

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2014. 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, 2014.

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2014 Comprehensive Annual Financial Report

Year Ended December 31, 2014



Hennepin County
Minnesota

Hennepin County, Minnesota Financial Highlights

	2014	2013	Percent Change
Government-wide: Assets	\$ 3,487,647,649	\$ 3,350,103,678	4.1%
Deferred Outflows of Resources	\$ 13,400,417	\$ 12,115,155	10.6%
Liabilities	\$ (1,664,774,689)	\$ (1,627,952,759)	2.3%
Net Position	<u>\$ 1,836,273,377</u>	<u>\$ 1,734,266,074</u>	5.9%
Government-wide: Program Expenses	\$ 1,507,179,896	\$ 1,438,487,873	4.8%
Program Revenues	829,230,683	764,118,396	8.5%
Net Program Expense	(677,949,213)	(674,369,477)	
General Revenues	779,956,516	747,523,356	4.3%
Change in Net Position	<u>\$ 102,007,303</u>	<u>\$ 73,153,879</u>	
Expense Per Capita	\$ 1,243.48	\$ 1,199.96	3.6%

Funds Available for Investment at December 31:			
General Investible Funds	\$ 1,025,376,179	\$ 904,863,730	13.3%
Bond Proceeds/Non-General Investible Funds	140,994,203	92,053,715	53.2%
Total Investible Funds	<u>\$ 1,166,370,382</u>	<u>\$ 996,917,445</u>	17.0%
Annual Daily Average of General Investible Funds	\$ 1,129,963,704	\$ 1,089,344,468	3.7%
Average Investment Return for All Funds *	1.46%	-0.21%	793.4%
Average Investment Yield for All Funds	1.05%	1.03%	2.0%

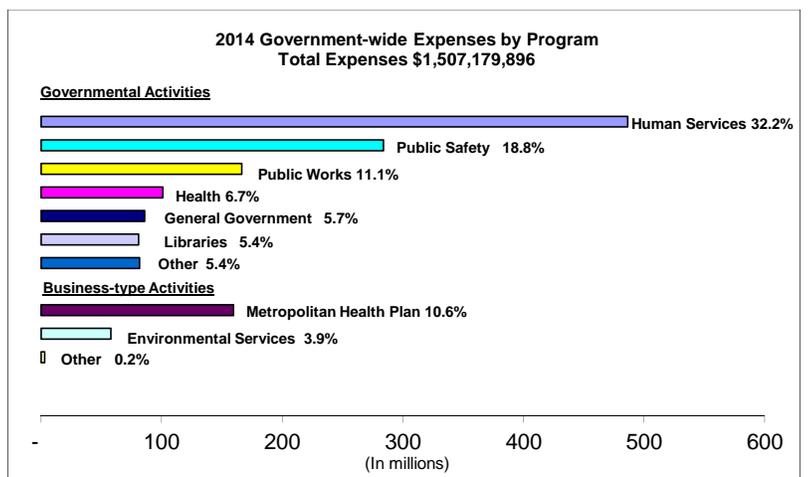
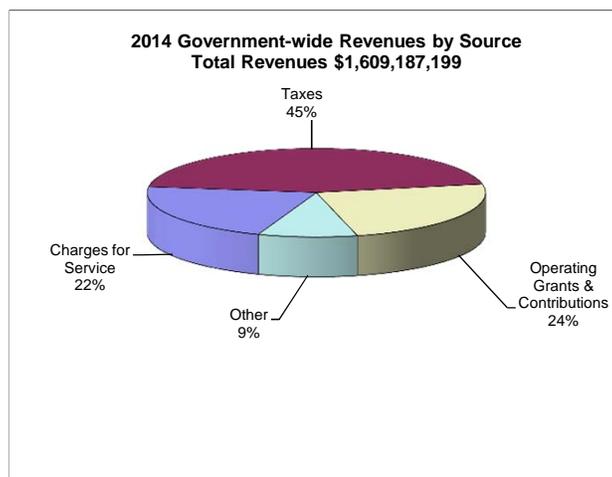
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2014 before recording the net change in fair value of investments was \$8,856,250 as compared to \$8,270,776 in 2013.

Total County Issued Bonds and Notes*	\$ 894,855,000	\$ 869,715,000	2.9%
Average Interest Rate on General Obligation Debt	4.34%	4.09%	6.0%
Net General Obligation Debt Per Capita	\$ 682.78	\$ 656.00	4.1%
Ratio of Net General Obligation Debt to Property Market Value	0.614%	0.632%	-2.7%
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*	\$ 1,367,504,155	\$ 1,369,968,893	-0.2%
Tax Capacity Rates:			
City of Minneapolis	49.527%	49.089%	0.9%
Suburban	49.944%	49.511%	0.9%
Estimated Market Value*	\$ 124,508,068,000	\$ 123,606,811,000	0.7%

* 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, 2014

Hennepin County Board of Commissioners

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

Hennepin County Administrator

David Hough



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

Worldwide Web Address: <http://www.hennepin.us>

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Hennepin County, Minnesota
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STATISTICAL SECTION

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Hennepin County County Administration

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June 2, 2015

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, 2014.

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.

McGladrey LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the County's financial statements for the year ended December 31, 2014. 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 audited government'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 training, 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 upper Mississippi River flows through Minneapolis and defines the northeastern boundary of the County.



Profile of the Government - continued

2014 Hennepin County Facts	
<i>Population</i>	<i>1,212,064</i>
<i>Estimated Per Capita Income (2013)</i>	<i>\$60,601</i>
<i>Number of Cities</i>	<i>45</i>
<i>2014 Approved Budget</i>	<i>\$1.82 billion</i>
<i>Taxable Property Estimated Market Value</i>	<i>\$134.7 billion</i>

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.

County Services

At the end of 2014, the County had 8,107 employees providing a full range of services. The following is a brief summary of the services each program provides, including 2014 department operating indicators.

Libraries

Number of Employees – 742

- Circulation – 15,800,000 items (books, CDs and DVDs)
- Annual visits to library locations – 5,700,000
- Annual visits to library website – 19,500,000



Hennepin County Library serves patrons by providing access to library buildings and resources including materials, technology and staff. The Library has 850,000 active library card holders. Starting in January 2014, the libraries increased open hours by 249 per week, resulting in approximately 10,000 additional open hours for patrons in 2014.

The Library responded to patron feedback and increased the number of items patrons can check out and put on hold. Downloadable content, including books, movies and music, continued to increase as a percentage of overall Library circulation, which held steady in 2014 at 15.8 million items checked out or renewed. In October, 2014, the Library launched a redesigned website and catalog at www.hclib.org. Website improvements include better mobile access, stronger search capabilities, new recommended reads, and integrated eBooks. The site received many positive reviews. The Library expects annual website visits to grow beyond the 19.5 million seen in 2014.

Public Safety

Number of Employees – 2,249

- County Attorney – Evaluated 15,000 adult and juvenile criminal cases
- Public Defender – Opened 45,054 juveniles and adults cases
- Sheriff's Office – 34,116 jail bookings
- Community Corrections and Rehabilitation – 242,000 hours of Sentencing-to-Service and Community Work Service hours completed and 204 juveniles in Out-of-Home Placements at year-end



The Public Safety program includes the County's activities in law enforcement, criminal prosecution, legal counsel for the indigent, correctional programs, and provides legal reference information to attorneys and citizens of the County. Other service areas under Public Safety include: County Court Functions, which provides administrative services for certain District Court functions; and the 800 MHz Radio Program, which purchases and maintains the radio equipment that is used by the Minnesota Regional Public Service Communication System.

County Services - continued

Human Services and Public Health

Number of Employees – 3,084

- Improvements to screening children at high risk for developmental delays between the ages of zero and five were created in 2014. Over 90 targeted children were provided scholarships to attend and benefit from high-quality child care settings.
- The Stable Families Initiative reduces shelter used among families with histories of repeat-shelter stays. This initiative integrated employment services, social services case management, housing search and subsidies, and coordination of eligibility service.



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

HSPHD continues to locate offices where clients live and work in the community. Three community-based human services centers (hubs) opened in 2014: South Suburban, North Minneapolis, and West Suburban. A milestone was reached in June when the department began seeing more clients at these community-based offices than the long-time downtown site at Century Plaza. In addition, HSPHD opened or reopened five regional satellites - Brookdale, Hopkins, Health Service Building, Eden Prairie, and Eastside Neighborhood Services.

Health

Number of Employees – 341



- NorthPoint Health & Wellness Center patient visits – 85,268
- Metropolitan Health Plan (MHP) members – 13,290 members enrolled
- Cases reported to the Medical Examiner's Office – 6,763

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, MHP, the office of the Medical Examiner, and the County's support of the Hennepin County Medical Center, a discretely presented component unit of the County.

Public Works

Number of Employees – 666

- Lane miles of road maintained – 2,182
- Facilities managed – 79 County buildings and 42 leased buildings

Public Works provides maintenance and construction of County roads and bridges; management of the County's solid waste system; as well as housing, transit and workforce development. For 2014 these services were provided through seven departments: Environmental Services; Administration; Housing, Community Works and Transit; Strategic Planning and Resources; Management Support; Transportation; and Property Services (formerly under General Government). 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 Housing and Redevelopment Authority and the Regional Railroad Authority.



County Services - continued

General Government

Number of Employees – 1,025

General Government 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	Administers the overall operation of the County, implements the programs and policies established by the County Board, and advises the County Board on policy matters.
Assessor	Administers property assessments.
Budget & Finance	Ensures sound credit conditions, working capital, and overall financial health within Hennepin County by supporting strategic objectives through best practices in general accounting, payroll, and purchasing; leveraging technology, and effective management of financial and human resource systems and services.
Examiner of Titles	Performs judicial, administrative and legal adviser duties specified in the Minnesota Land Registration Act.
Information Technology	Provides effective, efficient, and innovative technology services and tools to County departments and lines of business, building a technical infrastructure that supports the delivery of services to community partners and the citizens of the County.
Resident and Real Estate Services	Administers elections including maintenance of a centralized voter registration file, issues various licenses such as driver, marriage, motor vehicle, and fish/game licenses, handles the administration of property tax collection activities and distribution to local governments within the County.
Human Resources	Provides human resource programs and support services.
Public Affairs	Raises the public's awareness of the County's role in enhancing the quality of life through effective communication.
Internal Audit	Reviews and evaluates adequacy and effectiveness of the County's internal control system.
General County Purposes	Provides dues and contributions to organizations benefiting the County; budgets for miscellaneous countywide functions; reserves available funding for contingent activities further defined during the budget year and includes the Center of Innovation and Excellence.

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. The budget process is described in more detail in the Notes to Required Supplementary Information on page 89.

2014 Original Budget Focus

The 2014 original budget was developed to address future needs in the most effective manner possible. Continuing the practice of recent years, the Board and senior staff conducted a series of discussions concerning the level of County services and the resources necessary to meet the needs of citizens. The total approved budget for 2014 was \$1.82 billion, a decrease of \$10.2 million or 0.6% from the adjusted 2013 budget. The capital projects budget was approved at \$181 million, a decrease of \$3.3 million or 1.8% from the adjusted 2013 level of \$184.3 million. The operating portion of the budget totaled \$1.6 billion, a decrease of \$7 million or 0.4% from the adjusted 2013 budget. The net property-tax levy for the approved 2014 budget was \$681.3 million, which was \$6.6 million (1%) over 2013. This increase in property tax levy was quite moderate, illustrating the County's strong fiscal stewardship.

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, which starts on page 79. The comparison for enterprise funds is presented in the Supplementary Information - Enterprise Funds subsection of this report, which starts on page 109.

Major Initiatives and Achievement

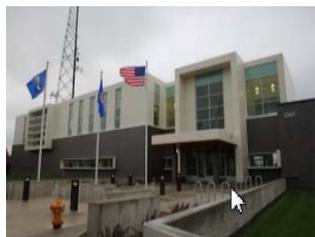
Excelsior Library – Opened in September, 2014. The new Excelsior location contains additional public computers, a refreshed collection; a public area; a community meeting room, indoor and outdoor reading



areas, off-street parking and access to the Lake Minnetonka Regional Trail. The **Walker Library** opened in April, 2014. The new Walker location offers many new and expanded features including Wi-Fi capabilities, numerous new public computers, iPad dispenser, enlarged children's area, a multi-purpose room, and a separate teen zone.



Human Services opened three more Hubs - Regional offices are crucial to better services for clients and building sustaining relationships with partners. These sites provide more client accessibility and allow the department to partner with a broader range of agencies. In 2014, three additional services centers (hubs) were opened: South Suburban in Bloomington, North in North Minneapolis, and West Suburban in Hopkins. Five regional satellites were also opened (or-reopened) in Brookdale, Hopkins, Health Services Building in Minneapolis, Eden Prairie and Eastside Neighborhood Services.



Construction on the **911 Emergency Communications Facility** was completed in 2014. This multiyear project with a budget of \$34 million will greatly enhance the ability of the Sheriff's Office to continually improve the service of dispatching 911 calls, and will facilitate implementation of new emergency communication technologies. This new 49,000 square foot facility in Plymouth, replaces the communication building in Golden Valley that was built in 1948.

Major Initiatives and Achievements – continued

Wheelage Tax was a new tax of \$10 on registrations for vehicles registered within the County. In 2014, revenues from this tax were used to aid in maintaining roads throughout the County, which included: 40 lane-miles overlaid, 57 intersections painted, 40 battery backup systems installed, video detection installed at 22 intersections, traffic signals synchronized at 69 intersections, and the completion of pavement crack sealing, guardrail end treatment, bridge maintenance and curb/gutter replacement at various locations.



Target Field Station was opened in April, 2014. The total cost of Target Field Station was \$79.3 million, with funding (44 percent) coming from local sources. The remaining funding comes from state (22 percent) and federal (34 percent) sources. Nearly 500 trains pass through the Target Field Station each day, serving riders on the METRO Green and Blue Lines and the Northstar Commuter Rail. The station has more than 104,000 square feet of space that includes a public plaza for year-round special events, green space, a 1,000-seat amphitheater, office space, retail shops and a 286-car underground parking garage. The Minnesota Twins, Target and Hennepin County will utilize the public space for programming and special events throughout the year.



Economic and Financial Condition

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

Local Economy

The economy of the County, for which the City of Minneapolis is the county seat, has longstanding characteristics of strength and diversity in comparison to outstate, regional and even the national economy, as shown in measurements of income and employment. Healthcare, medical device manufacturing, retail sales, financial services and insurance, high tech, and food processing are significant economic sectors providing a strong employment and wage base in the County. Many large international companies maintain their headquarters in the County.

At year-end 2014, the County unemployment rate of 3.7% was lower than the previous year's rate of 4.7%, continuing a 5-year improvement trend. Again in 2014, the County unemployment rate remained lower than the State rate of 4.1% and the national rate of 6.2%.

Long-term Financial Planning

The overall economic environment relating to the 2015 budget was improved compared to recent years. The State of Minnesota's budget was in substantially better shape than in the recent past, with a forecasted \$1.2 billion surplus for the biennium ending on June 30, 2015. Continued growth in employment and income contributed to the increase in the state's forecasted revenues.

On the national side, regular economic momentum contributed to an improved economic outlook, as well. Economic activity is expected to grow through 2015 as a result of an upturn in consumer spending, an improved housing market, and increased capital equipment and infrastructure investment, resulting in less uncertainty for state and local governments.

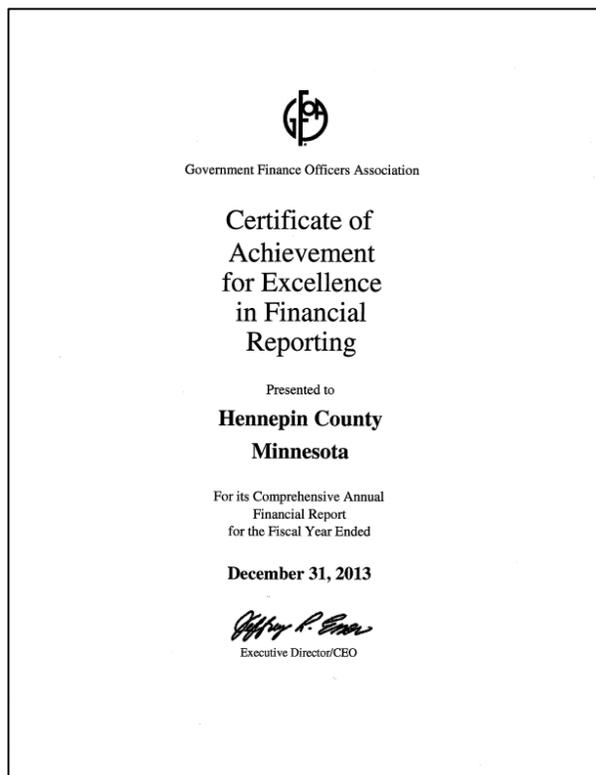
Economic and Financial Condition - continued

For 2015, the County budgeted sufficient funds to provide essential services and to make strategic investments in the future. The resulting \$1.82 billion 2015 budget:

- Is \$26.7 million or 1.5% higher than the final budget of 2014. The \$679.5 million net property tax levy is \$15.6 million higher than the 2014 levy.
- Includes funding for 7,664.4 FTEs, representing a 1.7% increase over 2014. New positions are targeted to address emerging needs and critical staffing shortages in areas such as Human Services child-protection, child support, and case management; NorthPoint Health and Wellness direct patient care; and Community Corrections adult probation
- Includes a \$679.5 million budgeted property tax requirement, reflecting a 2.4% increase over 2014. The expected stability in State revenues led to few expected increases in State revenues expected by the County for 2015, resulting in more reliance on property taxes. In 2015, the owner of a suburban median valued home is expected to see an increase in estimated market value of 8.7% and an increase in County property taxes of 3.3% or \$34 compared to 2014. Likewise, for the Minneapolis median home, the estimated market value is expected to increase by 6.5% in 2015 with an anticipated increase in property tax of 1.8% or \$14.
- Includes a \$256.9 million capital budget, reflecting an increase of \$47.9 million compared to the 2014 final budget level. The capital budget includes \$105.6 million for various road and bridge projects; the transportation capital budget benefits from \$9.3 million of budgeted wheelage tax, a tax implemented in 2014. The capital budget includes \$48.3 million for the construction of the new South Minneapolis Regional Human Services Center at the Hiawatha-Lake Street intersection, and \$14.7 million for library renovations and new construction, such as \$9.2 million for the on-going construction of the new Brooklyn Park Library. The County also continues to fund projects at the Medical Center, and the budget includes an additional \$20 million for a new Ambulatory Outpatient Specialty Center.
- The 2015 budget for general debt service totals \$135.9 million. The 2015 property tax requirement for debt service increased \$2.7 million to \$82.9 million, an increase of 3.4%. As in 2014, \$2 million of wheelage tax receipts will be used to offset a portion of the 2015 debt service related to road and bridge projects.

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

Financial Reporting Award and Acknowledgements



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's comprehensive annual financial reports for the years 1974 through 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted 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, 2014



Commissioners:

- District 1
- District 2
- District 3
- District 4
- District 5
- District 6
- District 7

- Mike Opat, Chair
- Linda Higgins
- Marion Greene
- Peter McLaughlin
- Randy Johnson
- Jan Callison
- Jeff Johnson

County Administrator

David Hough

Assistant County Administrator – Health

Jennifer DeCubellis

Assistant County Administrator – Human Services

Rex Holzemer

Assistant County Administrator – Operations

Judy Regenscheid

Assistant County Administrator – Public Safety

Mark Thompson

Assistant County Administrator – Public Works

Debra Brisk

Governmental Activities

Public Works

- Housing, Community Works and Transit
- Property Services
- Public Works Management Support
- Strategic Planning and Resources
- Transportation

- John Doan
- Judith Hollander
- Maurice Gieske
- Alene Tchourumoff
- Jim Grube

Public Safety and Judiciary

- County Attorney
- Sheriff
- Community Corrections and Rehabilitation
- Law Library
- Public Defender

- Michael Freeman
- Richard Stanek
- Thomas Merkel
- Edward Carroll
- Mary Moriarty

Health

- Medical Examiner
- NorthPoint Health & Wellness Center

- Andrew Baker, M.D.
- Stella Whitney-West

Libraries

Lois Langer Thompson

Human Services

- Area Director
- Veteran's Services

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

General Government

- Assessor
- Budget and Finance
- Examiner of Titles
- Human Resources
- Information Technology
- Intergovernmental Relations
- Internal Audit
- Labor Relations
- Public Affairs
- Purchasing and Contract Services
- Resident & Real Estate Services

- James Atchison
- David Lawless
- Susan Ledray
- Rafael Viscasillas
- Glen Gilbertson
- Mary Beth Davidson
- Karen Marquardt
- William Peters
- Carolyn Marinan
- Christopher Gran
- Mark Chapin

Business-type Activities

- Metropolitan Health Plan
- Solid Waste - Environmental Services

- Shannon Mayer
- Carl Michaud

Financial Section

Independent Auditor's Report

To the Board of County Commissioners
Hennepin County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America for state and local governments require that the management's discussion and analysis, schedule of funding progress for the retiree health plan, 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, which consisted of primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 2014 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 2014 supplementary information is fairly stated, in all material respects, in relation to the 2014 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 2013 basic financial statements (not presented herein) and have issued our report dated May 30, 2014, 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, 2013, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2013 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 2013 supplementary information is fairly stated, in all material respects, in relation to the 2013 basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

McGladrey LLP

Minneapolis, Minnesota
June 2, 2015



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, 2014. The information provided here should be read in conjunction with the letter of transmittal that begins on page 1 and the notes to the financial statements, which are presented on pages 47 to 78.

