress	-	-	6,346,383	228,020	-	-
Total capital assets	4,406,031	4,380,913	61,831,394	55,581,610	43,785,690	65,801,181
Less accumulated depreciation	2,850,827	3,180,240	32,861,175	27,901,442	31,662,397	51,280,164
Net Capital Assets	1,555,204	1,200,673	28,970,219	27,680,168	12,123,293	14,521,017
Total Assets	\$ 4,435,981	\$ 4,925,973	\$ 54,845,069	\$ 48,432,310	\$ 50,137,569	\$ 52,379,913
LIABILITIES AND NET POSITION						
Current Liabilities:						
Accounts and contracts payable	\$ 170,484	\$ 175,091	\$ 3,308,446	\$ 676,747	\$ 3,840,884	\$ 3,430,451
Accrued expenses	85,968	23,353	32,997	34,487	690,705	617,330
Current portion of:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Compensated absences	50,000	10,000	60,000	40,000	475,000	400,000
Total Current Liabilities	306,452	208,444	3,401,443	751,234	5,006,589	4,447,781
Noncurrent Liabilities, Net of Current Portion:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	(118,994)	(101,462)	364,523	359,685	1,079,447	1,133,187
Compensated absences	271,747	131,338	135,459	199,252	3,663,689	3,597,697
Total Noncurrent Liabilities	152,753	29,876	499,982	558,937	4,743,136	4,730,884
Total Liabilities	459,205	238,320	3,901,425	1,310,171	9,749,725	9,178,665
Net Position:						
Net investment in capital assets	1,555,204	1,200,673	28,970,219	27,680,168	12,123,293	14,521,017
Unrestricted	2,421,572	3,486,980	21,973,425	19,441,971	28,264,551	28,680,231
Total Net Position	3,976,776	4,687,653	50,943,644	47,122,139	40,387,844	43,201,248
Total Liabilities and Net Position	\$ 4,435,981	\$ 4,925,973	\$ 54,845,069	\$ 48,432,310	\$ 50,137,569	\$ 52,379,913

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2017	2016	2017	2016	2017	2016	2017	2016
\$	1,951,607	\$ 2,389,440	\$ 17,146,042	\$ 18,565,085	\$ 35,140,395	\$ 31,777,994	\$ 67,012,673	\$ 67,274,602
	2,450,056	1,149,948	2,110,045	388,467	-	-	84,439,623	82,051,203
	201,372	359,166	-	-	169,078	145,803	-	-
	98,492	252,079	-	-	-	-	-	-
	-	-	-	-	-	1,459	-	-
	<u>4,701,527</u>	<u>4,150,633</u>	<u>19,256,087</u>	<u>18,953,552</u>	<u>35,309,473</u>	<u>31,925,256</u>	<u>151,452,296</u>	<u>149,325,805</u>
	1,040,600	1,040,600	-	-	-	-	-	-
	45,401,501	37,411,614	-	-	-	-	-	-
	280,965	270,996	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	-	5,252,081	-	-	-	-	-	-
	46,723,066	43,975,291	65,850	65,850	-	-	-	-
	24,087,449	22,530,787	65,850	65,850	-	-	-	-
	<u>22,635,617</u>	<u>21,444,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>27,337,144</u>	<u>25,595,137</u>	<u>19,256,087</u>	<u>18,953,552</u>	<u>35,309,473</u>	<u>31,925,256</u>	<u>151,452,296</u>	<u>149,325,805</u>
\$	974,395	\$ 740,798	\$ 1,713,484	\$ 830,941	\$ 64,088	\$ 133,129	\$ -	\$ -
	2,681	3,159	9,437	8,443	7,870,265	9,419,340	-	-
	-	-	1,500,000	1,500,000	-	-	-	-
	2,617,854	1,755,504	-	-	-	-	-	-
	-	-	15,000	15,000	-	-	10,000,000	6,400,001
	<u>3,594,930</u>	<u>2,499,461</u>	<u>3,237,921</u>	<u>2,354,384</u>	<u>7,934,353</u>	<u>9,552,469</u>	<u>10,000,000</u>	<u>6,400,001</u>
	-	-	13,609,236	14,609,236	-	-	-	-
	16,648,395	15,843,966	-	-	-	-	-	-
	4,789	4,133	68,886	72,207	14,471	14,141	61,933,074	59,852,851
	43,442	41,681	74,546	70,335	45,935	31,068	79,519,222	83,072,953
	<u>16,696,626</u>	<u>15,889,780</u>	<u>13,752,668</u>	<u>14,751,778</u>	<u>60,406</u>	<u>45,209</u>	<u>141,452,296</u>	<u>142,925,804</u>
	20,291,556	18,389,241	16,990,589	17,106,162	7,994,759	9,597,678	151,452,296	149,325,805
	3,369,368	3,845,034	-	-	-	-	-	-
	3,676,220	3,360,862	2,265,498	1,847,390	27,314,714	22,327,578	-	-
	<u>7,045,588</u>	<u>7,205,896</u>	<u>2,265,498</u>	<u>1,847,390</u>	<u>27,314,714</u>	<u>22,327,578</u>	<u>-</u>	<u>-</u>
\$	<u>27,337,144</u>	<u>25,595,137</u>	<u>19,256,087</u>	<u>18,953,552</u>	<u>35,309,473</u>	<u>31,925,256</u>	<u>151,452,296</u>	<u>149,325,805</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Years Ended December 31, 2017 and 2016

	Central Services		Central Mobile Equipment		Information Technology	
	2017	2016	2017	2016	2017	2016
OPERATING REVENUES						
Charges for services.....	\$ 10,410,047	\$ 7,054,674	\$ 16,632,637	\$ 16,359,902	\$ 73,339,372	\$ 68,571,976
OPERATING EXPENSES						
Personal services.....	5,311,015	1,503,192	2,054,565	2,124,199	39,723,120	35,485,076
Commodities.....	452,408	470,198	2,816,741	2,411,606	13,185,556	11,324,569
Contractual services.....	4,676,987	3,687,553	1,590,339	1,494,998	12,362,435	14,092,403
Depreciation.....	491,636	592,420	7,515,243	7,345,564	9,138,139	10,079,123
Other charges.....	187,988	190,527	344,174	407,732	2,150,444	2,015,284
Total Operating Expenses	<u>11,120,034</u>	<u>6,443,890</u>	<u>14,321,062</u>	<u>13,784,099</u>	<u>76,559,694</u>	<u>72,996,455</u>
Operating Income (Loss)	<u>(709,987)</u>	<u>610,784</u>	<u>2,311,575</u>	<u>2,575,803</u>	<u>(3,220,322)</u>	<u>(4,424,479)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest expense.....	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.....	(890)	(25,864)	646,143	1,080,821	-	(9,425)
Total Nonoperating Revenues (Expenses)	<u>(890)</u>	<u>(25,864)</u>	<u>646,143</u>	<u>1,080,821</u>	<u>-</u>	<u>(9,425)</u>
Income (Loss) Before Contributions	<u>(710,877)</u>	<u>584,920</u>	<u>2,957,718</u>	<u>3,656,624</u>	<u>(3,220,322)</u>	<u>(4,433,904)</u>
Capital contributions.....	-	-	863,787	837,407	406,918	451,905
Change in Net Position	<u>(710,877)</u>	<u>584,920</u>	<u>3,821,505</u>	<u>4,494,031</u>	<u>(2,813,404)</u>	<u>(3,981,999)</u>
Total Net Position - Beginning	<u>4,687,653</u>	<u>4,102,733</u>	<u>47,122,139</u>	<u>42,628,108</u>	<u>43,201,248</u>	<u>47,183,247</u>
Total Net Position - Ending	<u>\$ 3,976,776</u>	<u>\$ 4,687,653</u>	<u>\$ 50,943,644</u>	<u>\$ 47,122,139</u>	<u>\$ 40,387,844</u>	<u>\$ 43,201,248</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2017	2016	2017	2016	2017	2016	2017	2016
\$ 8,644,111	\$ 8,337,834	\$ 7,854,837	\$ 7,075,797	\$ 119,603,786	\$ 107,941,626	\$ 20,566,986	\$ 21,408,349
167,767	182,548	5,805,662	7,573,800	107,068,802	107,878,643	20,566,986	21,408,349
4,178,334	3,803,199	1,932	3,812	16,034	5,535	-	-
2,310,377	2,490,666	389,302	656,148	7,521,105	7,779,050	-	-
1,556,662	1,196,637	-	-	-	-	-	-
109,090	85,754	1,239,833	394,252	10,709	45,103	-	-
<u>8,322,230</u>	<u>7,758,804</u>	<u>7,436,729</u>	<u>8,628,012</u>	<u>114,616,650</u>	<u>115,708,331</u>	<u>20,566,986</u>	<u>21,408,349</u>
<u>321,881</u>	<u>579,030</u>	<u>418,108</u>	<u>(1,552,215)</u>	<u>4,987,136</u>	<u>(7,766,705)</u>	<u>-</u>	<u>-</u>
(482,189)	(399,953)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(482,189)	(399,953)	-	-	-	-	-	-
(160,308)	179,077	418,108	(1,552,215)	4,987,136	(7,766,705)	-	-
-	-	-	-	-	-	-	-
(160,308)	179,077	418,108	(1,552,215)	4,987,136	(7,766,705)	-	-
7,205,896	7,026,819	1,847,390	3,399,605	22,327,578	30,094,283	-	-
<u>\$ 7,045,588</u>	<u>\$ 7,205,896</u>	<u>\$ 2,265,498</u>	<u>\$ 1,847,390</u>	<u>\$ 27,314,714</u>	<u>\$ 22,327,578</u>	<u>\$ -</u>	<u>\$ -</u>

Hennepin County, Minnesota
Statement of Changes in Assets and Liabilities
Agency Fund
December 31, 2017

	<u>Balance</u> <u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2017</u>
ASSETS				
Cash and investments	\$ 106,643,130	\$ 3,529,957,311	\$ 3,285,552,318	\$ 351,048,123
Delinquent taxes receivable, net	28,795,568	(7,996,423)	(1,595,051)	22,394,196
Other receivable	<u>7,300</u>	<u>(7,300)</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 135,438,698</u>	 <u>\$ 3,521,953,588</u>	 <u>\$ 3,283,957,267</u>	 <u>\$ 373,442,319</u>
LIABILITIES				
Amounts due as agent	<u>\$ 135,445,998</u>	<u>\$ 4,479,042,729</u>	<u>\$ 4,241,046,409</u>	<u>\$ 373,442,318</u>

Statistical Section

STATISTICAL SECTION

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

	Governmental Activities Net Position ²				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2008 ¹	\$ 927,912,158 77.5 %	65,004,528 5.4	204,190,486 17.1	\$ 1,197,107,172 100.0 %	\$ 75,260,560 54.1 %	57,623,581 41.5
2009	\$ 900,266,414 100.0 %	46,719,328 5.2	(46,472,797) (5.2)	\$ 900,512,945 100.0 %	\$ 85,306,608 55.3 %	62,218,479 40.3
2010	\$ 898,211,927 94.7 %	50,119,533 5.3	50,423 -	\$ 948,381,883 100.0 %	\$ 95,462,682 59.1 %	58,685,118 36.4
2011	\$ 916,329,293 66.2 %	39,712,366 2.9	426,570,581 30.9	\$ 1,382,612,240 100.0 %	\$ 96,131,096 55.9 %	69,434,575 40.3
2012	\$ 964,510,097 64.9 %	39,587,431 2.7	480,512,309 32.4	\$ 1,484,609,837 100.0 %	\$ 101,486,495 55.7 %	74,927,264 41.2
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2
2016	\$ 1,219,864,333 134.4 %	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	\$ 1,206,561,675 138.3 %	33,310,365 3.8	(367,033,800) (42.1)	\$ 872,838,240 100.0 %	\$ 384,924,769 160.0 %	109,767,074 45.6

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

² Beginning in 2012 implementation of GASB 61 required the inclusion of an asset for the County's equity interest in component unit (the Medical Center) in governmental activities, which is also reflected above for 2011 for comparative purposes. On January 1, 2012, Hennepin Faculty Associates became fully integrated with the Medical Center. The County's investment in component unit is not reflected prior to 2011 because information for the integrated entity is not available for those years.

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

The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit, eliminating the governmental activities' equity interest in component unit that had been reported since 2012. The governmental activities' and business-type activities' net positions were restated as of January 1, 2016. Net position in 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 due to the Medical Center's own implementation of GASB 80 that added two blended component units to Medical Center

Unaudited

Table 1

Activities Net Position ²			Total Primary Government Net Position			
Unrestricted	Total		Net Investment in Capital Assets	Restricted	Unrestricted	Total
6,123,790 4.4	\$ 139,007,931 100.0 %		\$ 1,003,172,718 75.1 %	122,628,109 9.2	210,314,276 15.7	\$ 1,336,115,103 100.0 %
6,828,085 4.4	\$ 154,353,172 100.0 %		\$ 985,573,022 93.4 %	108,937,807 10.3	(39,644,712) (3.7)	\$ 1,054,866,117 100.0 %
7,224,268 4.5	\$ 161,372,068 100.0 %		\$ 993,674,609 89.5 %	108,804,651 9.8	7,274,691 0.7	\$ 1,109,753,951 100.0 %
6,620,055 3.8	\$ 172,185,726 100.0 %		\$ 1,012,460,389 65.1 %	109,146,941 7.0	433,190,636 27.9	\$ 1,554,797,966 100.0 %
5,589,987 3.1	\$ 182,003,746 100.0 %		\$ 1,065,996,592 63.9 %	114,514,695 6.9	486,102,296 29.2	\$ 1,666,613,583 100.0 %
1,217,306 0.7	\$ 180,667,088 100.1 %		\$ 1,122,827,940 65.0 %	106,567,213 6.2	501,043,232 29.0	\$ 1,730,438,385 100.2 %
1,499,952 0.8	\$ 184,095,096 100.0 %		\$ 1,152,205,914 62.8 %	122,288,891 6.7	560,625,624 30.5	\$ 1,835,120,429 100.0 %
4,927,906 2.8	\$ 176,248,043 100.0 %		\$ 1,240,213,006 102.4 %	106,269,489 8.8	(135,624,961) (11.2)	\$ 1,210,857,534 100.0 %
(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 %
(254,231,925) (105.7)	\$ 240,459,918 99.9 %		\$ 1,591,486,444 142.9 %	143,077,439 12.9	(621,265,725) (55.8)	\$ 1,113,298,158 100.0 %

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

	Governmental Activities Change in Net Position ²			
	Net Program Expense	General Revenue	Transfers In (Out)	Total
2008 ¹	\$ (917,787,928) ¹	701,193,882	(692,082)	(217,286,128)
2009	\$ (653,158,848)	729,866,662	(59,855)	76,647,959
2010	\$ (689,695,831)	737,659,888	(95,120)	47,868,937
2011	\$ (658,870,142)	769,264,740	1,637,007	112,031,605
2012	\$ (653,557,888)	755,555,485	-	101,997,597
2013	\$ (673,663,528)	746,149,988	(1,823,612)	70,662,848
2014	\$ (676,641,873)	777,420,470	475,439	101,254,036
2015	\$ (743,751,041)	859,497,012	1,043,430	116,789,401
2016	\$ (860,383,897)	853,717,908	(17,323,096)	(23,989,085)
2017	\$ (941,805,058)	915,334,413	(8,396,008)	(34,866,653)

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

² GASB 61 was implemented in 2012, resulting in increased general revenue relating to the change in the equity interest in component unit. 2011 was restated for comparison purposes, but data is not available for prior years.

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

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

Business-type Activities Change in Net Position ²				
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Total	Total Change in Net Position
6,729,151	3,687,810	692,082	11,109,043	\$ (206,177,085)
10,173,193	5,112,193	59,855	15,345,241	\$ 91,993,200
4,288,848	2,634,928	95,120	7,018,896	\$ 54,887,833
10,376,736	2,073,929	(1,637,007)	10,813,658	\$ 122,845,263
6,829,225	2,988,795	-	9,818,020	\$ 111,815,617
(705,949)	1,373,368	1,823,612	2,491,031	\$ 73,153,879
1,367,401	2,536,046	(475,439)	3,428,008	\$ 104,682,044
(10,480,718)	3,677,095	(1,043,430)	(7,847,053)	\$ 108,942,348
(45,026,903)	3,647,892	17,323,096	(24,055,915)	\$ (48,045,000)
(26,787,099)	3,743,368	8,396,008	(14,647,723)	\$ (49,514,376)

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

Year	Governmental Activities						
	Operations ¹	Human Services	Health	Public Safety	Public Works	Libraries	Housing and Redevelopment Authority
2008 ²	\$ 328,277,518 19.7 %	534,345,333 32.2	86,420,439 5.2	277,362,008 16.6	75,248,428 4.5	77,414,346 4.6	5,605,255 0.3
2009	\$ 121,836,010 9.1 %	461,256,233 34.6	80,622,430 6.0	276,375,503 20.6	71,020,290 5.3	76,241,294 5.7	6,889,284 0.5
2010	\$ 128,309,692 9.2 %	435,888,867 31.7	131,696,244 9.5	273,935,001 19.7	91,300,335 6.6	74,157,373 5.3	9,756,809 0.7
2011	\$ 120,791,386 8.7 %	437,165,051 32.0	102,721,560 7.4	264,592,410 19.2	104,124,189 7.5	73,245,163 5.3	7,551,223 0.5
2012	\$ 124,907,148 9.4 %	435,730,208 32.8	95,492,517 7.2	265,149,071 19.9	84,420,313 6.3	74,410,790 5.6	9,604,847 0.7
2013 ³	\$ 123,946,247 8.6 %	449,290,676 31.5	103,977,207 7.2	271,313,487 18.9	127,796,822 8.9	75,579,889 5.3	7,695,959 0.5
2014	\$ 139,216,988 9.2 %	486,567,994 32.5	100,984,162 6.7	283,974,464 18.8	113,177,930 7.5	80,800,565 5.4	9,930,939 0.7
2015	\$ 172,795,992 11.4 %	518,754,330 34.3	72,266,334 4.8	290,419,591 19.2	90,238,102 6.0	77,458,171 5.1	10,170,173 0.7
2016 ²	\$ 180,740,603 6.8 %	578,786,579 60.4	66,712,310 2.5	348,219,386 13.2	95,340,184 3.6	89,976,637 3.4	11,037,512 0.4
2017	\$ 190,305,988 6.6 %	606,133,230 21.3	68,619,425 2.4	347,612,537 12.1	116,853,788 4.1	92,614,168 3.2	12,340,350 0.4

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

² See footnotes 1 and 2 on Table 2.