FINANCIAL HIGHLIGHTS

Government-Wide

At December 31, 2014, the County's assets and deferred outflows of resources exceeded its liabilities by \$1.8 billion. Of this amount, \$122.3 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.2 billion. The unrestricted amount of net position available is \$561.8 million at the end of 2014 of which \$350.6 million relates to the County's equity interest in component unit.

Fund Level

As reported in the governmental fund balance sheets on pages 34 and 35, at the end of 2014 the County's governmental funds reported total ending fund balances of \$608.7 million, which is an increase of \$123.4 million during 2014.

Unassigned fund balance for the General Fund was \$134.8 million, or approximately 23.4% of total General Fund expenditures for the year ended December 31, 2014, compared to \$144.8 million and 25.8% for 2013.

Noncurrent Liabilities

The County's total noncurrent liabilities increased \$44.7 million during 2014. The County issued \$100 million in general obligation (GO) debt to support capital improvement plans for the County. In addition to regularly scheduled principal payments on previously issued debt, during the year the County made optional payments of \$10 million for early redemption on the sales tax revenue bond issues outstanding.

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 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.

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Government-wide Financial Statements – continued

- *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 General Government, Human Services, Health, Public Safety, Public Works, Libraries, and Debt. The business-type activities of the County include the Metropolitan Health Plan (a health maintenance organization), Environmental Services, Glen Lake Golf Course, and Radio Communications.

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

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 49 to 52 of the Notes to the Basic Financial Statements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Fund Financial Statements – continued

- **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 Metropolitan Health Plan (MHP) and Solid Waste *enterprise funds*, both of which are considered to be major funds of the County. Conversely, the *nonmajor enterprise funds* are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

The basic proprietary fund financial statements can be found on pages 42 to 44 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 the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 45 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 47 to 78 of this report.

Required and Supplementary Information

Supplementary information beginning on page 79 includes a schedule of funding progress for the retiree health plan, schedules of revenue and expenditures for individual funds with a comparison of actual revenues and actual expenditures compared to budget and prior year, schedules of expenditures by program for specific funds, and combining schedules for internal service funds. The Notes to Required Supplementary Information are shown on page 89.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position serves as an indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities by \$1.8 billion at December 31, 2014. The largest portion of the County's net position, \$1.2 billion or 62.7%, 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Net Position – continued

Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position (6.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$561.8 million is unrestricted net position, which includes the \$350.6 million equity interest in the Medical Center.

At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Summary of Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$873.1	\$917.5	\$130.0	\$112.3	\$1,003.1	\$1,029.8
Noncurrent assets:						
Other assets	669.0	542.8	1.3	-	670.3	542.8
Net capital assets	1,695.2	1,662.2	119.0	115.3	1,814.2	1,777.5
Total assets	3,237.3	3,122.5	250.3	227.6	3,487.6	3,350.1
Deferred outflows of resources	13.4	12.1	-	-	13.4	12.1
Current liabilities	288.4	318.4	61.0	39.0	349.4	357.4
Noncurrent liabilities	1,311.3	1,266.4	4.0	4.1	1,315.3	1,270.5
Total liabilities	1,599.7	1,584.8	65.0	43.1	1,664.7	1,627.9
Net investment in capital assets	1,034.2	1,008.7	118.0	114.1	1,152.2	1,122.8
Restricted	57.7	41.3	64.6	65.4	122.3	106.7
Unrestricted	559.1	499.8	2.7	5.0	561.8	504.8
Total Net Position	\$1,651.0	\$1,549.8	\$185.3	\$184.5	\$1,836.3	\$1,734.3

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position

As shown in the table below, the County's net position increased in the current year by \$102 million, a change from 2013 of 5.9%.

Changes in Net Position (in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$133.5	\$139.0	\$213.0	\$206.0	\$346.5	\$345.0
Operating grants and contributions	349.9	331.8	6.4	3.1	356.3	334.9
Capital grants and contributions	126.5	84.2	-	-	126.5	84.2
General revenues:						
Property taxes	673.1	704.2	-	-	673.1	704.2
Sales tax	34.2	33.4	-	-	34.2	33.4
Wheelage Tax	9.3	-	-	-	9.3	-
Other taxes	3.0	3.1	2.5	1.3	5.5	4.4
Grants and contributions	32.2	26.0	-	-	32.2	26.0
Investment earnings (losses)	10.8	(1.8)	-	-	10.8	(1.8)
Change in equity interest in component unit	14.8	(18.8)	-	-	14.8	(18.8)
Total Revenues	1,387.3	1,301.1	221.9	210.4	1,609.2	1,511.5
Expenses:						
General Government	85.8	123.9	-	-	85.8	123.9
Human Services	486.6	449.3	-	-	486.6	449.3
Health	101.0	104.0	-	-	101.0	104.0
Public Safety	284.0	271.3	-	-	284.0	271.3
Public Works	166.6	127.8	-	-	166.6	127.8
Libraries	80.8	75.5	-	-	80.8	75.5
Housing and Redevelopment Authority	9.9	7.7	-	-	9.9	7.7
Regional Railroad Authority	29.2	23.9	-	-	29.2	23.9
Interest on long-term debt	42.7	45.2	-	-	42.7	45.2
Metropolitan Health Plan	-	-	159.6	150.3	159.6	150.3
Solid Waste Management	-	-	58.0	56.1	58.0	56.1
Glen Lake Golf Course	-	-	0.8	1.0	0.8	1.0
Radio Communications	-	-	2.2	2.3	2.2	2.3
Total Expenses	1,286.6	1,228.6	220.6	209.7	1,507.2	1,438.3
Increase in net position before transfers	100.7	72.5	1.3	0.7	102.0	73.2
Transfers	0.5	(1.8)	(0.5)	1.8	-	-
Increase in net position	101.2	70.7	0.8	2.5	102.0	73.2
Net Position – Beginning	1,549.8	1,479.1	184.5	182.0	1,734.3	1,661.1
Net Position – Ending	\$1,651.0	\$1,549.8	\$185.3	\$184.5	\$1,836.3	\$1,734.3

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

Changes in Net Position – continued

The 2014 increase in net position included \$101.2 million for governmental activities and \$.8 million for business-type activities. The major contributors to the increase are described below.

Governmental Activities – Conservative budgeting of revenues and expenses in 2014, combined with the \$7.3 million underspending of budgeted contingency amounts contributed to the large increase in net position. The net position increase was also bolstered by:

- The net position increase relating to the Interchange project was \$45.9 million, as federal, state and local revenues were received during 2014 in support of completed portions of the project.
- The change in equity interest in component unit, a \$14.8 million increase
- Investment earnings were \$12.6 million higher than in 2013, an increase produced by beneficial fluctuations in government bond prices and yields.
- The Human Services Fund experienced an unexpected revenue increase due to clarifications/changes in the State's Income Maintenance Random Moments Time Study guidelines.

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 \$608.7 million; an increase of \$123.4 million from the prior year's ending balances. Approximately 22.1% of total governmental fund balance, or \$134.8 million, is included in the unassigned (residual) classification for the General Fund, showing that it has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in nonspendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - CONTINUED

Governmental Funds – continued

Revenues

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

Revenues by Source	Revenues Classified by Source Governmental Funds (in millions)					
	2014		2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Property taxes	\$712.6	49.5%	\$710.6	54.1%	\$2.0	0.3%
Sales tax	34.2	2.4%	33.4	2.5%	0.9	2.7%
Wheelage tax	9.3	0.7%	-	0.0%	9.3	100.0%
Other taxes	3.0	0.2%	3.1	0.2%	(0.1)	(3.2%)
Intergovernmental	502.2	34.9%	406.5	30.8%	95.7	23.5%
Investment earnings (losses)	11.2	0.8%	(2.0)	(0.2)%	13.2	(660.0%)
Charges for Services	136.7	9.5%	140.4	10.6%	(3.7)	(2.6%)
Fines and forfeits	1.7	0.1%	1.9	0.1%	(0.2)	(10.5%)
Licenses and permits	7.5	0.5%	7.0	0.5%	0.5	7.1%
Other	20.3	1.4%	17.9	1.4%	2.4	13.4%
Total Revenues	\$1,438.8	100.0%	\$1,318.8	100.0%	\$120.0	9.1%

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

Beginning in 2014, **wheelage tax** revenues of \$9.3 million were collected from vehicle registrations and are to be used for transportation needs, including highway preservation projects and transportation improvements throughout the County.

Intergovernmental revenue increased by \$95.7 million, including \$56.1 million of Federal, State, and local revenue relating to the Interchange Project. The Human Services Fund also received \$31.1 million more in intergovernmental revenue compared to 2013. This was primarily due to the State's Income Maintenance Random Moments Time Study clarifications previously mentioned, as well to improvements in the State's Social Services Time Study calculation method used to reimburse counties for administrative costs.

Investment earnings of \$11.2 million in 2014 were produced by beneficial fluctuations in government bond prices and yields. Combined with the reversal of the 2013 unrealized loss of \$4.4 million, and the addition of the 2014 year-end unrealized loss of \$1.2 million, investment earnings resulted in a net change of \$11.2 million, a positive variance of \$13.2 million from the previous year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS - CONTINUED

Governmental Funds – continued

Expenditures

The table below presents expenditures by function as well as increases or decreases from the prior year. Governmental fund expenditures increased in 2014 by \$23.6 million from 2013's total expenditures.

Expenditures by Function	Expenditures by Function Governmental Funds (in millions)					
	2014		2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
General Government	\$109.6	7.6%	\$126.4	8.9%	\$(16.8)	(13.3%)
Human Services	480.3	33.2%	452.8	31.8%	27.5	6.1%
Health	95.9	6.6%	101.0	7.1%	(5.1)	(5.0%)
Public Safety	259.0	17.9%	252.5	17.7%	6.5	2.6%
Public Works	121.3	8.4%	108.4	7.6%	12.9	11.9%
Libraries	70.4	4.9%	67.6	4.7%	2.8	4.1%
HRA	9.3	0.6%	7.0	.5%	2.3	32.9%
RRA	24.0	1.6%	22.6	1.6%	1.4	6.2%
Debt Service:						
Principal retirement	93.6	6.4%	97.0	6.8%	(3.4)	(3.5%)
Interest and fiscal charges	47.1	3.3%	46.5	3.3%	.6	1.3%
Intergovernmental	-	-	7.3	.5%	(7.3)	(100.0%)
Capital Projects	137.3	9.5%	135.1	9.5%	2.2	1.6%
Total expenditures	\$1,447.8	100.0%	\$1,424.2	100.0%	\$23.6	1.7%

The governmental fund expenditures that changed significantly in 2014 from the prior year included those in the following functional categories:

General Government expenditures decreased \$16.8 million from the 2013 level, largely because the County had expended significant funds in 2013 in support of new rail track and bridge projects for assets that were contributed to the Metropolitan Council. Since the projects were substantially completed in 2013, similar expenditures did not occur in 2014.

Expenditures for **Human Services** increased by \$27.5 million in 2014 as compared to 2013 due largely to the regionalization plan to move direct services to community-based sites and to handle the projected increase in the new Medical Assistance cases resulting from the implementation of MNsure, Minnesota's Health Insurance Exchange marketplace for individuals and businesses to compare, choose, and buy health insurance. Additional expenditures were also incurred due to \$4.8 million received from State appropriated bonding and paid to a community agency (the Washburn Center for Children).

Public Works expenditures increased by \$12.9 million from 2014 due to wheelage taxes collected and used for highway preservation projects and transportation improvements throughout the County.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Governmental Funds – continued

Intergovernmental expenditures decreased by \$7.3 million from 2013 because the County issued debt and provided the proceeds to the Minnehaha Creek Watershed District in 2013, while no such provision occurred in 2014.

Fund Balances

The **General Fund** is the primary operating fund of the County. At the end of the current fiscal year, the total fund balance for the General Fund was \$198.5 million and unassigned fund balance was \$134.8 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 22.1% of the total governmental fund balances and represents 23.4% of the total General Fund expenditures. In 2013, the unassigned fund balance represented 29.8% of total governmental fund balances and 25.8% of General Fund expenditures. The General Fund ended the year with an increase of \$6.8 million in fund balance due primarily to the \$7.3 million underspending of budgeted contingency amounts.

Human Services Fund increased by \$12.9 million in fund balance from 2013 primarily due to unexpected increases in revenues relating to the Income Maintenance Random Moments Time Study and the Social Services Time Study.

The \$67.4 million increase in the fund balance of the **General Capital Projects Fund** relates to the issuance of \$100 million of general obligation bonds in November to fund future capital projects. The \$30.4 million increase in fund balance in the **RRA Capital Projects Fund** is primarily due to the 2014 receipt of \$39.4 million received from Federal, State, and local sources for the Interchange project.

The \$2.8 million increase in the fund balance of the **HRA Fund** relates to the provision of County funds to the HRA for the Shady Oak Community Works project and for Transit Oriented Development projects. The \$3.2 million increase in fund balance for the **RRA Fund** was a primarily the result of funds that were contributed from the Minnesota Twins for the Interchange project plaza. Fund balances for **Library, Ballpark Sales Tax, and Debt Service Funds** did not change significantly in 2014.

General Fund Budgetary Highlights

The General Fund 2014 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 \$2 million and the expenditure budget was decreased by \$.3 million.

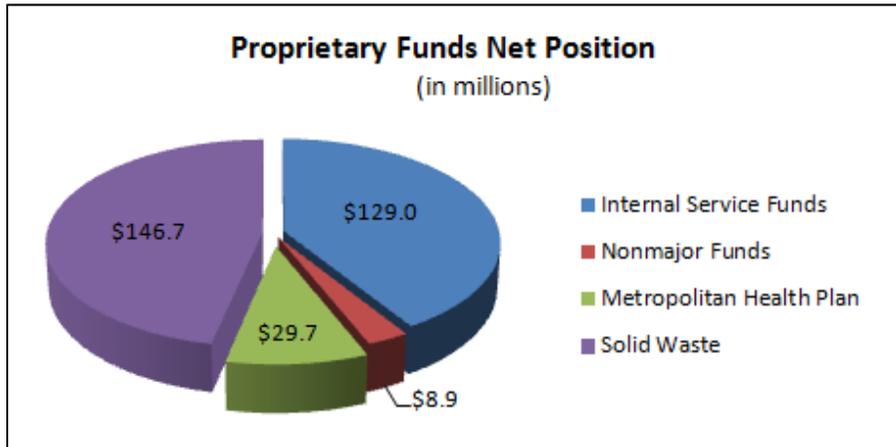
The 2014 budget for property tax revenue (current and delinquent) anticipated a lower collection rate than actually experienced, resulting in property tax revenues that exceeded the budget by \$9.6 million. Intergovernmental revenues were \$6.3 million less than budgeted primarily because sub-recipient spending was lower than originally anticipated, decreasing the amount of revenue to be reimbursed by housing grants. Revenue from charges for services was \$5.9 million lower than budgeted primarily because the real estate market was much slower than originally anticipated, so fees relating document recording for property sales and refinances were lower than in the past 10 years.

On the expenditure side, savings were seen in personal services costs, which were \$4 million under budget primarily because employee health insurance came in \$7.9 million under budget after “premium holidays” were established by the Board for this self-insured program following several years of lower than anticipated claims costs. Expenditures for contractual services were \$9.7 million under budget due primarily because consulting costs in the Resident and Real Estate Services department were \$5 million less than anticipated due to delays in implementing the County's new assessment and tax system, and because amounts paid in support of HCMC uncompensated care were \$2 million less than expected. Additionally, as indicated previously, in the other charges category, only \$1.6 million of the general government's \$8.9 million contingency budget was expended.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Proprietary Funds

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



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

- **Enterprise funds'** total net position remained stable with an overall increase of \$.8 million and less than a 3% change in any individual fund.
- **Internal Service Funds'** total net position decreased overall by \$.7 million. The Self Insurance Fund reported the largest percentage decrease in net position during 2014. This \$2.5 million change was primarily due to an increase in the actuarially determined workers' compensation liability and increased case reserves. The Employee Health Plan Self Insurance Fund reported a \$4.6 million decrease in net position due to premium "holidays" approved by the County Board. Offsetting these decreases, the Information Technology Fund net position increased \$3.2 million in 2014 primarily due to projects that did not move forward as quickly as had been anticipated, so those expenses will be pushed into 2015. Additionally, the Central Mobile Equipment Fund net position increased \$2.8 million, due to capital contributions and revenues collected for the cost of future vehicle replacements.

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 \$131.2 million, a 3.1% decrease from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the table below, the County's net capital assets for both governmental and business-type activities as of December 31, 2014, totals \$1.8 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures.

Net capital assets increased \$36.7 million during 2014. The governmental activities' net increase resulted largely from \$10.2 million capitalized in 2014 for the Interchange Project, which includes the new Target Field Station that serves as a central, multi-modal transportation hub in downtown Minneapolis. Construction was also completed on the new Emergency Communications Facility in Plymouth with an additional \$9.6 capitalized during the year. During 2014, \$14.1 million of infrastructure additions were related to the reconstruction of County State Aid Highway 101 in Minnetonka, Wayzata, and Woodland. Additions to the Hennepin Energy Recovery Center contributed to the \$3.7 million net increase in business-type activities net capital assets.

The table below summarizes the County's change in net capital assets during 2014. Additional information on the County's capital assets can be found in Note 5 on pages 59 to 60 of this report.

	Hennepin County's Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$107.4	\$107.3	\$9.2	\$9.2	\$116.6	\$116.5
Land Improvements	34.4	27.2	1.9	1.9	36.3	29.1
Buildings	808.5	743.0	164.4	153.0	972.9	896.0
Equipment	166.2	159.5	15.0	15.3	181.2	174.8
Software	32.0	29.8	-	-	32.0	29.8
Library books and other media	67.2	67.0	-	-	67.2	67.0
Leasehold improvements	18.2	9.6	1.7	1.7	19.9	11.3
Arts & Historical Treasures	4.7	4.7	-	-	4.7	4.7
Infrastructure	1,343.2	1,322.3	-	-	1,343.2	1,322.3
Construction in progress	83.9	111.8	-	1.6	83.9	113.4
Total capital assets	2,665.7	2,582.2	192.2	182.7	2,857.9	2,764.9
Less: accumulated depreciation and amortization	(\$970.5)	(920.0)	(73.2)	(67.4)	(1,043.7)	(987.4)
Total capital assets, Net	\$1,695.2	\$1,662.2	\$119.0	\$115.3	\$1,814.2	\$1,777.5
<i>Percent change from prior year</i>	<i>2.0%</i>		<i>3.2%</i>		<i>2.06%</i>	

Debt Administration

As shown in the table on the following page, G.O. bonds and notes increased by \$52.2 million from 2013 to 2014. An additional \$100 million of G.O. bonds was issued for upcoming countywide capital projects. During the year, G.O. refunding bonds totaling \$80.6 million were issued to refund existing bonds for a total economic gain of \$11 million over 13 years. In addition to regularly scheduled 2014 principal payments, the County made optional payments of \$10 million for the early redemption of sales tax revenue bonds.

CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

Debt Administration – continued

State law limits the amount of G.O. debt that counties can issue to an amount equal to 3.0% of the taxable market value of property. The County’s outstanding G.O. debt is significantly below the \$3.1 billion statutory limit.