Unaudited

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Total
		Hennepin Health	Environmental Services	Medical Center	Other Enterprises	
12,571,949 0.8	36,829,329 2.2	163,236,590 9.8	67,747,708 4.1		3,142,142 0.2	\$ 1,668,201,045 100.0 %
8,508,837 0.6	37,594,607 2.8	137,801,872 10.3	61,017,157 4.5		3,349,923 0.2	\$ 1,342,513,440 100.0 %
12,742,915 0.9	38,486,038 2.8	139,534,807 10.0	49,869,035 3.6		2,986,527 0.2	\$ 1,388,663,643 100.0 %
12,332,871 0.9	46,766,669 3.4	155,794,678 11.3	51,987,897 3.8		3,800,130 0.3	\$ 1,380,873,226 100.0 %
16,485,333 1.2	43,094,396 3.2	127,748,836 9.6	54,417,425 4.1		2,996,077 0.2	\$ 1,334,456,961 100.0 %
23,971,130 1.7	45,159,276 3.1	150,299,117 10.4	56,132,775 3.9		3,325,288 0.2	\$ 1,438,487,873 100.0 %
29,180,649 1.9	42,719,174 2.8	159,611,117 10.6	58,056,471 3.9		2,959,443 0.2	\$ 1,507,179,896 100.0 %
23,908,644 1.6	43,205,097 2.9	148,124,869 9.8	63,285,558 4.2		3,339,214 0.2	\$ 1,513,966,075 100.0 %
24,713,823 0.9	44,024,761 1.7	128,098,502 4.8	59,055,113 2.2	1,015,357,256	3,630,950 0.1	\$ 2,645,693,616 100.0 %
54,407,297 1.9	48,127,742 1.7	227,284,011 7.9	68,796,809 2.4	1,027,044,861 35.9	3,964,905 0.1	\$ 2,864,105,111 100.0 %

Hennepin County, Minnesota
Government-wide Revenues
 Last Ten Years

Program Revenues								
Year	Charges for Services					Operating Grants and Contributions	Capital Grants and Contributions	
	Operations	Human Services	Hennepin Health	Environmental Services	Medical Center ²			Other
2008	\$ 34,987,173 2.4 %	48,198,564 3.3	153,838,000 10.5	73,703,294 5.0		50,042,966 3.4	373,702,824 25.6	22,669,447 1.6
2009	\$ 35,657,783 2.5 %	58,659,362 4.1	139,916,491 9.8	63,960,606 4.5		56,113,126 3.9	295,452,704 20.4	49,767,713 3.5
2010	\$ 31,722,088 2.2 %	49,709,455 3.4	141,575,359 9.8	47,130,731 3.3		48,759,933 3.4	332,050,286 23.0	52,308,808 3.6
2011	\$ 36,423,133 2.4 %	50,827,501 3.4	163,786,371 10.9	49,331,672 3.3		51,603,037 3.4	328,469,773 21.8	51,938,333 3.5
2012	\$ 35,965,791 2.5 %	48,239,660 3.3	132,486,554 9.2	49,858,405 3.4		55,595,280 3.8	319,419,317 22.1	46,163,291 3.2
2013 ³	\$ 21,370,765 1.4 %	52,099,614 3.4	154,552,561 10.2	48,136,426 3.2		68,832,677 4.6	334,913,319 22.2	84,213,034 5.6
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	161,168,368 10.0	51,262,909 3.2		69,363,314 4.3	356,302,561 22.2	126,468,869 7.8
2015	\$ 34,555,322 2.1 %	47,429,213 2.9	144,120,318 8.9	50,713,519 3.1		62,755,921 3.9	344,250,910 21.2	75,909,113 4.7
2016	\$ 31,996,677 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

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 See footnote 2 on Table 2.

Unaudited

Table 4

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

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

General Fund

<u>Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
2008	\$ 28,408,587 19.3%	118,901,366 80.7%	-	-	-	-	-	147,309,953 100.0%
2009	\$ 24,897,832 15.8%	132,674,829 84.2%	-	-	-	-	-	157,572,661 100.0%
2010	\$ -	-	9,569,544 6.9%	18,762,937 13.5%	-	28,685,391 20.7%	81,507,843 58.8%	138,525,715 100.0%
2011	\$ -	-	10,389,781 6.7%	16,031,074 10.4%	-	21,257,943 13.7%	106,965,647 69.2%	154,644,445 100.0%
2012	\$ -	-	12,483,267 7.1%	16,251,456 9.3%	-	24,461,198 14.0%	121,504,946 69.6%	174,700,867 100.0%
2013	\$ -	-	3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ -	-	3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%
2015	\$ -	-	3,786,580 1.9%	14,538,052 7.4%	- 0.0%	39,060,573 19.9%	138,845,323 70.8%	196,230,528 100.0%
2016	\$ -	-	3,634,594 1.9%	15,085,450 7.9%	- 0.0%	42,751,107 22.6%	128,298,246 67.6%	189,769,397 100.0%
2017	\$ -	-	3,711,556 2.0%	14,439,209 8.0%	- 0.0%	39,704,269 21.9%	123,317,659 68.1%	181,172,693 100.0%

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

Unaudited

All Other Governmental Funds								
Reserved	Unreserved, Reported in Fund Type			Nonspendable	Restricted	Committed	Unassigned	Total
	Special Revenue	Debt Service	Capital Projects					
127,356,067	158,640,843	3,730,427	(94,324,776)	-	-	-	-	\$ 195,402,561
131,373,498	229,830,077	5,958,620	(79,684,999)	-	-	-	-	\$ 287,477,196
-	-	-	-	4,630,576 1.4%	142,576,354 44.4%	173,928,767 54.2%	-	\$ 321,135,697 100.0%
-	-	-	-	2,417,777 6.3%	147,127,578 40.5%	169,814,896 53.2%	-	\$ 319,360,251 100.0%
-	-	-	-	3,171,716 6.8%	103,313,359 31.8%	169,132,402 61.4%	-	\$ 275,617,477 100.0%
-	-	-	-	4,222,433 6.4%	144,182,010 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
-	-	-	-	3,739,660 4.4%	220,495,528 50.3%	185,971,038 45.3%	-	\$ 410,206,226 100.0%
-	-	-	-	9,807,491 6.9%	164,488,646 44.2%	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 1.2%	177,485,513 56.1%	135,017,199 42.7%	-	\$ 316,286,905 100.0%

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

	Excess (Deficiency) of Revenues Over Expenditures ¹	Other Financing Sources (Uses)			
		Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	Sale of Capital Assets
2008 ²	\$ (322,733,729)	316,910,623	32,464,610	(34,298,499)	-
2009	\$ (41,986,530)	129,403,455	37,666,116	(37,221,555)	-
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	1,483,608
2016	\$ (171,544,571)	160,908,146	62,603,156	(62,603,156)	483,806
2017	\$ (271,879,836)	124,780,639	78,973,598	(78,973,598)	9,316,350

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

³ The 2016 percentage was restated due to the implementation of GASB 80 in 2017. The County's optional payments for early redemption of outstanding bond issues and current refundings are included in the debt service amount used to calculate this percentage, including \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$21,400,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, \$60,125,000 in 2016, and \$127,822,940 in 2017. The ratio would be lower if it was based only on required debt service expenditures. For example, 2016 would be 6.5% and 2017 would be 10.6%.