	Hennepin County’s Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds and notes	\$947.1	\$894.8	\$1.0	\$1.1	\$948.1	\$895.9
Revenue bonds	267.0	283.0	-	-	267.0	283.0
Certificates of participation	3.0	5.9	-	-	3.0	5.9
Notes Payable	0.6	0.7	-	-	0.6	0.7
	\$1,217.7	\$1,184.4	\$1.0	\$1.1	\$1,218.7	\$1,185.5

The County’s credit ratings on long-term GO bonds as of December 31, 2014 were:

Standard and Poor’s Ratings Services	AAA
Fitch Ratings	AAA

Additional information on the County’s long-term debt can be found in Notes 10 and 11 on pages 66 to 70 of this report and on the Schedule of Changes in Long-term Debt, located on pages 104 through 107.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The 2015 Hennepin County governmental and enterprise fund budgets total \$1.82 billion, including a net property tax levy of \$679.5 million. The budget for 2015 increased \$26.7 million (1.5%) from the final 2014 budget. The property tax levy is an increase of \$15.6 million (2.4% higher) than the 2014 level. The 2015 budget includes funding for a total of 7,664.4 FTEs, representing a 1.7% increase over 2014. New positions are targeted to address emerging needs and critical staffing shortages in areas such as Human Services child-protection, child support, and case management; NorthPoint Health and Wellness direct patient care; and Community Corrections adult probation.

The 2015 capital budget increased \$47.9 million compared to the 2014 final budget level. The \$256.9 million capital budget includes \$105.6 million for various road and bridge projects; the transportation capital budget benefits from \$9.3 million of budgeted wheelage tax, a tax implemented in 2014. The capital budget includes \$48.3 million for the construction of the new South Minneapolis Regional Human Services Center at the Hiawatha-Lake Street intersection, and \$14.7 million for library renovations and new construction, such as \$9.2 million for the on-going construction of the new Brooklyn Park Library. The County also continues to fund projects at the Medical Center, and the budget includes \$20 million for a new Ambulatory Outpatient Specialty Center.

The 2015 budget for general debt service totals \$135.9 million. The 2015 property tax requirement for debt service increased \$2.7 million to \$82.9 million, an increase of 3.4%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET- CONTINUED

The overall economic environment relating to the 2015 budget was improved compared to recent years. The state of Minnesota budget is in substantially better shape than in the recent past, with a forecasted \$1.2 billion surplus for the biennium ending on June 30, 2015. Continued growth in employment and income is contributing to the increase in the state's forecasted revenues. Hennepin County's unemployment rate at year-end 2014 was 3.7%, better than the state and national rates of 4.1% and 6.2%, respectively. On the national side, regular economic momentum has contributed in an improved economic outlook as well. Economic activity is expected to grow through 2015 as a result of an upturn in consumer spending, an improved housing market, and increased capital equipment and infrastructure investment. The result is less uncertainty for state and local governments.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Hennepin County Medical Center
ASSETS				
Current Assets:				
Cash and investments	\$ 702,909,954	\$ 109,732,054	\$ 812,642,008	\$ 57,059,076
Receivables, net	96,750,496	20,561,766	117,312,262	241,907,005
Internal balances	313,732	(313,732)	-	-
Due from component unit or primary government	60,320,134	10,873	60,331,007	3,260,741
Prepaid items	5,894,838	45,486	5,940,324	7,589,330
Inventories	3,968,228	4,130	3,972,358	4,805,916
Lease receivable from component unit	2,914,378	-	2,914,378	-
Total Current Assets	873,071,760	130,040,577	1,003,112,337	314,622,068
Noncurrent Assets:				
Cash and investments	198,075,313	-	198,075,313	29,809,281
Notes receivable	120,331,082	1,287,889	121,618,971	-
Equity interest in component unit	350,620,319	-	350,620,319	-
Capital assets:				
Land	107,368,975	9,164,524	116,533,499	19,320,377
Land improvements	34,397,660	1,893,908	36,291,568	-
Buildings	808,521,249	164,392,139	972,913,388	369,728,138
Equipment	166,165,773	15,000,294	181,166,067	206,007,475
Software	32,010,126	-	32,010,126	6,731,207
Library books and other media	67,228,866	-	67,228,866	-
Leasehold improvements	18,208,215	1,673,332	19,881,547	15,609,929
Art and historical treasures	4,732,065	-	4,732,065	-
Infrastructure	1,343,211,238	-	1,343,211,238	-
Construction in progress	83,918,912	-	83,918,912	11,324,741
Total capital assets	2,665,763,079	192,124,197	2,857,887,276	628,721,867
Less accumulated depreciation and amortization	<u>(970,507,343)</u>	<u>(73,159,224)</u>	<u>(1,043,666,567)</u>	<u>(387,816,737)</u>
Net Capital Assets	1,695,255,736	118,964,973	1,814,220,709	240,905,130
Total Noncurrent Assets	2,364,282,450	120,252,862	2,484,535,312	270,714,411
Total Assets	3,237,354,210	250,293,439	3,487,647,649	585,336,479
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	13,400,417	-	13,400,417	-

Continued on next page

Hennepin County, Minnesota
Statement of Net Position
December 31, 2014

	Primary Government			Component Unit Hennepin County Medical Center
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	\$ 158,819,307	\$ 31,047,961	\$ 189,867,268	\$ 22,161,642
Accrued interest payable	3,324,672	-	3,324,672	-
Accrued liabilities	34,494,339	17,354,746	51,849,085	59,762,398
Due to component unit or primary government	2,461,300	459,772	2,921,072	60,331,007
Unearned revenue	21,361,044	11,634,396	32,995,440	-
Workers' compensation claims	1,500,000	-	1,500,000	1,700,000
Lease due to primary government	-	-	-	2,914,378
Lease revenue certificates of participation	2,985,220	-	2,985,220	-
Revenue bonds	6,130,000	-	6,130,000	-
General obligation bonds and notes	51,120,000	150,000	51,270,000	-
Notes payable	623,163	-	623,163	-
Compensated absences	5,645,000	350,000	5,995,000	1,900,000
Total Current Liabilities	288,464,045	60,996,875	349,460,920	148,769,425
Noncurrent Liabilities:				
Workers' compensation claims	11,959,236	-	11,959,236	12,060,000
Revenue bonds	260,769,972	-	260,769,972	-
General obligation bonds and notes	896,035,842	825,000	896,860,842	-
Notes payable	5,275,849	-	5,275,849	-
Postemployment healthcare benefits	53,799,274	1,921,855	55,721,129	38,750,000
Compensated absences	83,425,076	1,301,665	84,726,741	35,136,735
Total Noncurrent Liabilities	1,311,265,249	4,048,520	1,315,313,769	85,946,735
Total Liabilities	1,599,729,294	65,045,395	1,664,774,689	234,716,160
NET POSITION				
Net investment in capital assets	1,034,215,941	117,989,973	1,152,205,914	237,736,102
Restricted for:				
Grant and donor restrictions	1,115,799	1,707,250	2,823,049	29,298,530
Capital projects	11,425,011	-	11,425,011	-
Debt service	21,461,653	-	21,461,653	-
Statutory requirements relating to:				
Housing and redevelopment	9,666,206	-	9,666,206	-
Metropolitan health plan	-	29,653,522	29,653,522	-
Solid waste management	-	33,244,399	33,244,399	-
Youth sports	4,853,219	-	4,853,219	-
County Recorder technology and other	9,161,832	-	9,161,832	-
Unrestricted	559,125,672	2,652,900	561,778,572	83,585,687
Total Net Position	\$ 1,651,025,333	\$ 185,248,044	\$ 1,836,273,377	\$ 350,620,319

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, 2014

	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	\$ 108,938,597	\$ 8,294,605	\$ 117,233,202	\$ (31,413,314)
Human Services	471,263,554	2,759,338	474,022,892	12,545,102
Health	99,545,205	509,064	100,054,269	929,893
Public Safety	268,163,297	3,886,289	272,049,586	11,924,878
Public Works	144,127,315	20,019,945	164,147,260	2,427,770
Libraries	61,345,031	15,985,626	77,330,657	3,469,908
Housing and Redevelopment Authority	9,264,852	632,729	9,897,581	33,358
Regional Railroad Authority	29,056,440	41,804	29,098,244	82,405
Interest on Long-term Debt	42,719,174	-	42,719,174	-
Total Governmental Activities	1,234,423,465	52,129,400	1,286,552,865	-
Business-type Activities:				
Metropolitan Health Plan	159,611,117	-	159,611,117	-
Environmental Services	51,465,221	6,591,250	58,056,471	-
Glen Lake Golf Course	696,730	87,801	784,531	-
Radio Communications	1,490,144	684,768	2,174,912	-
Total Business-type Activities	213,263,212	7,363,819	220,627,031	-
Total Primary Government	\$ 1,447,686,677	\$ 59,493,219	\$ 1,507,179,896	\$ -
Component Unit:				
Hennepin County Medical Center	\$ 804,939,086	\$ 33,543,640	\$ 838,482,726	\$ -

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

Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Hennepin County Medical Center
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
			Governmental Activities	Business-type Activities		
\$ 18,639,389	\$ 20,329,619	\$ -	\$ (46,850,880)	\$ -	\$ (46,850,880)	\$ -
48,700,014	217,002,849	-	(220,865,131)	-	(220,865,131)	-
21,549,852	45,788,273	-	(33,646,037)	-	(33,646,037)	-
18,880,468	33,869,241	-	(231,224,755)	-	(231,224,755)	-
19,568,578	27,121,984	81,625,055	(38,259,413)	-	(38,259,413)	-
2,911,727	4,466,462	-	(73,422,376)	-	(73,422,376)	-
2,472,522	1,352,385	-	(6,106,032)	-	(6,106,032)	-
788,760	-	44,843,814	16,451,925	-	16,451,925	-
-	-	-	(42,719,174)	-	(42,719,174)	-
<u>133,511,310</u>	<u>349,930,813</u>	<u>126,468,869</u>	<u>(676,641,873)</u>	<u>-</u>	<u>(676,641,873)</u>	<u>-</u>
158,493,627	827,512	-	-	(289,978)	(289,978)	-
51,262,909	5,544,236	-	-	(1,249,326)	(1,249,326)	-
857,118	-	-	-	72,587	72,587	-
2,334,289	-	-	-	159,377	159,377	-
<u>212,947,943</u>	<u>6,371,748</u>	<u>-</u>	<u>-</u>	<u>(1,307,340)</u>	<u>(1,307,340)</u>	<u>-</u>
\$ <u>346,459,253</u>	\$ <u>356,302,561</u>	\$ <u>126,468,869</u>	<u>(676,641,873)</u>	<u>(1,307,340)</u>	<u>(677,949,213)</u>	<u>-</u>
\$ <u>790,005,867</u>	\$ <u>56,935,971</u>	\$ <u>4,132,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,591,145</u>
General Revenues:						
Property taxes			673,098,851	-	673,098,851	-
Sales tax			34,254,757	-	34,254,757	-
Wheelage tax			9,296,105	-	9,296,105	-
Other taxes			2,974,387	2,536,046	5,510,433	-
Grants & contributions not restricted to specific programs			32,185,948	-	32,185,948	-
Unrestricted investment earnings (losses)			10,847,530	-	10,847,530	2,171,747
Change in equity interest in component unit			14,762,892	-	14,762,892	-
Transfers			475,439	(475,439)	-	-
Total General Revenues and Transfers			<u>777,895,909</u>	<u>2,060,607</u>	<u>779,956,516</u>	<u>2,171,747</u>
Change in Net Position			101,254,036	753,267	102,007,303	14,762,892
Net Position - Beginning			<u>1,549,771,297</u>	<u>184,494,777</u>	<u>1,734,266,074</u>	<u>335,857,427</u>
Net Position - Ending			\$ <u>1,651,025,333</u>	\$ <u>185,248,044</u>	\$ <u>1,836,273,377</u>	\$ <u>350,620,319</u>

Hennepin County, Minnesota
Balance Sheets
Governmental Funds
December 31, 2014
With Comparative Totals for December 31, 2013

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority (HRA)
ASSETS					
Cash and investments	\$ 250,856,387	\$ 172,455,287	\$ 41,803,554	\$ -	\$ 9,387,794
Due from component unit	58,883,889	61,573	-	-	-
Delinquent taxes receivable	6,161,737	2,284,237	575,820	-	-
Due from other governmental agencies	16,568,814	40,127,549	9,682	5,617,026	65,995
Accrued investment interest	2,368,115	-	-	-	-
Interfund receivable	225,608	88,124	-	-	-
Other receivable	8,983,000	528,185	118,002	-	12,728
Prepaid items	154,301	58,578	1,426,318	-	274,732
Inventories	3,140,775	-	-	-	-
Note receivable	111,136	-	-	-	14,964,946
Restricted cash and investments	-	-	6,034,032	4,123,365	676,159
	<u>\$ 347,453,762</u>	<u>\$ 215,603,533</u>	<u>\$ 49,967,408</u>	<u>\$ 9,740,391</u>	<u>\$ 25,382,354</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 86,857,765	\$ 21,974,496	\$ 1,364,346	\$ 81,017	\$ 1,233,359
Accrued liabilities	13,474,668	11,683,678	1,905,958	-	-
Obligations under reverse repurchase agreements	-	-	-	-	-
Interfund payable	38,559,608	22,978,510	3,902,402	-	13,198,051
Due to component unit	1,443,637	165,173	-	-	-
Unearned revenue	257,920	321,021	-	-	4,402
	<u>140,593,598</u>	<u>57,122,878</u>	<u>7,172,706</u>	<u>81,017</u>	<u>14,435,812</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,548,437	2,196,837	544,020	-	-
Unavailable revenue - intergovernmental	2,821,626	3,020,804	-	-	-
	<u>8,370,063</u>	<u>5,217,641</u>	<u>544,020</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	3,295,076	58,578	3,406,350	-	274,732
Restricted	15,130,850	-	6,077,730	9,659,374	10,671,810
Committed	9,000,000	153,204,436	32,766,602	-	-
Assigned	36,308,948	-	-	-	-
Unassigned	134,755,227	-	-	-	-
	<u>198,490,101</u>	<u>153,263,014</u>	<u>42,250,682</u>	<u>9,659,374</u>	<u>10,946,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 347,453,762</u>	<u>\$ 215,603,533</u>	<u>\$ 49,967,408</u>	<u>\$ 9,740,391</u>	<u>\$ 25,382,354</u>

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

Regional Railroad Authority (RRA)	RRA Debt Service	RRA Capital Projects	General Debt Service	General Capital Projects	Totals	
					2014	2013
\$ 28,764,875	\$ 318,692	\$ 4,628,115	\$ 12,362,345	\$ 177,888,777	\$ 698,465,826	\$ 602,639,071
-	-	-	-	-	58,945,462	59,209,289
217,373	-	-	756,443	42,890	10,038,500	11,779,187
64,075	-	2,147,173	-	8,112,229	72,712,543	92,080,543
-	-	-	-	21,945	2,390,060	2,609,444
-	-	-	-	15,162,535	15,476,267	41,693,006
88,422	-	-	-	826,900	10,557,237	7,400,690
-	-	-	-	-	1,913,929	3,404,763
-	-	-	-	-	3,140,775	2,721,087
-	-	-	105,255,000	-	120,331,082	123,608,280
-	-	-	2,877,384	-	13,710,940	13,773,369
<u>\$ 29,134,745</u>	<u>\$ 318,692</u>	<u>\$ 6,775,288</u>	<u>\$ 121,251,172</u>	<u>\$ 202,055,276</u>	<u>\$ 1,007,682,621</u>	<u>\$ 960,918,729</u>
\$ 1,615,856	\$ -	\$ 410,000	\$ 983,672	\$ 33,309,065	\$ 147,829,576	\$ 144,667,140
-	-	-	-	-	27,064,304	26,426,996
-	-	-	-	-	-	49,656,250
-	-	1,964,484	-	-	80,603,055	94,502,331
-	-	-	-	852,490	2,461,300	-
-	-	-	-	17,158,902	17,742,245	2,082,563
<u>1,615,856</u>	<u>-</u>	<u>2,374,484</u>	<u>983,672</u>	<u>51,320,457</u>	<u>275,700,480</u>	<u>317,335,280</u>
-	-	-	733,343	40,890	9,063,527	9,444,934
-	-	1,964,484	105,255,000	1,160,373	114,222,287	148,827,729
-	-	1,964,484	105,988,343	1,201,263	123,285,814	158,272,663
-	-	-	-	14,394,951	21,429,687	22,665,584
27,518,889	318,692	2,436,320	14,279,157	135,138,605	221,231,427	143,986,653
-	-	-	-	-	194,971,038	173,150,307
-	-	-	-	-	36,308,948	28,648,841
-	-	-	-	-	134,755,227	116,859,401
<u>27,518,889</u>	<u>318,692</u>	<u>2,436,320</u>	<u>14,279,157</u>	<u>149,533,556</u>	<u>608,696,327</u>	<u>485,310,786</u>
<u>\$ 29,134,745</u>	<u>\$ 318,692</u>	<u>\$ 6,775,288</u>	<u>\$ 121,251,172</u>	<u>\$ 202,055,276</u>	<u>\$ 1,007,682,621</u>	<u>\$ 960,918,729</u>

Hennepin County, Minnesota
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

Total governmental fund balances (page 35)	\$	608,696,327
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Amounts reported for governmental activities in the statement of net position are different because:

<p>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.)</p>		1,634,037,158
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<p>The equity interest in component unit is not a current financial resource and, therefore, is not reported in the governmental fund statements.</p>		350,620,319
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<p>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.</p>		123,285,814
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<p>The lease receivable from component unit is not reported in the primary government's fund statements because that receivable is offset by an equal amount of long-term debt not reported at the fund level.</p>		2,914,378
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<p>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.</p>		144,335,638
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<p>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.</p>		<u>(1,212,864,301)</u>
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Net position of governmental activities (page 30)	\$	<u><u>1,651,025,333</u></u>
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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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority (HRA)
REVENUES					
Property taxes	\$ 321,431,010	\$ 218,039,094	\$ 57,742,760	\$ -	\$ 6,894,206
Sales tax	-	-	-	34,254,757	-
Wheelage tax	9,296,105	-	-	-	-
Other taxes	2,680,890	158,604	41,994	-	4,951
Intergovernmental	131,922,853	223,852,256	7,019,845	-	834,293
Investment earnings (losses)	10,561,990	-	79,082	786	90,878
Charges for services	87,973,824	45,708,002	150,975	-	2,151,998
Fines and forfeits	306,721	-	1,355,636	-	-
Licenses and permits	6,001,247	1,548,320	-	-	-
Other	14,557,947	1,430,918	1,385,142	-	320,524
	<u>584,732,587</u>	<u>490,737,194</u>	<u>67,775,434</u>	<u>34,255,543</u>	<u>10,296,850</u>
Total Revenues					
EXPENDITURES					
Current:					
General government	99,312,349	-	-	2,268,609	-
Human services	-	480,331,430	-	-	-
Health	95,889,084	-	-	-	-
Public safety	259,029,720	-	-	-	-
Public works	121,257,536	-	-	-	-
Libraries	-	-	70,435,923	-	-
Housing and Redevelopment Authority	-	-	-	-	9,264,852
Regional Railroad Authority	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Capital projects	-	-	-	-	-
	<u>575,488,689</u>	<u>480,331,430</u>	<u>70,435,923</u>	<u>2,268,609</u>	<u>9,264,852</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>9,243,898</u>	<u>10,405,764</u>	<u>(2,660,489)</u>	<u>31,986,934</u>	<u>1,031,998</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	2,450,439	2,461,302	2,160,000	-	2,649,363
Transfers out	(4,910,319)	-	-	(33,016,123)	(861,302)
Sale of capital assets	-	-	-	-	-
Debt premiums	-	-	-	-	-
	<u>(2,459,880)</u>	<u>2,461,302</u>	<u>2,160,000</u>	<u>(33,016,123)</u>	<u>1,788,061</u>
Total Other Financing Sources (Uses)					
Net Change in Fund Balances	6,784,018	12,867,066	(500,489)	(1,029,189)	2,820,059
Fund Balances - Beginning	<u>191,706,083</u>	<u>140,395,948</u>	<u>42,751,171</u>	<u>10,688,563</u>	<u>8,126,483</u>
Fund Balances - Ending	<u>\$ 198,490,101</u>	<u>\$ 153,263,014</u>	<u>\$ 42,250,682</u>	<u>\$ 9,659,374</u>	<u>\$ 10,946,542</u>