Unaudited

Table 6

<u>Bond and Note Premiums</u>	<u>Total</u>	<u>Net Change in Fund Balances</u>	<u>Debt Service as a Percentage of Noncapital Expenditures ³</u>
3,393,935	\$ 318,470,669	\$ (4,263,060)	7.9 %
14,475,857	\$ 144,323,873	\$ 102,337,343	7.2 %
12,965,515	\$ 240,519,926	\$ 14,611,555	6.4 %
3,197,996	\$ 63,576,839	\$ 14,343,284	9.5 %
3,870,697	\$ 2,083,779	\$ (23,686,352)	10.3 %
5,767,852	\$ 140,414,202	\$ 34,992,442	10.9 %
31,239,950	\$ 132,424,197	\$ 123,385,541	10.3 %
-	\$ 2,609,504	\$ (70,936,417)	9.5 %
65,225,715	\$ 226,617,667	\$ 55,073,096	10.6 %
42,409,439	\$ 176,506,428	\$ (95,373,408)	17.9 %

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

<u>Year</u>	<u>Operations</u> ¹	<u>Human Services</u>	<u>Health</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Libraries</u>
2008 ²	\$ 330,009,832 21.2 %	524,224,244 33.8	60,972,106 3.9	250,802,864 16.1	51,662,027 3.3	66,452,281 4.3
2009	\$ 142,088,557 11.2 %	455,791,662 35.7	61,808,219 4.9	248,058,746 19.5	51,286,705 4.0	61,785,210 4.9
2010	\$ 189,555,125 12.7 %	454,975,440 30.2	107,577,723 7.2	249,504,292 16.7	70,171,537 4.7	70,618,795 4.7
2011	\$ 131,590,360 9.9 %	443,134,270 33.5	87,401,937 6.6	247,456,814 18.7	63,471,437 4.8	65,935,700 5.0
2012	\$ 137,679,061 10.6 %	441,096,724 34.0	89,233,679 6.9	247,225,055 19.0	61,652,098 4.7	66,648,516 5.1
2013 ³	\$ 171,423,612 12.0 %	452,758,532 31.8	100,968,808 7.1	252,514,555 17.7	63,396,228 4.5	67,585,439 4.7
2014 ³	\$ 159,957,491 11.0 %	480,331,430 33.1	95,889,084 6.6	259,029,720 17.9	70,920,557 4.9	70,435,923 4.9
2015	\$ 180,808,866 12.1 %	515,973,604 34.5	70,720,068 4.7	266,219,052 17.8	67,495,212 4.5	74,876,993 5.0
2016 ⁴	\$ 181,340,867 11.1 %	553,443,954 33.6	62,204,105 3.8	285,755,221 17.4	71,479,236 4.4	78,033,098 4.8
2017 ⁵	\$ 182,428,249 9.7 %	590,326,508 31.3	70,618,049 3.7	304,342,954 16.1	69,273,932 3.7	81,408,711 4.3

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

² In 2008 \$191.8 million of sales tax revenue bonds were issued and proceeds were granted to the Minnesota Ballpark Authority for ballpark construction, which is reported in the Operations function.

³ Significant Operations expenditure fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project.

⁴ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. 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.

⁵ Debt Service Principal expenditures increased in 2017 due to two significant factors. The County optionally redeemed \$25.4 million of G.O. bonds. Additionally, the remaining \$83.6 million of outstanding G.O. debt relating to bonds that had been issued in 2010 to assist the CTIB joint venture were fully defeased in 2017 as a condition of the dissolution of CTIB. The revenue received from CTIB for the defeasance resulted in the elimination of the County's related note receivable from CTIB.

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
4,940,368 0.3	12,323,007 0.8	136,750,072 8.8	78,591,294 5.1	37,106,626 2.4	- -	\$ 1,553,834,721 100 %
6,206,858 0.5	8,254,918 0.6	155,790,148 12.2	44,200,987 3.5	38,074,982 3.0	- -	\$ 1,273,346,992 100 %
9,072,189 0.6	12,468,700 0.8	131,177,963 8.8	49,000,152 3.3	39,890,104 2.7	113,277,589 7.6	\$ 1,497,289,609 100 %
6,864,613 0.5	12,056,194 0.9	144,434,094 10.9	68,463,497 5.2	48,118,335 3.6	4,715,000 0.4	\$ 1,323,642,251 100 %
8,914,176 0.7	18,829,460 1.4	104,290,650 8.0	78,545,914 6.0	47,146,561 3.6	- -	\$ 1,301,261,894 100 %
7,024,936 0.5	22,605,137 1.6	135,084,237 9.5	96,959,103 6.8	46,559,602 3.3	7,285,547 0.5	\$ 1,424,165,736 100 %
9,264,852 0.6	24,025,579 1.7	137,325,079 9.5	93,594,868 6.5	47,070,712 3.3	- -	\$ 1,447,845,295 100 %
13,003,451 0.9	23,768,353 1.6	150,822,026 10.1	83,567,824 5.6	47,073,271 3.2	- -	\$ 1,494,328,720 100 %
43,224,198 2.6	24,538,111 1.5	183,261,307 11.2	111,689,556 6.8	45,864,968 2.8	- -	\$ 1,640,834,621 100 %
36,471,605 1.9	54,902,255 2.9	172,583,098 9.1	257,934,793 13.6	55,981,166 3.0	13,738,566 0.7	\$ 1,890,009,886 100 %

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

Year	Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Inter- governmental	Charges for Services
2008	\$ 603,496,614 49.0 %	28,053,049 2.3	- -	2,199,892 0.2	419,067,595 34.0	106,012,238 8.6
2009	\$ 644,310,101 52.3 %	27,129,142 2.2	- -	2,172,588 0.2	378,370,681 30.7	117,222,921 9.6
2010	\$ 681,934,811 53.6 %	28,244,445 2.2	- -	2,079,744 0.2	397,419,467 31.3	129,977,637 10.1
2011	\$ 675,091,343 53.0 %	30,094,848 2.4	- -	1,973,347 0.2	392,952,707 30.8	131,474,018 10.2
2012	\$ 696,125,253 54.6 %	31,601,050 2.5	- -	2,934,354 0.2	376,050,675 29.5	132,028,560 10.3
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	- -	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9
2016	\$ 771,058,972 52.5 %	36,468,191 2.5	9,918,363 0.7	3,514,045 0.2	472,035,912 32.1	137,518,611 9.4
2017 ²	\$ 806,840,013 49.9 %	57,266,835 3.5	9,973,509 0.6	3,344,822 0.2	547,360,046 33.8	145,875,571 9.1

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 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.

Unaudited

Table 8

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

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

Real Estate						
	<u>Residential Property</u>	<u>Multiple Dwelling</u>	<u>Commercial & Industrial</u>	<u>Agricultural</u>	<u>Public Utilities & Miscellaneous</u>	<u>Exempt</u>
2008	\$ 107,145,474 64.3 %	8,628,267 5.2	29,764,516 17.9	864,041 0.5	68,962 0.0	18,965,624 11.4
2009	\$ 102,430,703 63.7 %	8,628,975 5.4	28,723,247 17.9	773,764 0.5	58,310 0.0	18,965,624 11.8
2010	\$ 95,810,842 62.3 %	8,126,550 5.3	26,455,131 17.2	686,687 0.4	50,655 0.0	21,249,594 13.8
2011	\$ 92,367,575 61.8 %	8,141,313 5.5	25,566,334 17.1	667,293 0.4	32,528 0.0	21,249,594 14.2
2012	\$ 87,386,034 60.4 %	8,465,660 5.8	25,628,865 17.7	645,946 0.4	31,188 0.0	21,249,594 14.7
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8
2016	\$ 105,538,203 60.2 %	15,110,310 8.6	31,057,471 17.7	626,311 0.4	37,624 0.0	21,249,594 12.1
2017	\$ 112,595,483 60.5 %	16,998,612 9.1	32,745,319 17.6	625,310 0.3	40,490 0.0	21,249,594 11.4

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

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

Source: Hennepin County Property Information System.

Unaudited

Table 9

<u>Total Real Estate</u>	<u>Personal Property</u>	<u>Total Estimated Market Value Including Exempt Property</u>	<u>Total Estimated Market Value</u>	<u>Total Direct Tax Rate ²</u>
165,436,884 99.3	1,234,923 0.7	\$ 166,671,807 100 %	\$ 147,706,183	39 %
159,580,623 99.2	1,238,596 0.8	\$ 160,819,219 100 %	\$ 141,853,595	40 %
152,379,459 99.2	1,295,495 0.8	\$ 153,674,954 100 %	\$ 132,425,360	43 %
148,024,637 99.1	1,333,422 0.9	\$ 149,358,059 100 %	\$ 128,108,465	46 %
143,407,287 99.0	1,449,118 1.0	\$ 144,856,405 100 %	\$ 123,606,811	48 %
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100 %	\$ 134,691,712	46 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100 %	\$ 144,409,721	45 %
173,619,513 99.0	1,750,967 1.0	\$ 175,370,480 100 %	\$ 154,120,886	46 %
184,254,808 99.0	1,825,398 1.0	\$ 186,080,206 100 %	\$ 164,830,612	43 %

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

Payable Year	Hennepin County Direct Taxes				Tax Levies
	General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates	
2008	17.610 %	3.131 %	17.831 %	38.572 %	\$ 2,368,624,500
2009	18.302	3.522	18.589	40.413	2,542,570,232
2010	21.230	3.500	17.910	42.640	2,559,559,665
2011	22.374	4.377	19.089	45.840	2,586,972,956
2012	23.370	5.169	19.131	47.670	2,578,977,362
2013	23.210	5.560	20.770	49.540	2,620,562,626
2014	21.510	5.400	19.335	46.245	2,692,058,025
2015	20.710	5.400	19.220	45.330	2,743,541,472
2016	20.144	5.016	20.570	45.730	2,869,712,621
2017	19.857	4.878	18.033	42.768	2,958,325,463

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

Unaudited

Table 10

<u>Metropolitan Transit Commission Tax</u>		<u>Metropolitan Council Tax</u>		<u>Metropolitan Mosquito Control District Tax</u>	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.264 %	\$ 19,283,519	0.812 %	\$ 13,092,025	0.486 %	\$ 7,801,856
1.273	19,455,492	0.817	13,156,461	0.489	7,874,542
1.366	20,612,822	0.793	12,720,347	0.461	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028
1.463	23,980,023	0.883	15,228,763	0.475	8,170,878

Hennepin County, Minnesota
Principal Taxpayers ¹
 Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 16,799,250	1	0.91 %	\$ 11,999,250	1	0.74 %
Xcel Energy (NSP)	7,219,482	2	0.39			
Target Corporation	5,063,292	3	0.28			
BRI 1855 IDS Center LLC	5,032,650	4	0.27			
NWC Limited Partnership	4,811,850	5	0.26	4,147,250	4	0.26
Minneapolis 225 Holdings LLC	4,756,650	6	0.26	4,309,250	3	0.27
33 City Center Holding LLC	3,925,250	7	0.21			
US Bank N.A.	3,633,250	8	0.20			
Wells REIT	3,262,050	9	0.18	3,453,250	6	0.21
Hilton Hotels Corporation	2,923,250	10	0.16			
IDS MB Minneapolis 8th St LLC				4,679,250	2	0.29
Hines Interests Ltd Partnership				3,611,250	5	0.22
Best Buy Co Inc				3,064,310	7	0.19
Flanagan-AMEX				2,869,250	8	0.18
Ameriprise Financial Corp				2,785,250	9	0.17
KAN AM Grund Kapitalanlage				2,723,250	10	0.17
Total	\$ 57,426,974		3.12 %	\$ 43,641,560		2.70 %

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

Source: Hennepin County Property Information System.

Unaudited



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

Current Tax Levy						
Year	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments ¹	Total	Current Tax Collections Net of Refunds	Percent of Levy Collected
2008	\$ 634,304,268	\$ 1,743,593,908	\$ (9,273,676)	\$ 2,368,624,500	\$ 2,326,158,966	98.21 %
2009	684,646,270	1,868,975,826	(11,051,864)	2,542,570,232	2,487,064,241	97.82
2010	725,906,127	1,847,810,295	(14,156,757)	2,559,559,665	2,503,659,872	97.82
2011	716,809,208	1,885,286,295	(15,122,547)	2,586,972,956	2,543,273,613	98.31
2012	704,763,947	1,885,464,012	(11,250,597)	2,578,977,362	2,551,959,374	98.95
2013	713,992,585	1,912,964,824	(6,394,783)	2,620,562,626	2,603,084,407	99.33
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59
2016	788,618,398	2,091,614,243	(10,520,020)	2,869,712,621	2,863,352,382	99.78
2017	823,315,723	2,157,324,318	(22,314,578)	2,958,325,463	2,948,159,290	99.66

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>
\$	25,923,452	\$ 2,352,082,418	\$ 42,465,534	1.79 %
	28,971,428	2,516,035,669	55,505,991	2.18
	27,483,337	2,531,143,209	55,899,793	2.18
	7,102,887	2,550,376,500	43,699,343	1.69
	7,145,515	2,559,104,889	27,017,988	1.05
	9,086,657	2,612,171,064	17,478,219	0.67
	(4,695,777)	2,659,412,970	27,949,278	1.04
	2,373,939	2,734,757,834	11,157,577	0.41
	(1,470,007)	2,861,882,375	6,360,239	0.22
	(4,870,907)	2,943,288,383	10,166,173	0.34

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

Assessment Year	Property Outside the City of Minneapolis		Minneapolis	
	Net Tax Capacity	Taxable Market Value	Net Tax Capacity	Taxable Market Value
2008	\$ 1,198,620,162	\$ 108,958,626,067	\$ 413,935,332	\$ 37,930,415,840
2009	1,161,337,991	104,631,351,200	439,141,541	36,953,274,630
2010	1,082,056,515	97,304,713,300	394,912,341	34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	104,113,040,700	454,641,259	40,296,679,900
2016	1,225,469,292	110,053,361,401	493,479,516	44,067,523,400
2017	1,304,690,419	116,882,680,100	533,535,674	47,947,932,200

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
\$	1,612,555,494	\$ 146,889,041,907	1.1 %	74.3 %	25.7 %
	1,600,479,532	141,584,625,830	1.1	72.6	27.4
	1,476,968,856	132,165,413,580	1.1	73.3	26.7
	1,397,609,366	122,800,948,752	1.1	73.4	26.6
	1,369,968,893	118,106,438,594	1.2	72.7	27.3
	1,367,504,155	119,027,889,660	1.1	72.6	27.4
	1,489,879,943	129,650,721,822	1.1	72.4	27.6
	1,602,471,674	144,409,720,600	1.1	71.6	28.4
	1,718,948,808	154,120,884,801	1.1	71.3	28.7
	1,838,226,093	164,830,612,300	1.1	71.0	29.0

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

	Tax Capacity			Adjustment		Net Tax Capacity	Average Tax Rate ²
	Real Estate	Personal Property	Total	Fiscal Disparities	Tax Increment Financing/ Value Capture		
Bloomington	\$ 170,233,583	\$ 1,601,125	\$ 171,834,708	\$ (14,293,380)	\$ (13,683,772)	\$ 143,857,556	117 %
Brooklyn Center	23,515,623	440,046	23,955,669	4,757,783	(3,592,531)	25,120,921	152
Brooklyn Park	78,889,860	1,126,118	80,015,978	5,054,010	(1,627,845)	83,442,143	127
Champlin	22,302,070	281,873	22,583,943	2,264,221	(181,173)	24,666,991	112
Chanhasen (part)	1,456,460	5,932	1,462,392	(562,024)		900,368	98
Corcoran	8,292,990	434,028	8,727,018	51,136		8,778,154	132
Crystal	18,167,435	292,540	18,459,975	3,388,126	(212,599)	21,635,502	135
Dayton (part)	7,362,313	293,348	7,655,661	(144,919)	(170,342)	7,340,400	134
Deephaven	14,184,320	58,594	14,242,914	5,739		14,248,653	92
Eden Prairie	123,909,744	1,317,656	125,227,400	(10,898,653)	(2,208,824)	112,119,923	110
Edina	141,343,449	590,763	141,934,212	(8,956,357)	(4,525,127)	128,452,728	110
Excelsior	6,029,461	66,794	6,096,255	(545,429)	(114,042)	5,436,784	104
Fort Snelling		96,733	96,733			96,733	90
Golden Valley	45,436,776	505,617	45,942,393	(4,849,431)	(472,613)	40,620,349	138
Greenfield	4,659,928	181,914	4,841,842	(35,186)		4,806,656	126
Greenwood	4,022,311	15,240	4,037,551	(77,009)		3,960,542	93
Hanover (part)	804,240	11,314	815,554	84,511		900,065	128
Hopkins	24,243,195	263,032	24,506,227	(616,403)	(2,295,649)	21,594,175	151
Independence	7,062,805	199,136	7,261,941	30,331		7,292,272	120
International Airport		9,547,656	9,547,656			9,547,656	52
Long Lake	3,155,072	40,048	3,195,120	(256,837)	(83,088)	2,855,195	115
Loretto	723,920	11,162	735,082	12,852	(15,839)	732,095	146
Maple Grove	100,848,709	1,741,098	102,589,807	(4,407,959)	(404,885)	97,776,963	117
Maple Plain	2,207,136	34,508	2,241,644	(56,630)		2,185,014	144
Medicine Lake	990,065	4,086	994,151	6,406		1,000,557	123
Medina	19,021,691	383,029	19,404,720	(768,106)	(502,467)	18,134,147	102
Minneapolis	591,237,190	9,974,664	601,211,854	(15,225,281)	(52,450,899)	533,535,674	132
Minnnetonka	111,265,634	970,845	112,236,479	(9,800,882)	(3,006,273)	99,429,324	116
Minnnetonka Beach	4,016,726	10,526	4,027,252	(19,318)		4,007,934	102
Minnnetrista	16,781,818	305,702	17,087,520	277,271		17,364,791	109
Mound	12,544,233	115,500	12,659,733	638,873	(619,616)	12,678,990	120
New Hope	21,143,125	260,678	21,403,803	1,354,847	(810,429)	21,948,221	143
Orono	32,961,379	224,900	33,186,279	(244,454)	(82,800)	32,859,025	93
Osseo	3,147,686	60,468	3,208,154	13,465	(518,193)	2,703,426	140
Plymouth	134,893,205	1,799,039	136,692,244	(8,738,700)	(1,845,718)	126,107,826	107
Richfield	37,352,456	399,785	37,752,241	1,590,701	(3,532,491)	35,810,451	149
Robbinsdale	10,314,619	198,029	10,512,648	2,473,882	(427,026)	12,559,504	135
Rockford	286,769	149,292	436,061	(7,386)		428,675	145
Rogers	24,024,499	418,155	24,442,654	(3,216,668)	(355,176)	20,870,810	120
St. Anthony (part)	6,368,951	72,786	6,441,737	435,490		6,877,227	161
St. Bonifacius	2,244,532	34,650	2,279,182	193,819		2,473,001	112
St. Louis Park	81,292,437	710,227	82,002,664	(4,787,086)	(8,746,231)	68,469,347	131
Shorewood	18,551,740	160,226	18,711,966	26,518		18,738,484	105
Spring Park	3,279,223	26,009	3,305,232	(98,574)	(100,050)	3,106,608	107
Tonka Bay	6,601,098	28,064	6,629,162	(39,098)		6,590,064	94
Wayzata	25,690,998	158,720	25,849,718	(2,465,504)	(2,843,120)	20,541,094	100
Woodland	3,615,279	7,796	3,623,075			3,623,075	87
Total	\$ 1,976,476,753	\$ 35,629,451	\$ 2,012,106,204	\$ (68,451,293)	\$ (105,428,818)	\$ 1,838,226,093	

¹ Tax capacity is for the 2017 assessment year, for taxes payable in 2018. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at \$75,000 x 1% = \$750 tax capacity). Different property classifications are assigned different class rates.