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

	Regional Railroad Authority	RRA Debt Service	RRA Capital Projects	General Debt Service	General Capital Projects	Totals	
						2014	2013
\$	20,882,272	\$ 2,844,406	\$ -	\$ 80,182,884	\$ 4,616,355	\$ 712,632,987	\$ 710,562,709
	-	-	-	-	-	34,254,757	33,446,430
	-	-	-	-	-	9,296,105	-
	25,777	1,771	-	56,852	3,548	2,974,387	3,097,413
	3,172,720	-	39,365,189	14,441,921	81,625,055	502,234,132	406,450,147
	341,421	-	26,523	424	87,847	11,188,951	(1,991,204)
	695,240	-	-	-	-	136,680,039	140,376,730
	-	-	-	-	-	1,662,357	1,873,560
	-	-	-	-	-	7,549,567	7,041,106
	93,521	-	-	-	2,545,305	20,333,357	17,887,085
	<u>25,210,951</u>	<u>2,846,177</u>	<u>39,391,712</u>	<u>94,682,081</u>	<u>88,878,110</u>	<u>1,438,806,639</u>	<u>1,318,743,976</u>
	-	-	-	-	8,039,554	109,620,512	126,420,674
	-	-	-	-	-	480,331,430	452,758,532
	-	-	-	-	-	95,889,084	100,968,808
	-	-	-	-	-	259,029,720	252,514,555
	-	-	-	-	-	121,257,536	108,399,166
	-	-	-	-	-	70,435,923	67,585,439
	-	-	-	-	-	9,264,852	7,024,936
	12,115,579	-	11,910,000	-	-	24,025,579	22,605,137
	-	1,470,000	-	92,124,868	-	93,594,868	96,959,103
	-	1,399,100	-	45,671,612	-	47,070,712	46,559,602
	-	-	-	-	-	-	7,285,547
	-	-	5,030,861	-	132,294,218	137,325,079	135,084,237
	<u>12,115,579</u>	<u>2,869,100</u>	<u>16,940,861</u>	<u>137,796,480</u>	<u>140,333,772</u>	<u>1,447,845,295</u>	<u>1,424,165,736</u>
	<u>13,095,372</u>	<u>(22,923)</u>	<u>22,450,851</u>	<u>(43,114,399)</u>	<u>(51,455,662)</u>	<u>(9,038,656)</u>	<u>(105,421,760)</u>
	-	-	-	80,615,000	100,000,000	180,615,000	132,855,000
	-	-	-	(80,381,994)	-	(80,381,994)	-
	-	-	9,900,000	31,458,709	2,699,249	53,779,062	68,720,202
	(9,900,000)	-	(1,964,484)	-	(2,651,395)	(53,303,623)	(67,720,202)
	-	-	-	-	475,802	475,802	791,350
	-	-	-	12,955,219	18,284,731	31,239,950	5,767,852
	<u>(9,900,000)</u>	<u>-</u>	<u>7,935,516</u>	<u>44,646,934</u>	<u>118,808,387</u>	<u>132,424,197</u>	<u>140,414,202</u>
	3,195,372	(22,923)	30,386,367	1,532,535	67,352,725	123,385,541	34,992,442
	24,323,517	341,615	(27,950,047)	12,746,622	82,180,831	485,310,786	450,318,344
\$	<u>27,518,889</u>	<u>\$ 318,692</u>	<u>\$ 2,436,320</u>	<u>\$ 14,279,157</u>	<u>\$ 149,533,556</u>	<u>\$ 608,696,327</u>	<u>\$ 485,310,786</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, 2014

Net change in governmental fund balances (page 39) \$ 123,385,541

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. 35,440,711

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. (1,353,936)

The change in the **equity interest in component unit** reported in the statement of activities does not provide current financial resources and is not reported in the governmental funds. 14,762,892

Lease payments received from component unit provide current financial resources (revenue) to governmental funds. However, in the statement of activities the payment instead reduces the lease receivable balance. (2,811,862)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (34,986,850)

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. (37,504,996)

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 and the amortization of long-term debt discount). 5,832,444

The net revenue of certain activities of **internal service funds** is reported with governmental activities. (1,509,908)

Change in net position of governmental activities (page 33) \$ 101,254,036

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



Hennepin County, Minnesota
Statements of Net Position
Proprietary Funds
December 31, 2014
With Comparative Totals for December 31, 2013

	Business-type Activities - Enterprise Funds						2014 Internal Service Funds
	Metropolitan Health Plan	Solid Waste	Total Nonmajor	Totals			
				2014	2013		
ASSETS							
Current Assets:							
Cash.....	\$ 74,160,684	\$ 21,261,019	\$ 4,379,346	\$ 99,801,049	\$ 88,095,143	\$ 188,808,501	
Delinquent taxes receivable.....	-	148	-	148	1,203	-	
Interfund receivable.....	-	-	-	-	-	65,440,520	
Due from component unit.....	-	-	10,873	10,873	32,073	1,374,672	
Other receivable.....	13,327,038	7,199,519	35,061	20,561,618	12,332,879	1,052,156	
Inventories.....	-	-	4,130	4,130	4,920	827,453	
Prepaid items.....	44,716	-	770	45,486	547,896	3,980,909	
Total Current Assets	87,532,438	28,460,686	4,430,180	120,423,304	101,014,114	261,484,211	
Noncurrent Assets:							
Notes receivable.....	-	1,287,889	-	1,287,889	787,889	-	
Restricted cash and investments.....	500,000	9,431,005	-	9,931,005	10,584,582	-	
Capital assets:							
Land.....	-	8,179,432	985,092	9,164,524	9,164,524	1,040,600	
Land improvements.....	-	-	1,893,908	1,893,908	1,893,908	-	
Buildings.....	-	163,548,972	843,167	164,392,139	153,004,311	36,857,562	
Equipment.....	364,940	6,222,459	8,412,895	15,000,294	15,267,102	103,099,909	
Software.....	-	-	-	-	-	15,802,623	
Leasehold improvements.....	1,673,332	-	-	1,673,332	1,673,332	-	
Construction in progress.....	-	-	-	-	1,654,298	214,404	
Total capital assets	2,038,272	177,950,863	12,135,062	192,124,197	182,657,475	157,015,098	
Less accumulated depreciation and amortization.....	2,038,272	64,501,112	6,619,840	73,159,224	67,402,250	95,796,520	
Net Capital Assets	-	113,449,751	5,515,222	118,964,973	115,255,225	61,218,578	
Total Noncurrent Assets	500,000	124,168,645	5,515,222	130,183,867	126,627,696	61,218,578	
Total Assets	\$ 88,032,438	\$ 152,629,331	\$ 9,945,402	\$ 250,607,171	\$ 227,641,810	\$ 322,702,789	
LIABILITIES							
Current Liabilities:							
Interfund payable.....	\$ 313,732	\$ -	\$ -	\$ 313,732	\$ 20,000	\$ -	
Accounts and contracts payable.....	27,173,537	3,804,394	70,030	31,047,961	14,748,284	10,989,731	
Accrued interest payable.....	-	-	-	-	-	309	
Accrued expenses.....	17,054,268	300,478	-	17,354,746	20,833,498	7,430,035	
Due to component unit.....	459,772	-	-	459,772	2,914,435	-	
Unearned revenue.....	11,634,396	-	-	11,634,396	-	3,618,799	
Current portion of:							
Workers' compensation claims.....	-	-	-	-	-	1,500,000	
Lease revenue certificates of participation.....	-	-	-	-	-	70,842	
General obligation bonds and notes.....	-	-	150,000	150,000	145,000	1,466,554	
Notes payable.....	-	-	-	-	-	-	
Compensated absences.....	300,000	50,000	-	350,000	350,000	5,645,000	
Total Current Liabilities	56,935,705	4,154,872	220,030	61,310,607	39,011,217	30,721,270	
Noncurrent Liabilities, Net of Current Portion:							
Workers' compensation claims.....	-	-	-	-	-	11,959,236	
Lease revenue certificates of participation.....	-	-	-	-	-	-	
General obligation bonds and notes.....	-	-	825,000	825,000	975,000	13,774,380	
Postemployment healthcare benefits.....	1,110,022	811,833	-	1,921,855	1,833,108	53,799,274	
Compensated absences.....	333,189	968,476	-	1,301,665	1,327,708	83,425,076	
Total Noncurrent Liabilities	1,443,211	1,780,309	825,000	4,048,520	4,135,816	162,957,966	
Total Liabilities	\$ 58,378,916	\$ 5,935,181	\$ 1,045,030	\$ 65,359,127	\$ 43,147,033	\$ 193,679,236	
NET POSITION							
Net investment in capital assets.....	\$ -	\$ 113,449,751	\$ 4,540,222	\$ 117,989,973	\$ 114,135,225	\$ 45,906,802	
Restricted for:							
Statutory requirements relating to:							
Metropolitan health plan.....	29,653,522	-	-	29,653,522	29,943,500	-	
Solid waste management.....	-	31,537,149	-	31,537,149	34,277,726	-	
Brownfield assessment and cleanup.....	-	1,707,250	-	1,707,250	1,093,331	-	
Unrestricted.....	-	-	4,360,150	4,360,150	5,044,995	83,116,751	
Total Net Position	\$ 29,653,522	\$ 146,694,150	\$ 8,900,372	\$ 185,248,044	\$ 184,494,777	\$ 129,023,553	

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds					
	Metropolitan Health Plan	Solid Waste	Total Nonmajor	Total		2014 Internal Service Funds
				2014	2013	
OPERATING REVENUES						
Net charges for services.....	\$ 158,493,627	\$ 51,262,909	\$ 3,191,407	\$ 212,947,943	\$ 205,953,263	\$ 210,255,764
OPERATING EXPENSES						
Personal services.....	8,868,464	6,424,414	1,431,276	16,724,154	16,602,517	146,744,262
Commodities.....	35,674	600,267	209,643	845,584	683,532	17,033,375
Contractual services.....	143,949,455	38,454,178	461,293	182,864,926	179,217,833	31,195,346
Depreciation and amortization.....	-	6,591,250	772,569	7,363,819	6,886,763	14,888,604
Other.....	6,394,113	849,781	48,204	7,292,098	2,370,873	2,425,474
Total Operating Expenses	159,247,706	52,919,890	2,922,985	215,090,581	205,761,518	212,287,061
Operating Income (Loss)	<u>(754,079)</u>	<u>(1,656,981)</u>	<u>268,422</u>	<u>(2,142,638)</u>	<u>191,745</u>	<u>(2,031,297)</u>
NONOPERATING REVENUES (EXPENSES)						
Other taxes.....	-	52,757	-	52,757	123,459	-
Intergovernmental.....	-	4,969,213	-	4,969,213	3,629,332	-
Investment earnings (losses).....	827,512	575,023	-	1,402,535	(531,364)	-
Interest expense.....	(363,411)	-	(22,400)	(385,811)	(409,459)	(624,204)
Gain (Loss) on capital asset disposal.....	-	-	(14,058)	(14,058)	(715,456)	511,388
Other.....	-	2,483,289	-	2,483,289	1,249,909	-
Environmental grants awarded.....	-	(5,136,581)	-	(5,136,581)	(2,870,747)	-
Total Nonoperating Revenues (Expenses)	464,101	2,943,701	(36,458)	3,371,344	475,674	(112,816)
Income (Loss) Before Contributions and Transfers	<u>(289,978)</u>	<u>1,286,720</u>	<u>231,964</u>	<u>1,228,706</u>	<u>667,419</u>	<u>(2,144,113)</u>
Capital contributions.....	-	-	-	-	1,823,612	1,478,864
Transfers out.....	-	-	(475,439)	(475,439)	-	-
Net Contributions and Transfers	<u>-</u>	<u>-</u>	<u>(475,439)</u>	<u>(475,439)</u>	<u>1,823,612</u>	<u>1,478,864</u>
Change in Net Position	(289,978)	1,286,720	(243,475)	753,267	2,491,031	(665,249)
Total Net Position - Beginning	<u>29,943,500</u>	<u>145,407,430</u>	<u>9,143,847</u>	<u>184,494,777</u>	<u>182,003,746</u>	<u>129,688,802</u>
Total Net Position - Ending	<u>\$ 29,653,522</u>	<u>\$ 146,694,150</u>	<u>\$ 8,900,372</u>	<u>\$ 185,248,044</u>	<u>\$ 184,494,777</u>	<u>\$ 129,023,553</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, 2014

	Business-type Activities - Enterprise Funds				
	Metropolitan Health Plan	Solid Waste	Nonmajor Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users.	\$ 161,146,222	\$ 48,388,055	\$ 3,361,771	\$ 212,896,048	\$ 197,732,733
Payments to suppliers for goods and services.	(129,776,163)	(38,714,946)	(871,187)	(169,362,296)	(48,931,417)
Payments to employees for services.	(9,008,247)	(6,221,927)	(1,431,276)	(16,661,450)	(136,158,740)
Other operating disbursements.	(6,394,113)	(849,781)	(48,204)	(7,292,098)	(2,425,474)
Net Cash Provided by Operating Activities	<u>15,967,699</u>	<u>2,601,401</u>	<u>1,011,104</u>	<u>19,580,204</u>	<u>10,217,102</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Other taxes.	-	53,812	-	53,812	-
Net grants and contributions.	-	1,815,921	-	1,815,921	-
Transfers out.	-	-	(475,439)	(475,439)	-
Noncapital debt payments.	-	-	-	-	(105,071)
Interfund loan.	313,732	-	(20,000)	293,732	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>313,732</u>	<u>1,869,733</u>	<u>(495,439)</u>	<u>1,688,026</u>	<u>(105,071)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets.	-	(10,004,628)	(1,082,998)	(11,087,626)	(11,820,534)
Interest paid.	(363,411)	-	(22,399)	(385,810)	(625,167)
Proceeds from issuance of debt.	-	-	-	-	491,247
Debt issuance cost and principal payments.	-	-	(145,000)	(145,000)	(1,404,294)
Net Cash Used by Capital and Related Financing Activities	<u>(363,411)</u>	<u>(10,004,628)</u>	<u>(1,250,397)</u>	<u>(11,618,436)</u>	<u>(13,358,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income.	827,512	575,023	-	1,402,535	-
Net Cash Provided By Investing Activities	<u>827,512</u>	<u>575,023</u>	<u>-</u>	<u>1,402,535</u>	<u>-</u>
Net Increase (Decrease) In Cash	16,745,532	(4,958,471)	(734,732)	11,052,329	(3,246,717)
Cash at Beginning of Year	57,915,152	35,650,495	5,114,078	98,679,725	192,055,218
Cash at End of Year	<u>\$ 74,660,684</u>	<u>\$ 30,692,024</u>	<u>\$ 4,379,346</u>	<u>\$ 109,732,054</u>	<u>\$ 188,808,501</u>
CASH COMPONENTS:					
Cash.	\$ 74,160,684	\$ 21,261,019	\$ 4,379,346	\$ 99,801,049	\$ 188,808,501
Restricted cash.	500,000	9,431,005	-	9,931,005	-
Cash at End of Year	<u>\$ 74,660,684</u>	<u>\$ 30,692,024</u>	<u>\$ 4,379,346</u>	<u>\$ 109,732,054</u>	<u>\$ 188,808,501</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss).	\$ (754,079)	\$ (1,656,981)	\$ 268,422	\$ (2,142,638)	\$ (2,031,297)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization.	-	6,591,250	772,569	7,363,819	14,888,604
(Increase) decrease in:					
Receivables and prepaid items.	(4,977,849)	(2,896,984)	148,504	(7,726,329)	(12,349,877)
Due from component unit.	-	-	21,200	21,200	116,463
Inventories.	-	-	790	790	(262,491)
Increase (decrease) in:					
Accounts payable and accrued expenses.	12,519,894	564,116	(200,381)	12,883,629	9,855,369
Due to component unit.	(2,454,663)	-	-	(2,454,663)	-
Unearned revenue.	11,634,396	-	-	11,634,396	331
Net Cash Provided by Operating Activities	<u>\$ 15,967,699</u>	<u>\$ 2,601,401</u>	<u>\$ 1,011,104</u>	<u>\$ 19,580,204</u>	<u>\$ 10,217,102</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributions of capital assets.	\$ -	\$ -	\$ -	\$ -	\$ 1,478,864
Loss on disposal of capital assets.	-	-	(14,058)	(14,058)	(30,727)
Increase in fair value of investments.	249,909	241,342	-	491,251	-

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, 2014

		Agency
ASSETS		
Cash and investments	\$	96,488,703
Delinquent taxes receivable		34,706,600
Total Assets	\$	131,195,303
LIABILITIES		
Amounts due as agent	\$	131,195,303

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



Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

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Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

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 board of commissioners elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units (the primary government), as well as its discretely presented component unit. While legally separate entities, the blended component units discussed below are included as part of the primary government, due to their governance structure and the significance of their operational and financial relationships with the County. The County's discretely presented component unit is also a legally separate entity; however discrete presentation is required because this component unit's governing board is not essentially the same as the governing board of the County. Each component unit has a December 31 year end.

Blended Component Units

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

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

Discretely Presented Component Unit

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

➤ **Government-wide Financial Statements**

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

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

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

➤ **Fund Financial Statements**

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

Governmental Funds

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

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

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

The County reports the following governmental funds:

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds – continued

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

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

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

Capital Projects Funds account 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 reports two capital projects funds, the *General Capital Projects Fund* and the *Regional Railroad Capital Projects Fund*.

Proprietary Funds

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

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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 Board of County Commissioners 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 *Metropolitan Health Plan Fund* (MHP) is used to account for state-authorized health maintenance organization operations. MHP provides comprehensive coverage to enrollees who are eligible for state and federal funded health programs including Medicaid Expansion, Minnesota Senior Care Plus, Minnesota Senior Health Options, and Special Needs Basic Care.
- The *Solid Waste Fund* is used to account for the management of the solid waste system pursuant to Hennepin County Ordinance 15 and MN Statutes 473.84 and 400.08. Fund activities include the resource recovery facilities, transfer stations, recycling and household hazardous waste programs, and the environmental response fund program. All money received by the Solid Waste Fund is restricted for the purposes of providing solid waste activities, functions, and facilities.

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

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

Fiduciary Funds

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Cash and Investments

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

Interfund Receivables and Payables

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

Receivables

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

Inventories and Prepaid Items

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

Capital Assets

Capital assets are reported in proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets include property, plant, infrastructure, equipment, library materials, and intangible assets. Capitalization thresholds are \$5,000 for equipment; \$250,000 for improvements and intangibles; and \$500,000 for land, buildings and infrastructure. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Capital Assets – continued

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

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

Employee Compensated Absences

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

Long-Term Obligations

In the government-wide and 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 financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports a deferred charge on refunding in this manner in the government-wide statement of net position. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Only the County's governmental fund unavailable revenue items 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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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 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 Board Resolution 10-0431R2, the County Board, County Administrator, Deputy County Administrator, and the Director of the Office of Budget and Finance have the authority to assign fund balance.
- Unassigned fund balance – amounts included in the residual classification for the General Fund that have not been restricted, committed, or assigned to specific purposes, and deficit fund balances of the other funds.

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

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

D. Comparative Data, Reclassifications, and Use of Estimates

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of certain changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2013, 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, 2014

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.)	\$ 2,508,747,981
Accumulated depreciation related to governmental activities	<u>(874,710,823)</u>
Total Capital Assets Reconciliation Item	<u>\$ 1,634,037,158</u>

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

General obligation (G.O.) bonds and notes payable	\$ (893,880,000)
Net G.O. premiums and discounts (to be amortized as interest expense)	(53,275,842)
Revenue bonds	(259,560,000)
Revenue bond premiums (to be amortized as interest expense)	(7,339,972)
Lease revenue certificate of participation (COP) payable	(2,985,000)
C.O.P. premiums (to be amortized as interest expense)	(220)
Notes payable	(5,899,012)
Accrued interest payable	(3,324,672)
Deferred charge on debt refunding	<u>13,400,417</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,212,864,301)</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	\$ 87,570,111
Less depreciation expense	<u>(52,129,400)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 35,440,711</u>

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

Issuance of debt	\$ (180,615,000)
Bond premiums	(31,239,950)
Principal repayments – G.O. debt	76,428,912
Principal repayments – refunding bonds	78,901,088
Principal repayments – Ballpark revenue bonds	15,690,000
Principal repayments – note payable	518,092
Principal repayments – lease revenue certificate of participation	<u>2,811,862</u>
Total Long-term Debt Reconciliation Item	<u>\$ (37,504,996)</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions

It is the County's policy to follow MN Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security 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 \$76,259,607. The bank balance was covered by either federal depository insurance, surety bonds, or by collateral held by the County's agent in the County's name. The carrying amount of deposits at year end was \$66,553,574. County, fiduciary, and discretely presented component unit cash and investments are pooled.

Management of Investment Risk

At December 31, 2014, the County had the following investments. Effective duration is shown in years.

<u>Nonfiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. government and agency	\$ 945,627,386	1.81
Municipal securities	6,155,881	1.58
Repurchase agreements	138,108,545	0.01
Money market funds	<u>7,000,749</u>	0.13
Total fair value	<u>\$ 1,096,892,561</u>	
Effective duration		1.57

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+ to A by Standard & Poor's and Aaa to A2 by Moody's Investors Service. The County's investments in municipal securities and money market funds were rated Aa2 and Aaa, respectively, by Moody's Investors Service. 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
- Shares of investment companies

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County's total investments is in each of the following: Federal Home Loan Mortgage Corporation (35%), Federal Home Loan Bank (23%), and Federal National Mortgage Association (19%).

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses

Cash from all funds is pooled for deposit and investment purposes. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the funds shown in the table below. Investment earnings are allocated based on average monthly cash and investment balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2014 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Increase in the Fair Value of Investments	Total Investment Earnings
<u>Governmental Funds:</u>			
General	\$ 7,446,635	\$ 3,115,355	\$ 10,561,990
Special Revenue:			
Library	52,315	26,767	79,082
Ballpark Sales Tax	786	-	786
Housing and Redevelopment	72,010	18,868	90,878
Regional Railroad	252,332	89,089	341,421
Debt Service	424	-	424
Capital Projects	120,465	(6,095)	114,370
	<u>7,944,967</u>	<u>3,243,984</u>	<u>11,188,951</u>
<u>Proprietary Funds:</u>			
Enterprise:			
Metropolitan Health Plan	577,602	249,910	827,512
Solid Waste	333,681	241,342	575,023
	<u>911,283</u>	<u>491,252</u>	<u>1,402,535</u>
Total	<u>\$ 8,856,250</u>	<u>\$ 3,735,236</u>	<u>\$ 12,591,486</u>

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

	2014	2013
Investment income and realized gains and losses	\$ 8,856,250	\$ 8,270,776
Net annual increase (decrease) in the fair value of investments	3,735,236	(10,793,344)
Total Investment Earnings (Losses)	<u>\$ 12,591,486</u>	<u>\$ (2,522,568)</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.

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 MHP cash restricted by MN statute 62D.041 for protection in the event of insolvency
- \$9,011,644 Solid Waste Fund Environmental Response Program cash and investments restricted for purposes specified by Minnesota statutes, section 383B.81.
- Grant proceeds totaling \$419,361 are restricted in the Solid Waste Fund for conservation programs and the cleanup of brownfields.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2014
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 4,694,247	\$ 37,818	\$ -	\$ 4,732,065
Land	107,358,437	10,538	-	107,368,975
Construction in progress – infrastructure	111,766,511	78,413,578	(106,261,177)	83,918,912
<i>Total capital assets not being depreciated</i>	<u>223,819,195</u>	<u>78,461,934</u>	<u>(106,261,177)</u>	<u>196,019,952</u>
<i>Capital assets being depreciated:</i>				
Buildings	742,969,664	68,869,129	(3,317,544)	808,521,249
Equipment	159,542,834	13,922,168	(7,299,229)	166,165,773
Software	29,798,571	2,211,555	-	32,010,126
Library books and materials	67,019,499	5,972,578	(5,763,211)	67,228,866
Leasehold improvements	9,586,466	8,928,302	(306,553)	18,208,215
Land improvements	27,207,263	7,190,397	-	34,397,660
Infrastructure	1,322,337,064	22,417,098	(1,542,924)	1,343,211,238
<i>Total capital assets being depreciated</i>	<u>2,358,461,361</u>	<u>129,511,227</u>	<u>(18,229,461)</u>	<u>2,469,743,127</u>
<i>Less accumulated depreciation for:</i>				
Buildings	346,636,047	17,552,908	(2,016,803)	362,172,152
Equipment	108,564,912	15,915,669	(6,914,946)	117,565,635
Software	7,439,185	4,471,570	-	11,910,755
Library books and materials	43,832,924	8,350,013	(5,763,211)	46,419,726
Leasehold improvements	9,393,856	1,316,762	(306,553)	10,404,065
Land improvements	11,252,241	1,399,104	-	12,651,345
Infrastructure	392,914,611	18,011,978	(1,542,924)	409,383,665
<i>Total accumulated depreciation</i>	<u>920,033,776</u>	<u>67,018,004</u>	<u>(16,544,437)</u>	<u>970,507,343</u>
Total capital assets being depreciated, net	<u>1,438,427,585</u>	<u>62,493,223</u>	<u>(1,685,024)</u>	<u>1,499,235,784</u>
Governmental activities capital assets, net	<u>1,662,246,780</u>	<u>140,955,157</u>	<u>(107,946,201)</u>	<u>1,695,255,736</u>
Business-type Activities				
<i>Capital assets not being depreciated:</i>				
Land	9,164,524	-	-	9,164,524
Construction in progress – buildings	1,654,298	808,000	(2,462,298)	-
<i>Total capital assets not being depreciated</i>	<u>10,818,822</u>	<u>808,000</u>	<u>(2,462,298)</u>	<u>9,164,524</u>
<i>Capital assets being depreciated:</i>				
Buildings	153,004,311	11,387,828	-	164,392,139
Equipment	15,267,102	1,354,095	(1,620,903)	15,000,294
Leasehold improvements	1,673,332	-	-	1,673,332
Land improvements	1,893,908	-	-	1,893,908
<i>Total capital assets being depreciated</i>	<u>171,838,653</u>	<u>12,741,923</u>	<u>(1,620,903)</u>	<u>182,959,673</u>
<i>Less accumulated depreciation for:</i>				
Buildings	54,739,403	6,382,663	-	61,122,066
Equipment	9,701,657	905,401	(1,606,846)	9,000,212
Leasehold improvements	1,673,332	-	-	1,673,332
Land improvements	1,287,858	75,756	-	1,363,614
<i>Total accumulation depreciation</i>	<u>67,402,250</u>	<u>7,363,820</u>	<u>(1,606,846)</u>	<u>73,159,224</u>
Total capital assets being depreciated, net	<u>104,436,403</u>	<u>5,378,103</u>	<u>(14,057)</u>	<u>109,800,449</u>
Business-type activities capital assets, net	<u>115,255,225</u>	<u>6,186,103</u>	<u>(2,476,355)</u>	<u>118,964,973</u>
Total Capital Assets, Net	<u>\$ 1,777,502,005</u>	<u>\$ 147,141,260</u>	<u>\$ (110,422,556)</u>	<u>\$ 1,814,220,709</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

5. CAPITAL ASSETS – CONTINUED

The direct depreciation expenses shown in the Statement of Activities includes the depreciation expenses of the Internal Service Funds. The \$14,888,604 of depreciation is included in the governmental activities programs in the following amounts: General Government \$2,617,425, Human Services \$2,901,444, Health \$226,211, Public Safety \$3,031,625, Public Works \$5,114,560 and Libraries \$997,339.

Of the capital assets shown in governmental activities in the previous table, the RRA and HRA blended component units' capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Balance December 31, 2014
RRA Activities:			
<i>Capital assets not being depreciated:</i>			
Land (including rail corridor)	\$ 39,250,512	\$ -	\$ 39,250,512
<i>Capital assets being depreciated:</i>			
Buildings	1,790,681	-	1,790,681
Less accumulated depreciation	1,279,235	41,804	1,321,039
	511,446	(41,804)	469,642
RRA Capital Assets, Net	\$ 39,761,958	(41,804)	\$ 39,720,154
HRA Activities:			
<i>Capital assets being depreciated:</i>			
Buildings	\$ 12,654,573	\$ -	\$ 12,654,573
Less accumulated depreciation	4,842,496	632,729	5,475,225
HRA Capital Assets, Net	\$ 7,812,077	\$ (632,729)	\$ 7,179,348

6. RECEIVABLES

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

	Taxes Receivable	Intergovern- mental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Net Total Receivables
Fund(s):						
General	\$7,519,101	\$ 16,568,814	\$ 2,368,115	\$ 8,983,000	\$ (1,357,364)	\$ 34,081,666
Human Services	3,168,931	40,127,549	-	528,185	(884,694)	42,939,971
Library	795,526	9,682	-	118,002	(219,706)	703,504
Ballpark Sales Tax	-	5,617,026	-	-	-	5,617,026
HRA	-	65,995	-	12,728	-	78,723
RRA	307,982	64,075	-	88,422	(90,609)	369,870
RRA Capital Projects	-	2,147,173	-	-	-	2,147,173
General Debt Service	1,051,587	-	-	-	(295,144)	756,443
General Capital Projects	59,926	8,112,229	21,945	826,900	(17,036)	9,003,964
MHP	-	-	-	13,443,584	(116,546)	13,327,038
Solid Waste	148	-	-	7,199,519	-	7,199,667
Nonmajor Enterprise	-	-	-	35,061	-	35,061
Internal Service	-	-	-	1,052,156	-	1,052,156
Total	\$ 12,903,201	\$ 72,712,543	\$ 2,390,060	\$ 32,287,557	\$ (2,981,099)	\$117,312,262

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

6. RECEIVABLES – CONTINUED

Taxes Receivable

Property tax liens attach on the first Monday of the year following property assessment. Tax levies are certified to the county auditor five business days after December 20 of the year the property is assessed. The taxes levied are payable in the following year in two equal installments. The amounts and due dates for taxes on real property are half on or before May 15 and the balance on or before October 15. Personal property taxes are due in one installment on May 15. The amount of the allowance for uncollectible delinquent taxes is an estimate based on historical collection experience. Estimated uncollectible delinquent taxes total \$2,864,553 in the governmental funds.

Notes Receivable

In addition to the receivables detailed in the preceding table, the County reports notes receivable totaling \$105,255,000 in the General Debt Service Fund. A \$102,810,000 note receivable was established when the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing sales tax revenue bonds and loaning the proceeds to CTIB. As disclosed in Note 7, CTIB is expected to repay the remaining \$91,745,000 balance from sales tax revenues equal to the bond debt service paid by the County. The remaining \$13,510,000 of notes receivable in the General Debt Service Fund relates to the notes receivable from the Minnehaha Watershed District for similar transactions, for which the Watershed will levy property taxes for repayment.

The County reports \$14,964,946 notes receivable in the HRA Fund. In 2011, the County Board authorized participation in a project to construct the Northwest Family Service Center. The County's participation in this transaction allowed the County and partners to benefit from New Market Tax Credits. The General Capital Projects Fund originally provided a \$14,175,000 loan for the project that flowed through the HRA Fund to Northwest Family Service Center Lender LLC. At year-end, the HRA reports the remaining \$13,198,051 note receivable and a corresponding interfund payable to the County. The note charges a 6% interest rate and matures in June 2019. The HRA also provides Transit-oriented Development (TOD) loans and reports the \$3,533,791 notes receivable net of \$1,766,896 allowance for uncollectibles for net TOD notes receivable of \$1,766,895.

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, 2014 there are 163 AHIF deferred loans outstanding, with original terms ranging from 10 to 60 years. Loans totaling \$23,137,075 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 \$25,796,305 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 \$11,098,896 is outstanding at year-end for 595 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 10 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2014

6. RECEIVABLES – CONTINUED

Deferred Long-term Loans Receivable – Continued

The federal Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. As of December 31, 2014 there are 429 HOME deferred loans totaling \$31,565,066 outstanding, with original terms ranging from 20 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

South Minneapolis Regional Human Services Center

In October, the Board committed \$9,000,000 to be paid in the future from the General Fund for securing and preparing land and up to \$15,900,000 from the Human Services Fund for construction and acquisition of the building and parking facility for the development of a new South Minneapolis Regional Human Services Center. General obligation bonding of up to \$29,600,000 was also committed to this project.

Light Rail Transit

The RRA has committed to expend up to \$18,600,000 for the preliminary engineering portion of the Southwest Corridor Light Rail Transit project. Such costs will be a contribution to the County's total financial obligation to advance the Southwest Light Rail Transit project upon approval by the Federal Transit Administration. The RRA also committed to expend up to \$18,400,000 to advance preliminary engineering for the Bottineau Light Rail Transit project.

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:

Years Ending December 31	Expected Payment
2015	\$ 16,276,829
2016	16,390,767
2017	16,505,502
2018	16,621,041
2019	16,737,388
2020-2023	68,129,400
Total	\$ 150,660,927

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

7. COMMITMENTS – CONTINUED

Medical Center Discretely Presented Component Unit

In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including offering various community-based social service programs such as free clinics, health screenings, trauma services, training for emergency service personnel, crisis intervention, and transportation to and from the hospital campus. Additionally, a large number of health-related education programs are provided for the benefit of the community, including: health enhancements and wellness, classes on specific conditions, unreimbursed costs of medical education, telephone information services, and costs related to programs designed to improve the general standards of the health of the community.

The Medical Center also provides medical care without charge or at reduced cost to residents of its community through the provision of charity care. Included in the Medical Center's definition of charity care is: (a) services provided to the uninsured or underinsured, and (b) the services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socioeconomic factors.

Based on the community benefits provided by the Medical Center, the County is committed to the provision of significant support to Medical Center operations, including allowing the Medical Center to use specific County-owned land and buildings at essentially no cost, guaranteeing a specific level of cash liquidity for the Medical Center, providing funding for the provision of uncompensated care services based on a specific formula, and providing funding for Medical Center capital improvement projects approved through the County's budgeting process. Through the end of 2014, County Board budget approvals for County support of Medical Center capital improvements that had not yet been completed totaled \$80,914,316 with \$3,701,221 already expended, resulting in a remaining commitment of \$77,213,095.

The County is committed to providing 100% of employer-paid healthcare benefits for Medical Center employees who were retired as of December 31, 2006. In addition, should the Medical Center's costs for healthcare benefits for employees retiring after December 31, 2006 who receive that benefit exceed \$1,000,000 annually, the County would reimburse the Medical Center for 50% of the amount in excess of \$1,000,000.

Counties Transit Improvement Board – Joint Venture (non-equity interest)

In 2008, the County Board authorized the County to join Anoka, Dakota, Ramsey, and Washington counties in the establishment of the Counties Transit Improvement Board (CTIB). The Minnesota Legislature authorized this joint powers board to impose a 0.25% sales and use tax, and an excise tax of \$20 on sales of motor vehicles. The taxes are used to provide grants to fund improvements to the transit system, including light rail, commuter rail, and bus rapid transit. In 2010, the County assisted CTIB in obtaining more favorable financing terms by issuing \$102,810,000 of sales tax revenue bonds and loaning the proceeds to CTIB. CTIB will repay the County from sales tax revenues equal to the bond debt service paid by the County. Remaining principal and interest payments total \$132,627,112. At December 31, 2014, the unaudited CTIB assets totaled \$222,303,075 and liabilities totaled \$100,602,498, resulting in a net position of \$121,700,577. Separately issued financial statements can be obtained from CTIB.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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8. RELATED PARTY TRANSACTIONS

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

- While the County has retained ownership of land and buildings used by Medical Center operations, the majority of those facilities were leased to the Medical Center for a nominal amount.
- The County received \$2,811,862 from the Medical Center under a capital lease agreement.
- The County provided \$20,000,000 to the Medical Center in support of uncompensated care provided to Hennepin County citizens.
- The County contributed \$3,701,221 to the Medical Center for capital improvement projects.
- The County's MHP enterprise fund is a health maintenance organization purchasing services from the Medical Center and other medical service providers. During 2014, MHP purchased Medical Center services totaling \$47,784,195.

9. INTERFUND BALANCES AND ACTIVITY

Interfund Balances

Interfund balances at December 31 consisted of the following:

- \$1,964,484 due from the RRA Capital Projects Fund to the General Capital Projects Fund relating to the County's participation in the Interchange Project.
- \$13,198,051 due from the HRA Fund to the General Capital Projects Fund relating to the County's participation in a project to construct the Northwest Family Service Center and benefit from New Market Tax Credits as described in Note 6. This amount is not expected to be repaid until approximately 2019.
- \$225,608 due from the Metropolitan Health Plan Fund to the General Fund relating to a risk-share arrangement with NorthPoint Health and Wellness Center.
- \$88,124 due from the Metropolitan Health Plan Fund to the Human Services Fund relating to a risk-share arrangement.
- \$38,559,608 due from the General Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$36,400,000 is not expected to be repaid within one year.
- \$22,978,510 due from the Human Services Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$21,000,000 is not expected to be repaid within one year.
- \$3,902,402 due from the Library Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$3,600,000 is not expected to be repaid within one year.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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9. INTERFUND BALANCES AND ACTIVITY – CONTINUED

Interfund transfers during 2014:

Fund Transferred From	Fund Transferred To	Purpose	Amount
<i>Between Funds Within Governmental Activities:</i>			
General	Human Services	Support child care & education programs for children in high-risk situations	\$ 1,000,000
General	Human Services	Support program to reduce teen pregnancy	50,000
General	Human Services	Support communications to increase awareness of County health resources	250,000
General	HRA	Support small business training	194,798
General	General Capital Projects	701 Building & NorthPoint Building capital improvements	734,765
General	General Debt Service	Wheelage tax support of debt service	2,000,000
General	General Debt Service	Central Library Parking Facility debt service	680,756
Ballpark Sales Tax	General	Sales tax support of youth sports	2,275,000
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,160,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	28,581,123
HRA	Human Services	Support Northwest Family Service Center location	861,302
RRA Capital Projects	General Capital Projects	Interchange project	1,964,484
RRA	RRA Capital Projects	RRA property tax support of capital project	9,900,000
General Capital Projects	HRA	Transit-oriented development	2,454,565
General Capital Projects	General Debt Service	Augsburg debt service	196,830
Nonmajor Enterprise Fund	General Fund	Contribution to construction of new Communications Facility	475,439
			\$ 53,779,062

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

10. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
G.O. bonds – County-wide	\$637,077,750	\$170,233,825	\$(126,827,000)	\$680,484,575	\$37,278,247
G.O. bonds – libraries	64,892,250	10,381,175	(19,398,000)	55,875,425	4,416,753
Limited Authority G.O. bonds RRA	37,675,000	-	(1,470,000)	36,205,000	1,510,000
G.O. bonds – non-levy supported	14,955,000	-	(740,000)	14,215,000	775,000
G.O. revenue bonds – CTIB	95,580,000	-	(3,835,000)	91,745,000	3,990,000
G.O. Capital Notes	18,415,000	-	(3,060,000)	15,355,000	3,150,000
Unamortized premiums	26,208,943	31,239,950	(4,173,051)	53,275,842	-
Total G.O. bonds & notes	894,803,943	211,854,950	(159,503,051)	947,155,842	51,120,000
Sales tax revenue bonds	275,250,000	-	(15,690,000)	259,560,000	6,130,000
Unamortized premiums	7,712,191	-	(372,219)	7,339,972	-
Total revenue bonds and notes	282,962,191	-	(16,062,219)	266,899,972	6,130,000
Total G.O. & revenue bonds and notes	1,177,766,134	211,854,950	(175,565,270)	1,214,055,814	57,250,000
Lease revenue certificates of participation (COPS)	5,865,000	-	(2,880,000)	2,985,000	2,985,000
Unamortized premiums	470	-	(251)	219	219
Total COPS	5,865,470	-	(2,880,251)	2,985,219	2,985,219
Notes payable	6,522,175	-	(623,163)	5,899,012	623,163
Compensated absences	86,948,933	14,059,472	(11,938,329)	89,070,076	5,645,000
Postemployment healthcare	47,353,996	16,101,278	(9,656,000)	53,799,274	-
Governmental Activities Total	1,324,456,708	242,015,700	(200,663,013)	1,365,809,395	66,503,382
<u>Business-type Activities:</u>					
G.O. bonds	1,120,000	-	(145,000)	975,000	150,000
Compensated absences	1,677,708	299,346	(325,389)	1,651,665	350,000
Postemployment healthcare	1,833,108	206,747	(118,000)	1,921,855	-
Business-type Activities Total	4,630,816	506,093	(588,389)	4,548,520	500,000
Government-wide Total	\$1,329,087,524	242,521,793	(201,251,402)	1,370,357,915	67,003,382

The Schedule of Changes in Long-term Debt (page 104) provides additional detail on bonds, notes, and certificates of participation. The lease revenue certificates of participation balance shown above, is net of an adjustment on refunding debt (not included on the Schedule of Changes in Long-term Debt). 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, 2014

11. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds and notes are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. During the year, G.O. bonds totaling \$180,615,000 were issued. Of this amount:

- \$100,000,000 was issued to finance County-wide capital improvements.
- \$80,615,000 was issued and, together with \$12,000,000 of County cash, was used to refund the \$19,750,000 currently callable amount of series 2006A and for the advance refunding of series 2007A of \$39,585,000 and series 2008A of \$47,875,000. Relating to the advance refunding of series 2007A and series 2008A, at December 31, 2014, \$82,450,000 of defeased bonds remains outstanding. The current and advance refundings resulted in a total reduction of the County's debt service payments of \$32,950,049 over fourteen years and a total economic gain (difference between the present value of the debt service payments for the old and new debt) of \$10,991,272.