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

Unaudited



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

Governmental Activities					
Fiscal Year ¹	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2008	\$ 555,687,615	\$ 14,669,381	\$ 346,423,286	\$ 18,290,586	\$ 19,007,564
2009	663,901,487	13,966,378	339,451,067	15,852,849	18,729,815
2010 ³	850,726,971	25,164,681	335,228,848	13,423,829	8,285,886
2011	869,865,700	19,261,626	316,236,629	10,919,839	7,747,727
2012	819,585,366	18,843,242	299,564,410	8,650,720	7,138,254
2013	879,228,943	15,575,000	282,962,191	5,865,470	6,522,175
2014	933,862,600	13,293,242	266,899,972	2,985,220	5,899,012
2015	868,376,433	9,276,778	249,497,753	-	5,380,920
2016 ⁴	984,173,168	6,525,000	236,295,534	-	4,862,828
2017 ³	912,827,483	3,320,000	204,901,559	-	4,344,736

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

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

³ In 2010, the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing \$102.8 million of general obligation sales tax revenue bonds and loaning the proceeds to CTIB. In 2017, CTIB repaid the County in full, which allowed the County to defease the bonds.

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

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

Unaudited

Table 15

Business-type Activities		Total Primary Government		
General Obligation Bonds	Revenue Bonds	Total Outstanding Debt	Total Debt as a Percentage of Personal Income ²	Total Debt Per Capita ²
\$ 2,020,000	\$ 33,253,625	\$ 989,352,057	1.55%	\$ 867
1,820,000	20,625,895	1,074,347,491	1.66%	929
1,610,000	8,197,034	1,242,637,249	1.99%	1,078
1,405,000	4,099,772	1,229,536,293	1.94%	1,052
1,265,000	-	1,155,046,992	1.72%	975
1,120,000	-	1,191,273,779	1.71%	994
975,000	-	1,223,915,046	1.68%	1,010
825,000	-	1,133,356,884	1.44%	927
73,356,771	-	1,305,213,301	1.64%	1,067
162,455,247	-	1,287,849,025	1.55%	1,045

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

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

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

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

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

⁴ Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Due to limited availability of data, deferred charges on refundings remain included with the applicable debt prior to 2012.

Unaudited

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

Year	Net General Obligation Debt ^{1,4}			Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Amount Available for Debt Service	Net				
2008	\$ 572,376,996	\$ 5,391,807	\$ 566,985,189	\$ 147,706,183,000	1,140,988	0.38 %	\$ 496.92
2009	679,687,865	7,688,195	671,999,670	141,853,595,000	1,156,212	0.47	581.21
2010	877,501,652	7,256,597	870,245,055	132,425,360,000	1,152,425	0.66	755.14
2011	890,532,326	6,621,844	883,910,482	128,108,465,000	1,168,431	0.69	756.49
2012	839,693,608	5,817,703	833,875,905	123,606,811,000	1,184,576	0.67	703.94
2013	895,923,943	13,088,237	882,835,706	124,508,068,000	1,198,778	0.71	736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74
2016	1,064,054,939	26,697,045	1,037,357,894	154,120,886,000	1,232,483	0.67	841.68
2017	1,078,602,730	18,219,325	1,060,383,405	164,830,612,000	1,252,024	0.64	846.94

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

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

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

⁴ Due to the implementation of GASB 65, deferred charges on refundings are not reported with outstanding debt in 2012 or later. Due to limited availability of data, deferred charges on refundings remain included with the applicable debt prior to 2012.

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
 December 31, 2017

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 925,550,000	\$ 1,021,810,859	100.00 %	\$ 1,021,810,859
Hennepin County Regional Railroad	31,535,000	26,942,546	100.00	26,942,546
Total Direct Debt	<u>957,085,000</u>	<u>1,048,753,405</u>		<u>1,048,753,405</u>
Overlapping:				
Metropolitan Council ³	1,484,038,432	12,606,580	47.70	6,013,339
Metropolitan Airport Commission	1,540,288,500	-	-	-
Total Overlapping Debt	<u>3,024,326,932</u>	<u>12,606,580</u>		<u>6,013,339</u>
Underlying:				
School Districts	1,896,217,470	1,622,542,881	100.00	1,622,542,881
Municipalities	1,681,177,153	536,519,558	100.00	536,519,558
Three Rivers Park District	68,265,000	45,784,829	100.00	45,784,829
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	37,249,100	23,219,746	100.00	23,219,746
Total Underlying Debt	<u>3,682,908,723</u>	<u>2,228,067,014</u>		<u>2,228,067,014</u>
Total	\$ <u>7,664,320,655</u>	\$ <u>3,289,426,999</u>		\$ <u>3,282,833,758</u>

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

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

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying Governmental Activities Debt
 December 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding ¹</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
Direct:			
Hennepin County	\$ 1,093,858,778	100.00 %	\$ 1,093,858,778
Hennepin County Regional Railroad	<u>31,535,000</u>	100.00	<u>31,535,000</u>
Total Direct Debt	<u>1,125,393,778</u>		<u>1,125,393,778</u>
Overlapping:			
Metropolitan Council	1,484,038,432	47.70	707,886,332
Metropolitan Airport Commission	<u>1,540,288,500</u>	47.70	<u>734,717,615</u>
Total Overlapping Debt	<u>3,024,326,932</u>		<u>1,442,603,947</u>
Total Direct and Overlapping Debt	<u>\$ 4,149,720,710</u>		<u>\$ 2,567,997,725</u>
Underlying:			
School Districts	1,896,217,470	100.00	1,896,217,470
Municipalities	1,681,177,153	100.00	1,681,177,153
Three Rivers Park District	68,265,000	100.00	68,265,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	<u>37,249,100</u>	100.00	<u>37,249,100</u>
Total Underlying Debt	<u>\$ 3,682,908,723</u>		<u>\$ 3,682,908,723</u>

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

Unaudited

Hennepin County, Minnesota
Legal Debt Margin Information
 Last Ten Years

	<u>Debt Limit ¹</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
2008	\$ 2,937,780,838	\$ 560,343,193	\$ 2,377,437,645	19.07%
2009	2,831,692,517	657,521,805	2,174,170,712	23.22%
2010	3,964,962,407	751,148,403	3,213,814,004	18.94%
2011	3,684,028,463	763,313,156	2,920,715,307	20.72%
2012	3,543,193,158	710,177,297	2,833,015,861	20.04%
2013	3,570,836,690	786,395,706	2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%
2016	4,623,626,544	941,107,894	3,682,518,650	20.35%
2017	4,944,918,369	1,048,753,405	3,896,164,964	21.21%

Computation of 2017 Legal Debt Margin

2017 market value of taxable property		<u>\$ 164,830,612,300</u>
Debt limit, 3% of taxable market value		\$ 4,944,918,369
Amount of levy supported debt	\$ 1,066,972,730	
Less amount available for debt service	<u>18,219,325</u>	<u>1,048,753,405</u>
Legal Debt Margin		<u>\$ 3,896,164,964</u>

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

Unaudited



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

	2008	2009	2010	2011
Net Revenues ²	<u>\$ 27,541,171</u>	<u>\$ 26,737,760</u>	<u>\$ 27,745,206</u>	<u>\$ 29,589,411</u>
First Lien Revenue Bond Coverage:				
First lien principal	\$ 350,000	\$ 500,000	\$ 750,000	\$ 900,000
First lien interest	7,234,875	7,217,375	7,192,375	7,154,875
Total first lien debt service	<u>\$ 7,584,875</u>	<u>\$ 7,717,375</u>	<u>\$ 7,942,375</u>	<u>\$ 8,054,875</u>
First lien coverage	3.63	3.46	3.49	3.67
<i>First lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Second Lien Revenue Bond Coverage:				
Total first lien debt service	<u>\$ 7,584,875</u>	<u>\$ 7,717,375</u>	<u>\$ 7,942,375</u>	<u>\$ 8,054,875</u>
Second lien principal	2,575,000	2,000,000	2,300,000	2,720,000
Second lien interest	3,737,815	5,402,175	5,327,175	5,212,175
Total second lien debt service	<u>6,312,815</u>	<u>7,402,175</u>	<u>7,627,175</u>	<u>7,932,175</u>
Total first and second lien debt service	<u>\$ 13,897,690</u>	<u>\$ 15,119,550</u>	<u>\$ 15,569,550</u>	<u>\$ 15,987,050</u>
Second lien coverage	1.98	1.77	1.78	1.85
<i>Second lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Third Lien Revenue Bond and Note Coverage:				
Total first and second lien debt service	<u>\$ 13,897,690</u>	<u>\$ 15,119,550</u>	<u>\$ 15,569,550</u>	<u>\$ 15,987,050</u>
Third lien principal	-	400,000	800,000	800,000
Third lien interest	771,888	322,692	171,325	123,963
Third lien remarketing and liquidity provider fees	127,409	149,566	227,178	264,128
Total third lien debt service	<u>899,297</u>	<u>872,258</u>	<u>1,198,503</u>	<u>1,188,091</u>
Total first, second and third lien debt service	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>	<u>\$ 17,175,141</u>
Third lien coverage	1.86	1.67	1.65	1.72
<i>Third lien principal optionally redeemed using sales tax revenues</i>	\$ 2,000,000	\$ 3,700,000	\$ -	\$ 14,200,000
Total Sales Tax Revenue Bond and Note Coverage:				
Sales tax revenue bond and note principal	\$ 2,925,000	\$ 2,900,000	\$ 3,850,000	\$ 4,420,000
Sales tax revenue bond and note interest	11,744,578	12,942,242	12,690,875	12,491,013
Remarketing and liquidity provider fees	127,409	149,566	227,178	264,128
Total sales tax revenue bond and note debt service	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>	<u>\$ 17,175,141</u>
Total coverage	1.86	1.67	1.65	1.72
<i>Total principal optionally redeemed using sales tax revenues</i>	\$ 2,000,000	\$ 3,700,000	\$ -	\$ 14,200,000

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

2012	2013	2014	2015	2016	2017
<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>	<u>\$ 35,294,545</u>	<u>36,013,974</u>	<u>36,444,848</u>
\$ 1,050,000	\$ 1,150,000	\$ 1,300,000	\$ 1,400,000	\$ 1,550,000	\$ 4,370,000
<u>7,109,875</u>	<u>7,057,375</u>	<u>6,999,875</u>	<u>6,934,875</u>	<u>6,864,875</u>	<u>5,113,719</u>
<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>	<u>\$ 9,483,719</u>
3.81	4.01	4.07	4.23	4.28	3.84
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,019,206
<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>	<u>\$ 9,483,719</u>
<u>3,450,000</u>	<u>3,280,000</u>	<u>3,590,000</u>	<u>3,930,000</u>	<u>4,280,000</u>	<u>4,655,000</u>
<u>5,087,025</u>	<u>4,949,025</u>	<u>4,789,925</u>	<u>4,616,925</u>	<u>4,454,725</u>	<u>4,267,725</u>
<u>8,537,025</u>	<u>8,229,025</u>	<u>8,379,925</u>	<u>8,546,925</u>	<u>8,734,725</u>	<u>8,922,725</u>
<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>	<u>\$ 18,406,444</u>
1.86	2.00	2.02	2.09	2.10	1.98
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,822,940
<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>	<u>\$ 18,406,444</u>
<u>400,000</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	-	-
<u>87,976</u>	<u>42,312</u>	<u>16,375</u>	<u>6,676</u>	<u>21,289</u>	-
<u>271,463</u>	<u>238,964</u>	<u>132,514</u>	<u>93,937</u>	<u>49,715</u>	-
<u>759,439</u>	<u>1,081,276</u>	<u>948,889</u>	<u>900,613</u>	<u>71,004</u>	-
<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>
1.78	1.88	1.92	1.98	2.09	1.98
\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ -
\$ 4,900,000	\$ 5,230,000	\$ 5,690,000	\$ 6,130,000	\$ 5,830,000	\$ 9,025,000
<u>12,284,876</u>	<u>12,048,712</u>	<u>11,806,175</u>	<u>11,558,476</u>	<u>11,340,889</u>	<u>9,381,444</u>
<u>271,463</u>	<u>238,964</u>	<u>132,514</u>	<u>93,937</u>	<u>49,715</u>	-
<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>
1.78	1.88	1.92	1.98	2.09	1.98
\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ 27,842,146

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		
2008	\$ 73,566,294	\$ 24,878,737	\$ 98,445,031	\$ 1,553,834,721	6.34 %
2009	37,460,987	24,622,112	62,083,099	1,273,346,992	4.88
2010	45,150,152	27,169,336	72,319,488	1,497,289,609	4.83
2011	49,708,497	30,895,111	80,603,608	1,323,642,251	6.09
2012	58,560,914	29,771,868	88,332,782	1,301,261,894	6.79
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26
2016 ³	94,539,556	30,857,794	125,397,350	1,640,834,621	7.64
2017	71,920,587	38,354,557	110,275,144	1,890,009,886	5.83

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

² The County's optional payments for early redemption of outstanding bond issues and current refundings, including \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$21,400,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, and \$60,125,000 in 2016 are included in the debt service expenditures above. The percentage in the last column above would be lower if it was based only on required debt service expenditures. For example, 2013 would be 3.53, 2014 would be 5.68, 2015 would be 4.60, 2016 would be 3.83%, and 2017 would be 4.49%.

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.

Unaudited

Hennepin County, Minnesota
Demographic and Economic Statistics
 Last Ten Years

<u>Year</u>	<u>Population</u> ¹	<u>Per Capita Income</u> ²	<u>Total Income</u>	<u>Median Age</u> ³	<u>Persons 25 years and older who are high school graduates</u> ³	<u>PK - 12 School Enrollment</u> ⁴	<u>Unemploy- ment Rate</u> ²
2008	1,140,988	\$ 56,564	\$ 64,538,845,232	37.6	92.2 %	155,754	4.9 %
2009	1,156,212	54,008	62,444,697,696	35.9	92.1	156,320	7.5
2010	1,152,425	54,949	63,324,601,325	35.9	92.1	157,170	6.6
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	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	N/A ⁵	N/A ⁵	N/A ⁵	92.8	170,683	3.2

Sources:

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

Unaudited

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

	Hennepin County		Metropolitan Area ¹		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2008	660,319	4.9%	1,837,000	5.2%	2,933,000	5.4%	154,287,000	5.8%
2009	661,816	7.5	1,855,914	7.8	2,967,967	8.0	154,015,250	9.3
2010	663,880	6.6	1,860,461	6.9	2,963,402	7.3	153,889,000	9.7
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9
2017	694,060	3.2	1,979,780	3.3	3,046,697	3.6	160,319,750	4.4

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

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

Unaudited

Hennepin County, Minnesota
Employment Information by Industry
 Last Ten Years

Industry	Hennepin County Industry Ranking									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	2	2	2	2	2	2	2	2	2	2
Government and government enterprises	3	3	3	3	3	3	3	3	3	3
Finance and insurance	6	5	4	4	4	4	4	4	4	4
Retail trade	4	4	5	5	5	5	5	5	5	5
Manufacturing	5	6	6	6	6	6	6	6	6	6
Administrative and waste services	7	7	8	7	7	7	7	7	7	7
Accommodation and food services	8	8	7	8	8	8	8	8	8	8
Wholesale trade	10	9	9	9	9	9	9	9	9	9
Other services, except public administration	9	11	10	10	11	10	10	10	10	10
Real estate	11	10	11	11	10	11	12	12	12	11
Management of companies and enterprises	13	12	12	12	12	12	11	11	11	12
Transportation and warehousing	14	14	13	13	13	13	14	13	13	13
Construction	12	13	14	14	14	14	13	14	14	14
Arts, entertainment, and recreation	15	15	15	15	16	15	15	15	15	15
Educational services	17	17	16	16	15	16	16	16	16	16
Information	16	16	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: 2017 information was not available at the time of publication.

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

Unaudited

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

<u>State of Minnesota Principal Employers</u>	2017 ²			2008 ¹		
	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
Mayo Foundation	42,000	1	1.40%			
State of Minnesota	41,000	2	1.37%			
United States Federal Government	32,000	3	1.07%			
Allina Health	28,000	4	0.93%			
University of Minnesota	26,000	5	0.87%	25,000	1	3.73%
Target Corporation	26,000	6	0.87%			
Fairview Health Services	24,000	7	0.80%	8,000	5	1.20%
HealthPartners	23,000	8	0.77%			
Wells Fargo Bank Minnesota	20,000	9	0.67%			
UnitedHealth Group, Inc.	17,000	10	0.57%			
Thayer/Hidden Creek				11,000	2	1.64%
Abbott Northwestern Hospital				10,000	3	1.49%
Hennepin County				8,000	4	1.20%
Ameriprise Financial				7,000	6	1.05%
Methodist Hospital				7,000	7	1.05%
Park Nicollet Health Systems				6,000	8	0.90%
United Parcel Service of America, Inc.						
Fairview Southdale Hospital				5,000	9	0.75%
North Memorial Medical				5,000	10	0.75%
Regions Hospital						
	<u>279,000</u>		<u>9.30%</u>	<u>92,000</u>		<u>13.76%</u>

¹ Source for 2008: ACINT.ORG and Hennepin County Office of Budget and Finance.

² 2017 Statewide information from Minnesota Department of Employment and Economic Development Top Employers Statewide. Data specific to Hennepin County is no longer available.