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

At December 31, \$411,747,125 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2037. Principal and interest paid for the current year and pledged net sales tax revenues received were \$17,496,175 and \$33,771,519, respectively. In addition, the County made optional payments of \$10,000,000 for early redemption of sales tax revenue bonds.

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, 2014

11. DEBT SERVICE REQUIREMENTS – CONTINUED

Annual debt service requirements for G.O. bonds and notes and for sales tax revenue bonds, as of December 31 are as follows (assuming that the liquidity facility agreements with respect to the variable rate Series 2008C sales tax revenue and 2013C G.O. bonds are renewed and the bonds are remarketed):

	G.O. Bonds & Capital Notes		Sales Tax Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
Governmental Activities:					
2015	\$ 46,965,000	\$ 31,099,387	\$ 6,130,000	\$ 11,562,180	\$ 95,756,567
2016	45,860,000	28,545,886	6,630,000	11,329,536	92,365,422
2017	47,705,000	26,668,449	7,155,000	11,064,592	92,593,041
2018	48,665,000	24,794,829	7,745,000	10,769,798	91,974,627
2019	50,035,000	22,744,339	8,340,000	10,447,404	91,566,743
2020-2024	230,445,000	85,147,829	52,425,000	46,053,226	414,071,055
2025-2029	190,965,000	45,957,110	74,485,000	31,452,204	342,859,314
2030-2034	102,075,000	18,938,360	59,550,000	15,905,310	196,468,670
2035-2039	38,715,000	5,276,020	37,100,000	3,602,875	84,693,895
	801,430,000	289,172,209	259,560,000	152,187,125	1,502,349,334
Business-type Activities:					
2015	150,000	19,500	-	-	169,500
2016	155,000	16,500	-	-	171,500
2017	160,000	13,400	-	-	173,400
2018	165,000	10,200	-	-	175,200
2019	170,000	6,900	-	-	176,900
2020	175,000	3,500	-	-	178,500
	975,000	70,000	-	-	1,045,000
	\$802,405,000	\$289,242,209	\$259,560,000	\$152,187,125	\$1,503,394,334

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 series 2008C variable rate bonds expires on December 31, 2016. If renewal or substitution efforts are unsuccessful, the bonds outstanding at that time will be mandatorily redeemed under the terms of the liquidity facility and the County will be required to reimburse the liquidity provider. If the 2008C bonds are mandatorily redeemed, 2017 debt service for sales tax revenue bond principal will be \$23,455,000 rather than the \$7,155,000 shown in the table above. The liquidity facility that supports the general obligation bonds of series 2013C variable rate G.O. bonds expires December 1, 2018. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2018 debt service for governmental activities' G.O. bond principal will be \$130,955,000, rather than the \$48,665,000 shown in the table above for the year 2018.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

11. DEBT SERVICE REQUIREMENTS – CONTINUED

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

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

	G.O. Revenue Bonds		Total
	Principal	Interest	
Governmental Activities:			
2015	4,155,000	4,335,589	8,490,589
2016	4,320,000	4,167,904	8,487,904
2017	4,535,000	3,952,074	8,487,074
2018	4,760,000	3,725,504	8,485,504
2019	4,800,000	3,487,693	8,287,693
2020-2024	27,685,000	13,760,218	41,445,218
2025-2029	34,300,000	7,146,825	41,446,825
2030	7,895,000	394,750	8,289,750
	\$ 92,450,000	\$ 40,970,557	\$ 133,420,557

Notes Payable annual debt service requirements are as follows:

	Notes Payable		Total
	Principal	Interest	
Governmental Activities:			
2015	518,092	-	518,092
2016	518,092	-	518,092
2017	518,092	-	518,092
2018	518,092	-	518,092
2019	518,092	-	518,092
2020-2024	2,590,460	-	2,590,460
2025-2026	718,092	-	718,092
	\$ 5,899,012	\$ -	\$ 5,899,012

Hennepin County, Minnesota
Notes to the Basic Financial Statements
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11. DEBT SERVICE REQUIREMENTS – CONTINUED

Lease revenue certificates of participation, with final maturity in 2015, are secured by annual lease payments payable by the County for use of the related facility. Center Hospital Corporation, a public benefit corporation, was created to issue certificates of participation. The County leases a facility from Center Hospital, and the lease revenues are used by Center Hospital to pay bond interest and principal. Lease revenue certificate of participation debt service requirements for 2015 consist of \$2,985,000 principal and \$104,475 interest.

Taxable commercial paper was issued in a par amount of \$75,000,000 on March 5, 2014 at an interest rate of 0.14% and a maturity date of May 9, 2014, pursuant to the authorized \$200,000,000 commercial paper program. That issuance was repaid on May 9, 2014. Additional taxable commercial paper was issued in a par amount of \$75,000,000 on March 21, 2014 at an interest rate of 0.14% and a maturity date of May 2, 2014. That issuance was repaid on May 2, 2014. The County Board authorized the commercial paper program as a liquidity instrument and as an option for short-term financing of the capital improvement plan.

12. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING

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

Conduit Financing, Agreement Date	Original Balance	Balance December 31, 2013	Balance December 31, 2014
Opportunity Partners, Inc., September 2008	2,940,022	1,940,868	1,723,918
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	14,632,761	14,280,671
A-Mill Artist Lofts October 2013	55,000,000	55,000,000	55,000,000
	<u>\$ 111,310,022</u>	<u>\$ 108,943,629</u>	<u>\$ 108,374,589</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

<u>Classification and Amount at December 31, 2014</u>				
<u>Fund and Purpose</u>	<u>Nonspendable</u>	<u>Restricted For</u>	<u>Committed For</u>	<u>Assigned For</u>
<u>General Fund</u>				
Inventories	\$3,140,775			
Prepays	154,301			
Grant requirements		\$ 1,115,799		
Statutory requirements - primarily relating to youth sports & County Recorder technology		14,015,051		
Construction projects			\$ 9,000,000	
Subsequent year's budget - appropriation of fund balance including carryovers				\$36,308,948
<u>Human Services Fund</u>				
Prepays	58,578			
Public assistance, poor relief, & categories under the federal Social Security Act			153,204,436	
<u>Library Fund</u>				
Endowments	1,980,032			
Prepays	1,426,318			
Donor requirements specific to media category or library location		4,520,408		
Extended Library hours		1,557,322		
Print/electronic collection and technology improvements			32,766,602	
<u>Ballpark Sales Tax Fund</u>				
Debt service & statutory requirements		9,659,374		
<u>HRA Fund</u>				
Prepays	274,732			
HRA general expenditures		10,671,810		
<u>RRA Fund</u>				
RRA general expenditures		27,518,889		
<u>RRA Debt Service Fund</u>				
Debt service		318,692		
<u>RRA Capital Projects Fund</u>				
RRA capital projects		2,436,320		
<u>General Debt Service Fund</u>				
Debt service		14,279,157		
<u>General Capital Projects Fund</u>				
Long-term portion of receivables	14,394,951			
Bond requirements relating to capital projects		135,138,605		

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

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, 2014 is \$500,000. This estimated amount is expected to be paid within one year.

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

	2014	2013
Estimated liability at beginning of year	\$500,000	\$500,000
Estimated incurred claims (including IBNR)	579,947	620,119
Claim Payments	(579,947)	(620,119)
Estimated liability at end of year	\$500,000	\$500,000

The Self-Insurance fund is also used to account for workers' compensation claims and to hold funds for property risk retentions. The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$1,920,000 per occurrence. During 2014, \$2,489,470 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The balance in the liability account at December 31, 2014 was \$13,459,236. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

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

	2014	2013
Estimated liability at beginning of year	\$ 11,459,236	\$ 9,806,058
Estimated incurred claims (including IBNR)	4,489,467	4,010,210
Claim Payments and expenses	(2,489,467)	(2,357,032)
Estimated liability at end of Year	\$ 13,459,236	\$ 11,459,236

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2014

15. SELF-INSURED EMPLOYEE HEALTH PLAN

Employee health 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 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:

	2014	2013
Estimated liability at beginning of year	\$ 5,925,043	\$ 5,522,631
Estimated incurred claims (including IBNR)	83,357,353	79,409,304
Claim payments and expenses	(83,395,499)	(79,006,892)
Estimated liability at end of year	\$ 5,886,897	\$ 5,925,043

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.

17. OTHER EMPLOYEE BENEFITS

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

Compensated Absences

Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 1,280 hours. The maximum may be lower for employees based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$12,263,718 in 2014. 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 \$90,721,741. At the government-wide level, \$1,651,665 is reported in business-type activities. The remaining amount of \$89,070,076 is reported in governmental activities, of which \$50,690,173 is funded in the Other Employee Benefits internal service fund.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

17. OTHER EMPLOYEE BENEFITS – CONTINUED

Single-Employer Postemployment Healthcare Benefit Program

Plan Description

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

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

This benefit is not available to non-organized employees beginning County employment after January 1, 2007 or to organized employees beginning County employment after January 1, 2008. 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, 2014 and 2013 were \$487,900 and \$393,100, 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, 2014

17. OTHER EMPLOYEE BENEFITS – CONTINUED

Funding Policy

The Other Employee Benefits internal service fund is used to account for the cost and liquidation of postemployment healthcare benefits relating to governmental funds on a cost-reimbursement basis. Cash set aside in this internal service fund for the future costs of retiree healthcare totaling \$18,645,861 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 2014, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$75 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 \$16,308,025 AOC in 2014 consists of the \$9,229,731 normal cost, the \$6,873,348 amortization of UAL, and net interest and adjustments of \$204,946. During 2014, approximately 825 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	\$ 16,103,079
Interest on net OPEB obligation	1,844,516
Adjustments to ARC	<u>(1,639,570)</u>
AOC (expense)	16,308,025
Contributions made	<u>(9,774,000)</u>
Increase in net OPEB obligation	6,534,025
Net OPEB obligation - beginning of year	<u>49,187,104</u>
Net OPEB obligation - end of year	<u><u>\$ 55,721,129</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>
2012	16,180,808	64%	43,888,808
2013	16,755,296	68%	49,187,104
2014	16,308,025	60%	55,721,129

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

17. OTHER EMPLOYEE BENEFITS – CONTINUED

Funded Status and Funding Progress

The actuarial accrued liability for benefits as of January 1, 2014 per the most recent actuarial valuation on was \$198,747,432. This liability will be phased in over 30 years. Contributions in relation to the \$16,308,025 AOC during 2014 totaled \$9,774,000. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2014 remained \$198,747,432. The annual payroll of active employees covered by the plan was \$495,139,982. The ratio of the UAAL to the covered payroll was 40.1%.

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, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions include a 3.75% investment rate of return, which is the expected long-term investment return on the County's own investments. An annual healthcare cost trend rate of 6% initially, reduced over 45 years to an ultimate rate of 5.2%, was used. Wage inflation of 3.75% per year and a level percentage of projected payroll 30-year open amortization period were used. The Schedule of Funding Progress for the Retiree Health Plan is found in the Required Supplementary Information section on page 79.

18. EMPLOYEE RETIREMENT SYSTEMS

Public Employees Retirement Association of Minnesota

Most employees are covered by a statewide, defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). However, approximately 0.2% of employees who were previously employed by the City of Minneapolis and whose work unit was transferred to the County under legislative authority are instead covered by the Minneapolis Employees Retirement Fund (MERF) division of PERA. Unless they meet PERA exclusion criteria, all other full-time and part-time employees in permanent positions are required to participate in PERA.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Plan Description

All full-time and certain part-time employees of the County are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF 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. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after five years of credited service. The defined retirement 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 10 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 10 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 PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available, which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, PEPFF, and PECF. That report may be obtained on the web at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2014

18. EMPLOYEE RETIREMENT SYSTEMS – CONTINUED

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members are required to contribute 10.2% of their annual covered salary in 2014. PECF members are required to contribute 5.83% of their annual covered salary. The County is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, 15.3% for PEPFF members, and 8.75% for PECF members. The County's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$38,273,728, \$36,241,870, and \$35,504,164, respectively. The County's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the Police and Fire Fund (10.8% for members and 16.2% for employers).

Supplemental Retirement Defined Contribution Plan

The County administers a plan which 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). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. 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 each pay period. Contributions for each employee (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, 2014, 2013, and 2012 were \$173,262, \$207,278, and \$245,964, respectively.

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Not Yet Adopted

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and its amendment, GASB Statement No. 71, will be effective for the County on January 1, 2015. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and calls for immediate recognition of more pension expense than is currently required.

GASB Statement Number 72, Fair Value Measurement and Application, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The requirements of this statement address comparability of financial statements among governments by requiring measurement of certain assets and liabilities using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will be effective for the County on January 1, 2016.

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. 68 will have a material impact.

Required Supplementary Information

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

	Actuarial Valuation Date		
	1/1/2010	1/1/2012	1/1/2014
Results of Actuarial Valuation			
Actuarial value of assets	\$ -	-	-
Actuarial accrued liability (AAL) entry age normal cost method	\$ 277,388,000	210,519,404	198,747,432
Unfunded AAL (UAAL)	\$ 277,388,000	210,519,404	198,747,432
Funded ratio	0.0 %	0.0 %	0.0 %
Covered payroll	\$ 474,028,795	465,818,934	495,139,982
UAAL as a percentage of covered payroll	58.5 %	45.2 %	40.1 %
Factors that Significantly Affect Identification of Trends			
Annual required contribution (ARC)	\$ 24,898,000	16,022,203	16,103,079
Employer contributions	\$ 15,566,000	10,357,000	9,774,000
Contributions as a percentage of the ARC	63 %	65 %	61 %
Interest and adjustments	32,000	158,605	204,946
Net OPEB obligation	\$ 31,069,000	43,888,808	55,721,129
Demographics			
Active employees	7,394	7,085	7,150
Number of retirees utilizing the retiree health plan at year-end	933	974	825
Number of active employees age 50-54	1,206	1,161	1,065
Number of active employees age 55-59	1,318	1,193	1,125
Number of active employees age 60-64	761	869	915
Number of active employees age 65+ (ineligible for benefit)	173	228	249

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.

The January 1, 2012 actuarial valuation was significantly lower than would have been expected based on the results of the January 1, 2010 valuation report prepared by the prior actuary. The main cost drivers for the lower estimates were the favorable medical claims experience and revisions to the assumed retirement rates, which overrode the increases in costs due to the use of a lower interest discount rate and higher medical trend rates. The January 1, 2014 valuation reflected a decreased liability that related to favorable medical claims experience, lower medical trend rates, and fewer retired participants.