Unaudited



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

	2008	2009	2010	2011
<u>Employees by Function/Program*</u>				
Operations	1,070	1,036	1,045	1,034
Human Services	2,910	2,861	2,909	2,878
Health ¹	368	357	330	311
Public Safety	2,441	2,351	2,321	2,224
Public Works	435	421	432	427
Libraries	832	773	759	735
	8,056	7,799	7,796	7,609
 Unionized Employees	 5,538	 5,631	 5,311	 5,242
Full-Time Equivalents	7,474	7,431	7,314	7,197

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1,078	1,122	1,263	1,313	1,364	1,512
2,896	2,955	3,084	3,264	3,482	3,586
320	335	341	350	7,658	7,542
2,224	2,203	2,249	2,245	2,313	2,369
427	441	428	457	467	460
<u>727</u>	<u>722</u>	<u>742</u>	<u>760</u>	<u>774</u>	<u>777</u>
<u>7,672</u>	<u>7,778</u>	<u>8,107</u>	<u>8,389</u>	<u>16,058</u>	<u>16,246</u>
5,237	5,315	5,315	5,504	10,275	10,404
7,256	7,379	7,608	7,890	14,305	14,450

Hennepin County, Minnesota
Operating Indicators
 Last Ten Years

	2008	2009	2010
<u>Governmental Activities Operating Indicators by Function/Program</u>			
<u>Human Services</u>			
Children in out-of-home placement at the end of March	N/A	N/A	N/A
Emergency shelter use by families during the month of March	N/A	N/A	N/A
Child protection screening calls in the month of March	N/A	N/A	N/A
<u>Health</u>			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits	64,198	77,873	77,072
Medical Examiner			
Number of Autopsies Performed	N/A	N/A	N/A
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	N/A	5,657	5,985
Number of jail bookings	N/A	36,500	35,413
Community Corrections:			
Percent of adult client recidivism	N/A	20.4%	21.0%
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	48%	47%	54%
Percent of bridges with sufficiency rating less than 50	9%	8%	7%
Engineering costs as a percent of actual capital project costs	N/A	N/A	N/A
<u>Libraries</u>			
Items circulated (millions)	16.5	16.7	17.5
eLibrary visits (millions)	16.0	15.0	19.9
Number of volunteer hours supplementing service	53,813	86,766	91,779
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Hennepin Health</u>			
Administrative Cost Ratio	20.0%	17.8%	14.5%
Enrollment ^{1,2}	N/A	18,662	18,113
<u>Medical Center</u>			
Number of clinic visits	N/A	N/A	N/A
Number of Medical Center inpatient discharges	N/A	N/A	N/A
<u>Environment and Energy</u>			
Recycling rate	N/A	N/A	N/A

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

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

Sources: Various County departments

Unaudited

Table 28

2011	2012	2013	2014	2015	2016	2017
N/A	N/A	N/A	N/A	1,450	1,782	2,041
N/A	N/A	N/A	N/A	4,669	3,197	3,399
N/A	N/A	N/A	N/A	1,579	2,070	1,964
77,026	84,412	82,069	85,358	96,962	103,032	130,056
N/A	N/A	N/A	1,060	1,100	1,180	1,200
4,957	4,132	2,596	1,752	1,545	1,054	1,200
34,503	35,857	35,910	34,116	34,343	31,771	32,000
23.4%	23.5%	28.8%	22.9%	20.0%	21.9%	21.0%
53%	61%	62%	59%	60%	67%	67%
7%	8%	8%	10%	7%	7%	7%
N/A	N/A	22%	18%	18%	18%	18%
18.4	16.6	15.8	16.0	16.0	16.0	15.1
21.5	21.1	19.5	20.0	20.0	20.0	12.8
99,862	101,924	92,773	100,000	100,000	100,000	75,076
13.6%	15.4%	14.8%	14.0%	15.5%	14.6%	16.0%
19,009	3,981	11,888	13,290	13,734	11,756	13,382
N/A	N/A	N/A	N/A	N/A	620,781	628,037
N/A	N/A	N/A	N/A	N/A	23,051	22,050
N/A	N/A	41.0%	41.0%	45.0%	47.0%	48.0%

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

	2008	2009	2010
<u>Operations</u> ¹			
Building square footage occupied by Operations	295,982	228,114	233,053
<u>Human Services</u> ¹			
Building square footage occupied by Human Services	638,781	452,095	452,108
<u>Health</u> ¹			
Building square footage - NorthPoint Health & Wellness	59,724	39,964	39,964
Building square footage - Medical Examiner	37,175	29,430	29,430
Building square footage - Hennepin County Medical Center	N/A	N/A	N/A
<u>Public Safety</u> ¹			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	429,559	360,510	360,510
Building square footage occupied by the Corrections Department	669,849	606,382	605,225
Building square footage occupied by the Sheriff's Office (w/o Jail)	170,452	152,366	152,621
<u>Public Works</u>			
County roads and highways (miles)	561	567	572
Number of bridges	133	135	136
<u>Libraries</u>			
Building square footage occupied by the Libraries ²	1,329,621	993,939	997,735
Size of Library collection (copies)	4,997,402	4,770,977	5,030,570
<u>Regional Railroad Authority</u> ²			
Rail miles	12	52	52
Light rail stations	17	23	23
<u>Hennepin Health</u>			
Buiding square footage occupied by Hennepin Health	59,106	59,106	59,106

¹ For 2008, square footage is represented by rentable space, which includes common building areas. For 2009 and after, usable square footage excludes common areas. The 2016 decrease reflects the movement of employees from County-owned space to leased facilities that are not part of the County's capital assets.

² Totals for Blue, Green and Northstar rail lines, including stations and track outside the borders of Hennepin County where the RRA was a funding partner. The Green line was added in 2014 and the Northstar line was added in 2009.

Sources: Various County departments

Unaudited

Table 29

2011	2012	2013	2014	2015	2016	2017
232,709	233,053	187,821	190,343	233,684	246,979	254,889
452,108	452,108	452,108	422,338	421,624	337,666	288,858
39,964	39,964	39,964	39,964	39,964	43,422	43,422
29,430	29,430	29,430	29,430	29,430	29,430	29,430
N/A	N/A	N/A	N/A	N/A	3,301,101	3,314,481
360,510	359,083	359,083	359,083	383,128	383,128	385,312
605,225	605,225	562,480	571,792	571,792	571,879	571,878
152,621	152,621	153,437	174,229	174,229	174,305	174,108
570	570	570	570	570	570	570
139	143	143	145	146	147	147
997,735	1,006,021	1,005,367	1,017,502	1,017,502	1,041,136	1,074,505
4,910,846	4,910,846	4,670,388	4,815,158	4,995,316	4,995,316	4,943,703
52	52	52	62	62	62	62
23	23	23	43	43	43	43
59,106	32,957	32,957	32,957	32,957	32,957	25,574

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

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

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

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

³ 2008 expenditures include Ballpark construction costs. 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

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

Unaudited

Table 30

2011	2012	2013	2014	2015	2016	2017
622	595	596	608	617	640	658
(1.3)	(4.3)	0.1	2.0	1.5	3.7	2.7
2,207	2,154	2,171	2,221	2,243	2,328	2,363
1.6	(2.4)	0.8	2.3	1.0	3.8	1.5
1,106	1,077	1,100	1,187	1,162	1,192	1,292
0.3	(2.6)	2.1	7.9	(2.1)	2.6	8.4
341	317	339	414	364	383	437
(1.2)	(7.0)	7.0	22.2	(12.1)	5.2	14.1
1,149	1,099	1,188	1,195	1,222	1,331	1,510
(11.5)	(4.4)	8.1	0.5	2.2	8.9	13.4
125	88	121	113	123	149	138
9.6	(29.6)	37.0	(6.4)	9.1	20.9	(7.5)
664	619	656	683	621	764	838
1.0	(6.7)	5.9	4.1	(9.1)	23.0	9.6
2,397	2,179	2,157	2,238	2,240	2,507	2,622
(3.1)	(9.1)	(1.0)	3.7	0.1	11.9	4.6
109,641	104,347	103,862	111,126	118,064	125,049	131,651
(4.6)	(4.8)	(0.5)	7.0	6.2	5.9	5.3
62.5	61.3	61.6	62.8	64.5	114.3	115.4
(1.6)	(1.9)	0.4	1.9	2.7	77.1	1.0

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

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

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

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

Unaudited

Table 31

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
11.2 % 6.1	12.5 % 6.8	11.8 % 5.9	11.2 % 5.7	12.4 % 6.3	15.9 % 7.4	13.4 5.8
0.63	0.62	0.66	0.64	0.53	0.61	0.64
26.6	25.9	28.2	27.0	21.3	25.6	26.9
27.6	27.9	30.4	30.5	27.7	30.5	31.9
60.9	57.5	59.6	57.5	53.5	64.1	64.8
56.5	58.5	59.3	58.5	61.7	55.0	58.0
20.3	32.8	25.8	23.4	24.6	22.1	20.1





The new Webber Park Library Opened May, 2017

The 8,000 square foot facility located on Victory Memorial Parkway at Humboldt Ave N in Minneapolis, replaces the former 4,100 square foot library.



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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