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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014					2013 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget		
REVENUES						
Property taxes	\$ 313,492,537	\$ 311,807,319	\$ 321,431,010	\$ 9,623,691	\$ 332,950,252	
Wheelage tax	8,700,000	8,700,000	9,296,105	596,105	-	
Other taxes	1,551,292	1,551,292	2,680,890	1,129,598	2,818,301	
Intergovernmental	135,899,340	138,222,201	131,922,853	(6,299,348)	135,180,260	
Investment earnings (losses)	6,000,000	6,000,000	10,561,990	4,561,990	(1,891,540)	
Charges for services	93,162,272	93,911,672	87,973,824	(5,937,848)	88,704,206	
Fines and forfeits	253,300	383,763	306,721	(77,042)	485,507	
Licenses and permits	6,531,765	6,531,765	6,001,247	(530,518)	5,544,699	
Other	13,842,380	14,283,798	14,557,947	274,149	14,099,353	
Total Revenues	579,432,886	581,391,810	584,732,587	3,340,777	577,891,038	
EXPENDITURES - CURRENT						
General Government						
County Board:						
Personal services	2,508,818	2,508,818	2,249,235	259,583	2,308,145	
Commodities	34,502	29,238	44,011	(14,773)	34,236	
Contractual services	105,842	92,793	93,668	(875)	80,245	
Capital outlay	2,550	2,550	25	2,525	-	
Other charges	177,697	167,793	62,735	105,058	66,366	
	<u>2,829,409</u>	<u>2,801,192</u>	<u>2,449,674</u>	<u>351,518</u>	<u>2,488,992</u>	
County Administration:						
Personal services	2,142,006	2,142,006	2,163,843	(21,837)	1,922,478	
Commodities	22,301	22,242	14,554	7,688	15,509	
Contractual services	938,814	1,138,814	659,907	478,907	882,515	
Capital outlay	3,951	3,951	-	3,951	-	
Other charges	59,185	59,185	48,468	10,717	25,580	
	<u>3,166,257</u>	<u>3,366,198</u>	<u>2,886,772</u>	<u>479,426</u>	<u>2,846,082</u>	
Assessor:						
Personal services	4,113,160	4,574,660	3,914,123	660,537	3,381,533	
Commodities	19,900	17,011	36,577	(19,566)	22,855	
Contractual services	513,144	508,144	460,372	47,772	432,857	
Capital outlay	-	-	-	-	-	
Other charges	41,600	41,314	55,250	(13,936)	33,436	
	<u>4,687,804</u>	<u>5,141,129</u>	<u>4,466,322</u>	<u>674,807</u>	<u>3,870,681</u>	
Budget & Finance:						
Personal services	9,368,583	9,368,583	8,703,359	665,224	8,848,249	
Commodities	17,350	39,984	95,240	(55,256)	40,405	
Contractual services	4,459,462	4,561,990	4,439,757	122,233	3,216,388	
Capital outlay	1,000	500,645	499,645	1,000	9,826	
Other charges	418,930	410,867	188,583	222,284	(33,122)	
	<u>14,265,325</u>	<u>14,882,069</u>	<u>13,926,584</u>	<u>955,485</u>	<u>12,081,746</u>	
Examiner of Titles:						
Personal services	1,014,418	1,014,418	879,417	135,001	806,830	
Commodities	1,550	1,550	1,395	155	1,850	
Contractual services	53,380	53,380	51,048	2,332	50,617	
Capital outlay	1,000	1,000	-	1,000	-	
Other charges	10,500	10,500	10,737	(237)	12,706	
	<u>1,080,848</u>	<u>1,080,848</u>	<u>942,597</u>	<u>138,251</u>	<u>872,003</u>	
Information Technology:						
Personal services	5,055,719	5,055,719	4,479,724	575,995	4,377,021	
Commodities	129,340	128,831	38,752	90,079	524,519	
Contractual services	3,154,455	3,325,482	3,516,904	(191,422)	4,423,795	
Capital outlay	-	-	-	-	-	
Other charges	77,200	77,200	24,119	53,081	18,871	
	<u>8,416,714</u>	<u>8,587,232</u>	<u>8,059,499</u>	<u>527,733</u>	<u>9,344,206</u>	
Resident & Real Estate Services:						
Personal services	21,387,626	21,387,626	20,089,893	1,297,733	19,513,676	
Commodities	233,200	698,364	613,826	84,538	392,798	
Contractual services	11,765,364	12,446,121	7,365,972	5,080,149	6,458,741	
Capital outlay	9,000	20,975	355,984	(335,009)	5,592,466	
Other charges	145,676	145,676	145,172	504	102,236	
	<u>33,540,866</u>	<u>34,698,762</u>	<u>28,570,847</u>	<u>6,127,915</u>	<u>32,059,917</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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				2013 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
General Government, continued					
Human Resources:					
Personal services	6,046,906	5,974,906	5,882,735	92,171	5,821,398
Commodities	78,349	25,960	144,698	(118,738)	82,249
Contractual services	1,032,869	1,025,867	944,643	81,224	868,681
Capital outlay	400	400	-	400	-
Other charges	182,239	191,639	224,499	(32,860)	165,127
	<u>7,340,763</u>	<u>7,218,772</u>	<u>7,196,575</u>	<u>22,197</u>	<u>6,937,455</u>
Public Affairs:					
Personal services	1,724,280	1,724,280	1,617,174	107,106	1,678,686
Commodities	39,000	38,482	25,458	13,024	38,818
Contractual services	390,500	390,711	443,850	(53,139)	492,125
Capital outlay	-	-	-	-	4,910
Other charges	84,350	84,350	91,866	(7,516)	77,969
	<u>2,238,130</u>	<u>2,237,823</u>	<u>2,178,348</u>	<u>59,475</u>	<u>2,292,508</u>
Internal Audit:					
Personal services	2,483,160	2,483,160	2,358,468	124,692	1,750,048
Commodities	35,000	42,474	29,360	13,114	8,938
Contractual services	720,390	719,133	521,789	197,344	634,421
Capital outlay	-	-	-	-	-
Other charges	68,516	66,435	65,193	1,242	48,898
	<u>3,307,066</u>	<u>3,311,202</u>	<u>2,974,810</u>	<u>336,392</u>	<u>2,442,305</u>
General County Purposes ¹ :					
Personal services	4,072,060	4,048,833	11,596,946	(7,548,113)	6,335,835
Commodities	41,349	1,030,046	369,561	660,485	1,120,661
Contractual services	14,283,299	14,286,786	11,713,678	2,573,108	13,054,984
Capital outlay	-	-	32,819	(32,819)	34,291
Other charges	14,967,432	11,682,625	1,947,317	9,735,308	3,057,671
	<u>33,364,140</u>	<u>31,048,290</u>	<u>25,660,321</u>	<u>5,387,969</u>	<u>23,603,442</u>
Total General Government:					
Personal services	59,916,736	60,283,009	63,934,917	(3,651,908)	74,242,061
Commodities	651,841	2,074,182	1,413,432	660,750	3,027,168
Contractual services	37,417,519	38,549,221	30,211,588	8,337,633	53,470,904
Capital outlay	17,901	529,521	888,473	(358,952)	225,350
Other charges	16,233,325	12,937,584	2,863,939	10,073,645	4,310,079
	<u>114,237,322</u>	<u>114,373,517</u>	<u>99,312,349</u>	<u>15,061,168</u>	<u>98,839,337</u>
Health					
NorthPoint Health & Wellness Center:					
Personal services	21,549,087	22,131,717	22,479,527	(347,810)	19,226,222
Commodities	1,917,587	1,903,538	2,015,995	(112,457)	2,088,910
Contractual services	5,468,772	5,460,117	4,826,819	633,298	5,859,385
Capital outlay	120,000	120,000	288,158	(168,158)	424,606
Other charges	655,190	652,455	612,827	39,628	577,305
	<u>29,710,636</u>	<u>30,267,827</u>	<u>30,223,326</u>	<u>44,501</u>	<u>28,176,428</u>
Medical Examiner:					
Personal services	4,294,572	4,294,572	4,242,348	52,224	4,009,183
Commodities	70,756	100,429	83,203	17,226	106,262
Contractual services	1,008,603	991,426	884,192	107,234	874,195
Capital outlay	-	25,000	27,131	(2,131)	25,942
Other charges	99,500	49,500	74,651	(25,151)	34,934
	<u>5,473,431</u>	<u>5,460,927</u>	<u>5,311,525</u>	<u>149,402</u>	<u>5,050,516</u>
Uncompensated Care:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	22,000,000	22,000,000	20,000,000	2,000,000	24,000,000
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>22,000,000</u>	<u>22,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>	<u>24,000,000</u>
HCMC Intergovernmental Transfers:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	39,984,500	40,354,500	40,354,233	267	43,741,864
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>39,984,500</u>	<u>40,354,500</u>	<u>40,354,233</u>	<u>267</u>	<u>43,741,864</u>
Total Health:					
Personal services	25,843,659	26,426,289	26,721,875	(295,586)	20,454,468
Commodities	1,988,343	2,003,967	2,099,198	(95,231)	2,406,552
Contractual services	68,461,875	68,806,043	66,065,244	2,740,799	65,248,498
Capital outlay	120,000	145,000	315,289	(170,289)	245,724
Other charges	754,690	701,955	687,478	14,477	878,437
	<u>97,168,567</u>	<u>98,083,254</u>	<u>95,889,084</u>	<u>2,194,170</u>	<u>100,968,808</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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				2013 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Safety					
County Attorney:					
Personal services	38,019,027	38,368,027	38,384,415	(16,388)	36,623,342
Commodities	246,250	292,116	193,668	98,448	181,440
Contractual services	6,699,270	7,179,603	7,207,481	(27,878)	6,619,669
Capital outlay	-	-	-	-	10,877
Other charges	143,129	143,129	149,355	(6,226)	178,967
	<u>45,107,676</u>	<u>45,982,875</u>	<u>45,934,919</u>	<u>47,956</u>	<u>43,614,295</u>
Court Functions:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	2,192,000	2,435,326	1,803,472	631,854	1,779,872
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>2,192,000</u>	<u>2,435,326</u>	<u>1,803,472</u>	<u>631,854</u>	<u>1,779,872</u>
Law Library:					
Personal services	624,801	624,801	567,166	57,635	558,549
Commodities	8,600	8,600	4,248	4,352	3,474
Contractual services	256,000	256,000	222,340	33,660	231,260
Capital outlay	735,090	735,090	678,731	56,359	713,177
Other charges	23,000	23,000	13,977	9,023	13,433
	<u>1,647,491</u>	<u>1,647,491</u>	<u>1,486,462</u>	<u>161,029</u>	<u>1,519,893</u>
Public Defender:					
Personal services	11,083,618	11,093,618	10,296,607	797,011	10,854,236
Commodities	404,550	404,463	176,022	228,441	206,571
Contractual services	4,385,419	4,389,419	4,580,154	(190,735)	4,188,541
Capital outlay	5,000	5,000	381	4,619	186
Other charges	51,000	37,000	24,655	12,345	64,267
	<u>15,929,587</u>	<u>15,929,500</u>	<u>15,077,819</u>	<u>851,681</u>	<u>15,313,801</u>
Sheriff:					
Personal services	74,145,142	74,155,022	74,725,098	(570,076)	72,067,873
Commodities	4,565,530	4,630,278	4,285,049	345,229	4,242,939
Contractual services	11,896,734	11,916,180	11,962,012	(45,832)	11,351,816
Capital outlay	223,500	271,502	101,165	170,337	865,969
Other charges	1,068,858	1,117,374	1,015,900	101,474	944,362
	<u>91,899,764</u>	<u>92,090,356</u>	<u>92,089,224</u>	<u>1,132</u>	<u>89,472,959</u>
Community Corrections and Rehabilitation:					
Personal services	82,090,159	82,150,013	78,293,659	3,856,354	77,539,429
Commodities	3,052,328	3,015,672	3,499,120	(483,448)	3,758,811
Contractual services	19,807,869	19,399,869	19,509,087	(109,218)	18,765,758
Capital outlay	335,000	390,310	841,280	(450,970)	421,892
Other charges	357,949	369,171	494,678	(125,507)	327,845
	<u>105,643,305</u>	<u>105,325,035</u>	<u>102,637,824</u>	<u>2,687,211</u>	<u>100,813,735</u>
Total Public Safety					
Personal services	205,962,747	206,391,481	202,266,945	4,124,536	196,113,745
Commodities	8,277,258	8,351,129	8,158,107	193,022	8,286,482
Contractual services	45,237,292	45,576,397	45,284,546	291,851	39,510,358
Capital outlay	1,298,590	1,401,902	1,621,557	(219,655)	1,563,156
Other charges	1,643,936	1,689,674	1,698,565	(8,891)	1,751,314
	<u>262,419,823</u>	<u>263,410,583</u>	<u>259,029,720</u>	<u>4,380,863</u>	<u>252,514,555</u>
Public Works					
Public Works Administration:					
Personal services	1,571,846	1,571,846	1,479,884	91,962	1,379,747
Commodities	66,588	103,638	59,123	44,515	51,727
Contractual services	774,625	699,706	615,135	84,571	623,873
Capital outlay	-	-	-	-	-
Other charges	58,887	58,887	19,785	39,102	20,712
	<u>2,471,946</u>	<u>2,434,077</u>	<u>2,173,927</u>	<u>260,150</u>	<u>2,076,059</u>
Housing, Community Works & Transit:					
Personal services	5,937,959	5,937,959	5,763,043	174,916	5,361,208
Commodities	514,619	508,477	365,014	143,463	174,351
Contractual services	16,140,335	13,639,286	13,315,081	324,205	14,826,349
Capital outlay	2,000	(4,786)	98,420	(103,206)	-
Other charges	163,765	164,305	353,023	(188,718)	163,851
	<u>22,758,678</u>	<u>20,245,241</u>	<u>19,894,581</u>	<u>350,660</u>	<u>20,525,759</u>
Strategic Planning & Resources:					
Personal services	2,561,122	2,561,122	2,199,664	361,458	1,690,685
Commodities	8,400	8,283	7,431	852	15,345
Contractual services	485,630	479,235	400,577	78,658	189,075
Capital outlay	-	-	-	-	156
Other charges	65,922	65,922	31,119	34,803	13,283
	<u>3,121,074</u>	<u>3,114,562</u>	<u>2,638,791</u>	<u>475,771</u>	<u>1,908,544</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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				2013 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
EXPENDITURES - CURRENT, continued					
Public Works, continued					
Management Support:					
Personal services	2,296,617	2,296,617	2,000,670	295,947	2,024,550
Commodities	422,000	421,880	116,689	305,191	45,784
Contractual services	188,128	234,388	244,695	(10,307)	178,847
Capital outlay	-	118,370	125,655	(7,285)	-
Other charges	22,400	22,400	6,360	16,040	5,621
	<u>2,929,145</u>	<u>3,093,655</u>	<u>2,494,069</u>	<u>599,586</u>	<u>2,254,802</u>
Transportation:					
Personal services	20,212,519	20,102,836	18,930,958	1,171,878	18,234,802
Commodities	6,251,880	6,766,114	6,445,724	320,390	5,932,085
Contractual services	16,626,429	16,444,688	17,244,420	(799,732)	12,086,081
Capital outlay	349,928	246,603	696,119	(449,516)	223,716
Other charges	158,948	158,948	401,968	(243,020)	154,380
	<u>43,599,704</u>	<u>43,719,189</u>	<u>43,719,189</u>	<u>-</u>	<u>36,631,064</u>
Property Services:					
Personal services	20,128,945	20,128,947	18,406,684	1,722,263	16,860,988
Commodities	1,469,808	1,213,746	1,498,412	(284,666)	1,328,324
Contractual services	28,164,719	28,353,630	29,693,055	(1,339,425)	25,982,088
Capital outlay	-	9,200	52,747	(43,547)	111,010
Other charges	746,881	741,577	686,081	55,496	720,528
	<u>50,510,353</u>	<u>50,447,100</u>	<u>50,336,979</u>	<u>110,121</u>	<u>45,002,938</u>
Total Public Works:					
Personal services	52,709,008	52,599,327	48,780,903	3,818,424	45,551,980
Commodities	8,733,295	9,022,138	8,492,393	529,745	7,547,616
Contractual services	62,379,866	59,850,933	61,512,963	(1,662,030)	53,886,313
Capital outlay	351,928	369,387	972,941	(603,554)	334,882
Other charges	1,216,803	1,212,039	1,498,336	(286,297)	1,078,375
	<u>125,390,900</u>	<u>123,053,824</u>	<u>121,257,536</u>	<u>1,796,288</u>	<u>108,399,166</u>
TOTAL EXPENDITURES - CURRENT:					
Personal services	344,432,150	345,700,106	341,704,640	3,995,466	318,937,599
Commodities	19,650,737	21,451,416	20,163,130	1,288,286	20,560,915
Contractual services	213,496,552	212,782,594	203,074,341	9,708,253	184,512,087
Capital outlay	1,788,419	2,445,810	3,798,260	(1,352,450)	2,178,786
Other charges	19,848,754	16,541,252	6,748,318	9,792,934	7,197,007
	<u>\$ 599,216,612</u>	<u>\$ 598,921,178</u>	<u>\$ 575,488,689</u>	<u>\$ 23,432,489</u>	<u>\$ 560,721,866</u>
Excess (Deficiency) of Revenues Over Expenditures					
	<u>(19,783,726)</u>	<u>(17,529,368)</u>	<u>9,243,898</u>	<u>26,773,266</u>	<u>17,169,172</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,450,439	2,450,439	3,065,000
Transfers out	-	(740,318)	(4,910,319)	(4,170,001)	(3,228,956)
	<u>-</u>	<u>(740,318)</u>	<u>(2,459,880)</u>	<u>(1,719,562)</u>	<u>(163,956)</u>
Total Other Financing Sources (Uses)					
	<u>-</u>	<u>(740,318)</u>	<u>(2,459,880)</u>	<u>(1,719,562)</u>	<u>(163,956)</u>
Net Change in Fund Balance					
	<u>(19,783,726)</u>	<u>(18,269,686)</u>	<u>6,784,018</u>	<u>\$ 25,053,704</u>	<u>17,005,216</u>
Fund Balance - Beginning					
	<u>191,706,083</u>	<u>191,706,083</u>	<u>191,706,083</u>		<u>174,700,867</u>
Fund Balance - Ending					
	<u>\$ 171,922,357</u>	<u>\$ 173,436,397</u>	<u>\$ 198,490,101</u>		<u>\$ 191,706,083</u>

¹ The General County Purposes program in General Government included functions such as the County Fair, the Historical Society, Extension Services, the Minneapolis Employee Retirement Fund, Commercial Paper Program, U of M Partnership, General Fund Retiree Health Care, the Municipal Building Commission, the Youth Activities and Amateur Sports function, Non-Federal Medical Assistance, Emergency Management, and Justice Integration Grants.

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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 214,177,829	\$ 215,777,829	\$ 218,039,094	\$ 2,261,265		\$ 208,420,781
Other taxes	-	-	158,604	158,604		148,630
Intergovernmental	208,590,998	214,046,039	223,852,256	9,806,217		192,663,746
Charges for services	42,657,484	42,657,484	45,708,002	3,050,518		49,072,423
Licenses and permits	1,500,000	1,500,000	1,548,320	48,320		1,496,407
Other	1,985,000	1,985,000	1,430,918	(554,082)		1,530,784
Total Revenues	468,911,311	475,966,352	490,737,194	14,770,842		453,332,771
EXPENDITURES						
Human Services:						
Personal services	235,790,940	236,040,940	240,131,185	(4,090,245)		228,417,959
Commodities	2,198,500	2,198,500	1,915,234	283,266		1,766,180
Contractual services	42,597,293	42,732,293	43,045,274	(312,981)		36,801,180
Public aid assistance	178,566,580	180,436,619	176,629,038	3,807,581		171,096,760
Capital outlay	10,000	10,000	40,166	(30,166)		7,850
Other	14,134,998	18,935,000	18,570,533	364,467		14,668,603
Total Expenditures	473,298,311	480,353,352	480,331,430	21,922		452,758,532
Excess (Deficiency) of Revenues Over Expenditures	(4,387,000)	(4,387,000)	10,405,764	14,792,764		574,239
OTHER FINANCING SOURCES						
Transfers in	1,887,000	1,887,000	2,461,302	574,302		3,396,829
Net Change in Fund Balance	(2,500,000)	(2,500,000)	12,867,066	\$ 15,367,066		3,971,068
Fund Balance - Beginning	140,395,948	140,395,948	140,395,948			136,424,880
Fund Balance - Ending	\$ 137,895,948	\$ 137,895,948	\$ 153,263,014			\$ 140,395,948

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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
REVENUES					
Property taxes	\$ 56,698,644	\$ 56,698,644	\$ 57,742,760	\$ 1,044,116	\$ 56,140,145
Other taxes	-	-	41,994	41,994	40,021
Intergovernmental	6,976,290	6,976,290	7,019,845	43,555	7,304,105
Investment earnings (losses)	85,000	85,000	79,082	(5,918)	(34,146)
Charges for services	145,000	145,000	150,975	5,975	145,534
Fines and forfeits	1,450,000	1,450,000	1,355,636	(94,364)	1,388,053
Other	1,286,500	1,286,500	1,385,142	98,642	1,580,903
Total Revenues	66,641,434	66,641,434	67,775,434	1,134,000	66,564,615
EXPENDITURES					
Libraries:					
Personal services	42,249,676	42,249,676	40,112,701	2,136,975	39,772,935
Commodities	1,040,175	912,493	1,149,102	(236,609)	969,915
Contractual services	23,388,268	23,032,185	22,844,446	187,739	20,272,030
Capital outlay	5,346,250	4,929,508	5,864,710	(935,202)	6,067,625
Other	777,065	798,493	464,964	333,529	502,934
Total Expenditures	72,801,434	71,922,355	70,435,923	1,486,432	67,585,439
Excess (Deficiency) of Revenues Over Expenditures	(6,160,000)	(5,280,921)	(2,660,489)	2,620,432	(1,020,824)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,160,000	2,160,000	2,160,000	-	1,960,000
Net Change in Fund Balance	(4,000,000)	(3,120,921)	(500,489)	\$ 2,620,432	939,176
Fund Balance - Beginning	42,751,171	42,751,171	42,751,171		41,811,995
Fund Balance - Ending	\$ 38,751,171	\$ 39,630,250	\$ 42,250,682		\$ 42,751,171

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Ballpark Sales Tax
For the Year Ended December, 31, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				
	Budgeted Amounts		Actual	Variance with Final Budget	2013 Actual
	Original	Final			
REVENUES					
Sales tax	\$ 33,500,000	\$ 33,500,000	\$ 34,254,757	\$ 754,757	\$ 33,446,430
Investment Earnings	-	-	786	786	1,807
Total Revenues	<u>33,500,000</u>	<u>33,500,000</u>	<u>34,255,543</u>	<u>755,543</u>	<u>33,448,237</u>
EXPENDITURES					
General Government					
Contractual services	500,000	500,000	483,238	16,762	503,318
Other	4,325,000	4,325,000	-	4,325,000	-
Grants	2,035,000	2,035,000	1,785,371	249,629	1,914,933
Total Expenditures	<u>6,860,000</u>	<u>6,860,000</u>	<u>2,268,609</u>	<u>4,591,391</u>	<u>2,418,251</u>
Excess of Revenues Over Expenditures	<u>26,640,000</u>	<u>26,640,000</u>	<u>31,986,934</u>	<u>5,346,934</u>	<u>31,029,986</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(30,633,200)	(30,633,200)	(33,016,123)	(2,382,923)	(32,670,079)
Net Change in Fund Balance	(3,993,200)	(3,993,200)	(1,029,189)	<u>\$ 2,964,011</u>	(1,640,093)
Fund Balance - Beginning	<u>10,688,563</u>	<u>10,688,563</u>	<u>10,688,563</u>		<u>12,328,656</u>
Fund Balance - Ending	<u>\$ 6,695,363</u>	<u>\$ 6,695,363</u>	<u>\$ 9,659,374</u>		<u>\$ 10,688,563</u>

See notes to required supplementary information.

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Housing and Redevelopment Authority Fund
For the Year Ended December 31, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 11,868,630	\$ 11,868,629	\$ 6,894,206	\$ (4,974,423)		\$ 6,420,324
Other taxes	-	-	4,951	4,951		4,680
Intergovernmental	2,577,800	2,902,800	834,293	(2,068,507)		1,018,870
Investment earnings (losses)	110,600	110,600	90,878	(19,722)		(32,394)
Charges for services	691,689	691,689	2,151,998	1,460,309		1,754,808
Other	404,981	404,981	320,524	(84,457)		225,369
Total Revenues	15,653,700	15,978,699	10,296,850	(5,681,849)		9,391,657
EXPENDITURES						
Housing and Redevelopment Authority:						
Commodities	31,250	31,250	-	31,250		56
Contractual services	3,457,641	3,343,607	3,558,379	(214,772)		3,494,788
Other	938,311	929,644	91,404	838,240		94,364
Grants and contributions	15,646,118	11,359,376	5,615,069	5,744,307		3,435,728
Total Expenditures	20,073,320	15,663,877	9,264,852	6,399,025		7,024,936
Excess (Deficiency) of Revenues Over Expenditures	(4,419,620)	314,822	1,031,998	717,176		2,366,721
OTHER FINANCING SOURCES (USES)						
Transfers in	2,406,170	2,406,170	2,649,363	243,193		1,617,003
Transfers out	-	-	(861,302)	(861,302)		(945,329)
Total Other Financing Sources (Uses)	2,406,170	2,406,170	1,788,061	(618,109)		671,674
Net Change in Fund Balance	(2,013,450)	2,720,992	2,820,059	\$ 99,067		3,038,395
Fund Balance - Beginning	8,126,483	8,126,483	8,126,483			5,088,088
Fund Balance - Ending	\$ 6,113,033	\$ 10,847,475	\$ 10,946,542			\$ 8,126,483

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, 2014
With Comparative Actual Amounts for Year Ended December 31, 2013

	2014				
	Budgeted Amounts		Actual	Variance with Final Budget	2013 Actual
	Original	Final			
REVENUES					
Property taxes	\$ 21,130,900	21,130,900	\$ 20,882,272	\$ (248,628)	\$ 18,083,241
Other taxes	-	-	25,777	25,777	23,965
Intergovernmental	-	2,835,707	3,172,720	337,013	362
Investment earnings (losses)	-	-	341,421	341,421	(183,356)
Charges for services	650,000	650,000	695,240	45,240	699,759
Other	-	-	93,521	93,521	37,598
Total Revenues	21,780,900	24,616,607	25,210,951	594,344	18,661,569
EXPENDITURES					
Regional Railroad Authority:					
Commodities	13,750	13,750	161,445	(147,695)	2,144
Contractual services	12,646,709	15,595,379	11,901,522	3,693,857	13,010,387
Capital outlay	1,730,000	1,727,200	-	1,727,200	38,300
Other	567,700	567,700	52,612	515,088	101,626
Total Expenditures	14,958,159	17,904,029	12,115,579	5,788,450	13,152,457
Excess (Deficiency) of Revenues Over Expenditures	6,822,741	6,712,578	13,095,372	6,382,794	5,509,112
OTHER FINANCING SOURCES (USES)					
Transfers out	(23,139,843)	(23,139,843)	(9,900,000)	13,239,843	-
Net Change in Fund Balance	(16,317,102)	(16,427,265)	3,195,372	\$ 19,622,637	5,509,112
Fund Balance - Beginning	24,323,517	24,323,517	24,323,517		18,814,405
Fund Balance - Ending	\$ 8,006,415	\$ 7,896,252	\$ 27,518,889		\$ 24,323,517

See notes to required supplementary information.

Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2014

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

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

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

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



Supplementary Information

Hennepin County, Minnesota
Balance Sheets
General Fund
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 250,856,387	\$ 294,876,629
Due from component unit	58,883,889	59,122,575
Delinquent taxes receivable	6,161,737	7,289,198
Due from other governmental agencies	16,568,814	10,296,255
Accrued investment interest	2,368,115	2,598,337
Interfund receivable	225,608	20,000
Other receivable	8,983,000	5,402,431
Prepaid items	154,301	1,162,112
Inventories	3,140,775	2,721,087
Note receivable	111,136	111,136
Total Assets	\$ 347,453,762	\$ 383,599,760
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 86,857,765	\$ 89,167,704
Accrued liabilities	13,474,668	14,541,543
Obligations under reverse repurchase agreements	-	49,656,250
Interfund payable	38,559,608	30,923,543
Due to component unit	1,443,637	-
Unearned revenue	257,920	548,584
Total Liabilities	140,593,598	184,837,624
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	5,548,437	5,778,798
Unavailable revenue - intergovernmental	2,821,626	1,277,255
Total Deferred Inflows of Resources	8,370,063	7,056,053
Fund Balances:		
Nonspendable	3,295,076	3,883,200
Restricted	15,130,850	14,364,594
Committed	9,000,000	-
Assigned	36,308,948	28,648,841
Unassigned	134,755,227	144,809,448
Total Fund Balances	198,490,101	191,706,083
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 347,453,762	\$ 383,599,760

Hennepin County, Minnesota
Balance Sheets
Special Revenue Funds
December 31, 2014 and 2013

	Human Services		Library	
	2014	2013	2014	2013
ASSETS				
Cash and investments	\$ 172,455,287	\$ 155,479,798	\$ 41,803,554	\$ 41,087,649
Due from component unit	61,573	86,714	-	-
Delinquent taxes receivable	2,284,237	2,690,295	575,820	672,015
Due from other governmental agencies	40,127,549	35,169,841	9,682	1,296
Interfund receivable	88,124	-	-	-
Other receivables	528,185	603,004	118,002	53,587
Prepaid items	58,578	61,073	1,426,318	1,901,678
Inventories	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	6,034,032	5,908,457
	<u>\$ 215,603,533</u>	<u>\$ 194,090,725</u>	<u>\$ 49,967,408</u>	<u>\$ 49,624,682</u>
Total Assets				
	<u>\$ 215,603,533</u>	<u>\$ 194,090,725</u>	<u>\$ 49,967,408</u>	<u>\$ 49,624,682</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 21,974,496	\$ 21,642,435	\$ 1,364,346	\$ 1,005,359
Accrued liabilities	11,683,678	10,169,845	1,905,958	1,715,608
Interfund payable	22,978,510	18,327,153	3,902,402	3,578,629
Due to component unit	165,173	-	-	-
Unearned revenue	321,021	213,791	-	-
	<u>57,122,878</u>	<u>50,353,224</u>	<u>7,172,706</u>	<u>6,299,596</u>
Total Liabilities				
	<u>57,122,878</u>	<u>50,353,224</u>	<u>7,172,706</u>	<u>6,299,596</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	2,196,837	2,325,895	544,020	573,915
Unavailable revenue - intergovernmental	3,020,804	1,015,658	-	-
	<u>5,217,641</u>	<u>3,341,553</u>	<u>544,020</u>	<u>573,915</u>
Total Deferred Inflows of Resources				
	<u>5,217,641</u>	<u>3,341,553</u>	<u>544,020</u>	<u>573,915</u>
Fund Balances:				
Nonspendable	58,578	61,073	3,406,350	3,881,460
Restricted	-	-	6,077,730	6,054,279
Committed	153,204,436	140,334,875	32,766,602	32,815,432
	<u>153,263,014</u>	<u>140,395,948</u>	<u>42,250,682</u>	<u>42,751,171</u>
Total Fund Balances				
	<u>153,263,014</u>	<u>140,395,948</u>	<u>42,250,682</u>	<u>42,751,171</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances				
	<u>\$ 215,603,533</u>	<u>\$ 194,090,725</u>	<u>\$ 49,967,408</u>	<u>\$ 49,624,682</u>

Ballpark Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2014	2013	2014	2013	2014	2013
\$ -	\$ -	\$ 9,387,794	\$ 7,441,543	\$ 28,764,875	\$ 25,274,512
-	-	-	-	-	-
-	-	-	-	217,373	212,352
5,617,026	5,548,109	65,995	-	64,075	334
-	-	-	-	-	-
-	-	12,728	50,003	88,422	271,787
-	-	274,732	279,900	-	-
-	-	-	-	-	-
-	-	14,964,946	13,822,144	-	-
4,123,365	5,223,743	676,159	732,893	-	-
<u>9,740,391</u>	<u>10,771,852</u>	<u>25,382,354</u>	<u>22,326,483</u>	<u>29,134,745</u>	<u>25,758,985</u>
\$ 81,017	\$ 83,289	\$ 1,233,359	\$ 1,001,949	\$ 1,615,856	\$ 1,435,468
-	-	-	-	-	-
-	-	13,198,051	13,198,051	-	-
-	-	-	-	-	-
-	-	4,402	-	-	-
<u>81,017</u>	<u>83,289</u>	<u>14,435,812</u>	<u>14,200,000</u>	<u>1,615,856</u>	<u>1,435,468</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	274,732	279,900	-	-
9,659,374	10,688,563	10,671,810	7,846,583	27,518,889	24,323,517
-	-	-	-	-	-
<u>9,659,374</u>	<u>10,688,563</u>	<u>10,946,542</u>	<u>8,126,483</u>	<u>27,518,889</u>	<u>24,323,517</u>
<u>9,740,391</u>	<u>10,771,852</u>	<u>25,382,354</u>	<u>22,326,483</u>	<u>29,134,745</u>	<u>25,758,985</u>

Hennepin County, Minnesota
Balance Sheets
Debt Service Fund - Regional Railroad Authority Debt
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$ <u>318,692</u>	\$ <u>341,615</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Fund Balances:		
Restricted	<u>318,692</u>	\$ <u>341,615</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances		
	\$ <u>318,692</u>	\$ <u>341,615</u>

Hennepin County, Minnesota
Balance Sheets
Capital Projects Fund - Regional Railroad Authority Capital Projects
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 4,628,115	\$ 643,526
Due from other governmental agencies	2,147,173	28,474,955
Total Assets	\$ 6,775,288	\$ 29,118,481
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 410,000	\$ 118,618
Interfund payable	1,964,484	28,474,955
Total Liabilities	2,374,484	28,593,573
Deferred Inflows of Resources:		
Unavailable revenue - intergovernmental	1,964,484	28,474,955
Fund Balances:		
Restricted	2,436,320	-
Unassigned	-	(27,950,047)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,775,288	\$ 29,118,481

Hennepin County, Minnesota
Balance Sheets
Debt Service Fund - General Debt
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 12,362,345	\$ 11,378,933
Delinquent taxes receivable	756,443	866,828
Note receivable	105,255,000	109,675,000
Restricted cash and investments	2,877,384	1,908,276
Total Assets	\$ 121,251,172	\$ 123,829,037
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 983,672	\$ 680,987
Total Liabilities	983,672	680,987
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	733,343	726,428
Unavailable revenue - intergovernmental	105,255,000	109,675,000
Total Deferred Inflows of Resources	105,988,343	110,401,428
Fund Balances:		
Restricted	14,279,157	12,746,622
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 121,251,172	\$ 123,829,037

Hennepin County, Minnesota
Balance Sheets
Capital Projects Fund - General Capital Projects
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and investments	\$ 177,888,777	\$ 66,114,866
Delinquent taxes receivable	42,890	48,499
Due from other governmental agencies	8,112,229	12,589,753
Accrued investment interest	21,945	11,107
Interfund receivable	15,162,535	41,673,006
Other receivable	826,900	1,019,878
Total Assets	\$ 202,055,276	\$ 121,457,109
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 33,309,065	\$ 29,531,331
Due to component unit	852,490	-
Unearned revenue	17,158,902	1,320,188
Total Liabilities	51,320,457	30,851,519
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	40,890	39,898
Unavailable revenue - intergovernmental	1,160,373	8,384,861
Total Deferred Inflows of Resources	1,201,263	8,424,759
Fund Balances:		
Nonspendable	14,394,951	14,559,951
Restricted	135,138,605	67,620,880
Total Fund Balances	149,533,556	82,180,831
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 202,055,276	\$ 121,457,109

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Years Ended December 31, 2014 and 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 313,492,537	\$ 311,807,319	\$ 321,431,010	\$ 9,623,691	\$ 332,950,252	
Wheelage tax	8,700,000	8,700,000	9,296,105	596,105	-	
Other taxes	1,551,292	1,551,292	2,680,890	1,129,598	2,818,301	
Intergovernmental	135,899,340	138,222,201	131,922,853	(6,299,348)	135,180,260	
Investment earnings (losses)	6,000,000	6,000,000	10,561,990	4,561,990	(1,891,540)	
Charges for services	93,162,272	93,911,672	87,973,824	(5,937,848)	88,704,206	
Fines and forfeits	253,300	383,763	306,721	(77,042)	485,507	
Licenses and permits	6,531,765	6,531,765	6,001,247	(530,518)	5,544,699	
Other	13,842,380	14,283,798	14,557,947	274,149	14,099,353	
Total Revenues	579,432,886	581,391,810	584,732,587	3,340,777	577,891,038	
EXPENDITURES						
General government	114,237,322	114,373,517	99,312,349	15,061,168	98,839,337	
Health	97,168,567	98,083,254	95,889,084	2,194,170	100,968,808	
Public safety	262,419,823	263,410,583	259,029,720	4,380,863	252,514,555	
Public works	125,390,900	123,053,824	121,257,536	1,796,288	108,399,166	
Total Expenditures	599,216,612	598,921,178	575,488,689	23,432,489	560,721,866	
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,783,726)</u>	<u>(17,529,368)</u>	<u>9,243,898</u>	<u>26,773,266</u>	<u>17,169,172</u>	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	2,450,439	2,450,439	3,065,000	
Transfers out	-	(740,318)	(4,910,319)	(4,170,001)	(3,228,956)	
Total Other Financing Sources (Uses)	-	(740,318)	(2,459,880)	(1,719,562)	(163,956)	
Net Change in Fund Balance	(19,783,726)	(18,269,686)	6,784,018	\$ <u>25,053,704</u>	17,005,216	
Fund Balance - Beginning	191,706,083	191,706,083	191,706,083		174,700,867	
Fund Balance - Ending	\$ <u>171,922,357</u>	\$ <u>173,436,397</u>	\$ <u>198,490,101</u>		\$ <u>191,706,083</u>	

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund - Regional Railroad Authority Debt
For the Years Ended December 31, 2014 and 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 2,869,100	\$ 2,869,100	\$ 2,844,406	\$ (24,694)		\$ 2,850,327
Other taxes	-	-	1,771	1,771		2,086
Total Revenues	<u>2,869,100</u>	<u>2,869,100</u>	<u>2,846,177</u>	<u>(22,923)</u>		<u>2,852,413</u>
EXPENDITURES						
Debt Service:						
Principal retirement	1,470,000	1,470,000	1,470,000	-		1,435,000
Interest and fiscal charges	<u>1,399,100</u>	<u>1,399,100</u>	<u>1,399,100</u>	<u>-</u>		<u>1,427,800</u>
Total Expenditures	<u>2,869,100</u>	<u>2,869,100</u>	<u>2,869,100</u>	<u>-</u>		<u>2,862,800</u>
Net Change in Fund Balance	-	-	(22,923)	\$ <u>(22,923)</u>		(10,387)
Fund Balance - Beginning	<u>341,615</u>	<u>341,615</u>	<u>341,615</u>			<u>352,002</u>
Fund Balance - Ending	\$ <u><u>341,615</u></u>	\$ <u><u>341,615</u></u>	\$ <u><u>318,692</u></u>			\$ <u><u>341,615</u></u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund - Regional Railroad Authority Capital Projects
For the Years Ended December 31, 2014 and 2013

	2014				
	Budgeted Amounts		Actual	Variance with Final Budget	2013 Actual
	Original	Final			
REVENUES					
Intergovernmental	\$ -	\$ -	\$ 39,365,189	\$ 39,365,189	\$ 952,680
Investment earnings	-	-	26,523	26,523	68,858
Total Revenues	<u>-</u>	<u>-</u>	<u>39,391,712</u>	<u>39,391,712</u>	<u>1,021,538</u>
EXPENDITURES					
Regional Railroad Authority	-	-	11,910,000	(11,910,000)	9,452,680
Capital projects	9,900,000	9,900,000	5,030,861	4,869,139	1,545,825
Total Expenditures	<u>9,900,000</u>	<u>9,900,000</u>	<u>16,940,861</u>	<u>(7,040,861)</u>	<u>10,998,505</u>
Excess (Deficiency) of Revenues	<u>(9,900,000)</u>	<u>(9,900,000)</u>	<u>22,450,851</u>	<u>32,350,851</u>	<u>(9,976,967)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	9,900,000	9,900,000	9,900,000	-	-
Transfers out	-	-	(1,964,484)	(1,964,484)	(28,474,955)
Total Other Financing Sources (Uses)	<u>9,900,000</u>	<u>9,900,000</u>	<u>7,935,516</u>	<u>(1,964,484)</u>	<u>(28,474,955)</u>
Net Change in Fund Balance	-	-	30,386,367	<u>30,386,367</u>	(38,451,922)
Fund Balance - Beginning	<u>(27,950,047)</u>	<u>(27,950,047)</u>	<u>(27,950,047)</u>		<u>10,501,875</u>
Fund Balance - Ending	<u>\$ (27,950,047)</u>	<u>\$ (27,950,047)</u>	<u>\$ 2,436,320</u>		<u>\$ (27,950,047)</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund - General Debt
For the Years Ended December 31, 2014 and 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 80,169,828	\$ 80,169,828	\$ 80,182,884	\$ 13,056		\$ 80,828,411
Other taxes	-	-	56,852	56,852		56,230
Intergovernmental	14,458,845	14,458,845	14,441,921	(16,924)		14,361,730
Investment earnings	-	-	424	424		4,615
Total Revenues	94,628,673	94,628,673	94,682,081	53,408		95,250,986
EXPENDITURES						
Debt Service:						
Principal retirement	68,820,000	77,170,000	92,124,868	(14,954,868)		95,524,103
Interest and fiscal charges	60,633,518	60,633,518	45,671,612	14,961,906		45,131,802
Intergovernmental	-	-	-	-		7,285,547
Total Expenditures	129,453,518	137,803,518	137,796,480	7,038		147,941,452
Excess (Deficiency) of Revenues	(34,824,845)	(43,174,845)	(43,114,399)	60,446		(52,690,466)
OTHER FINANCING SOURCES (USES)						
Issuance of debt			80,615,000	80,615,000		27,855,000
Payment to refunded bond escrow agent	-	-	(80,381,994)	(80,381,994)		-
Transfers in	34,824,845	34,824,845	31,458,709	(3,366,136)		29,506,415
Debt premiums	-	-	12,955,219	12,955,219		2,609,972
Total Other Financing Sources (Uses)	34,824,845	34,824,845	44,646,934	9,822,089		59,971,387
Net Change in Fund Balance	-	(8,350,000)	1,532,535	\$ 9,882,535		7,280,921
Fund Balance - Beginning	12,746,622	12,746,622	12,746,622			5,465,701
Fund Balance - Ending	\$ 12,746,622	\$ 4,396,622	\$ 14,279,157			\$ 12,746,622

Hennepin County, Minnesota
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Projects Fund - General Capital Projects
For the Years Ended December 31, 2014 and 2013

	2014					2013 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 4,659,000	\$ 4,830,218	\$ 4,616,355	\$ (213,863)		\$ 4,869,228
Other taxes	-	-	3,548	3,548		3,500
Intergovernmental	72,355,000	94,702,983	81,625,055	(13,077,928)		54,968,394
Investment earnings	-	-	87,847	87,847		74,952
Other	6,642,000	12,161,132	2,545,305	(9,615,827)		413,078
Total Revenues	83,656,000	111,694,333	88,878,110	(22,816,223)		60,329,152
EXPENDITURES						
General government	-	-	8,039,554	(8,039,554)		25,163,086
Capital projects	181,034,000	209,072,333	132,294,218	76,778,115		133,538,412
Total Expenditures	181,034,000	209,072,333	140,333,772	68,738,561		158,701,498
Excess (Deficiency) of Revenues	(97,378,000)	(97,378,000)	(51,455,662)	45,922,338		(98,372,346)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	97,378,000	97,378,000	100,000,000	2,622,000		105,000,000
Transfers in	-	-	2,699,249	2,699,249		29,174,955
Transfers out	-	-	(2,651,395)	(2,651,395)		(2,400,883)
Sale of capital assets and other	-	-	475,802	475,802		791,350
Debt premiums	-	-	18,284,731	18,284,731		3,157,880
Total Other Financing Sources (Uses)	97,378,000	97,378,000	118,808,387	21,430,387		135,723,302
Net Change in Fund Balance	-	-	67,352,725	\$ 67,352,725		37,350,956
Fund Balance - Beginning	82,180,831	82,180,831	82,180,831			44,829,875
Fund Balance - Ending	\$ 82,180,831	\$ 82,180,831	\$ 149,533,556			\$ 82,180,831



Hennepin County, Minnesota
Schedule of Changes in Long-term Debt
For the Year Ended December 31, 2014

General Obligation - Levy Supported Bonds and Notes	Repayment Terms	Interest Rates	Amount of Original Issue
Countywide:			
May 1, 2006 Series A	Refunded by Series 2014B		\$ 88,688,000
July 1, 2007 Series A	Refunded by Series 2014B		68,140,000
March 26, 2008 Series A	Refunded by Series 2014B		50,000,000
November 10, 2008 Series D	\$3,115,000 in 2015, \$3,180,000 in 2016, \$3,245,000 in 2017 and \$31,425,000 in various increments in years 2018 through 2028	4.0 to 5.0%	58,335,000
October 22, 2008 Series E, Capital Notes	\$2,030,000 in 2015, \$2,090,000 in 2016 and \$2,160,000 in 2017	4.0 to 4.5%	15,000,000
April 14, 2009 Series A	\$2,580,000 in 2015, \$2,665,000 in 2016, \$2,750,000 in 2017 and \$38,350,000 in various increments in years 2018 through 2028	2.75 to 4.375%	55,000,000
December 1, 2009 Series B	\$9,030,000 in 2015, \$9,100,000 in 2016, \$9,215,000 in 2017 and \$44,325,000 in various increments from 2018 through 2023	4.0 to 5.0%	100,935,000
December 1, 2009 Series C	\$2,565,000 in 2015, \$2,695,000 in 2016, \$2,825,000 in 2017 and \$2,970,000 in 2018	4.0 to 5.0%	22,035,000
December 1, 2009 Series D, ⁽¹⁾ Taxable	\$3,118,500 in 2019, \$3,256,313 in 2020, \$3,362,625 in 2021 and \$31,228,312 in various increments from 2022 through 2029	4.35 to 5.4%	40,965,750
September 15, 2010 Series B	\$2,770,000 in 2015, \$2,850,000 in 2016, \$2,940,000 in 2017 and \$9,320,000 in various increments from 2018 through 2020	2.0 to 4.0%	27,440,000
September 15, 2010 Series B, Capital Notes	\$985,000 in 2015, \$1,015,000 in 2016, \$1,045,000 in 2017 and \$3,320,000 in various increments from 2018 through 2020	2.0 to 4.0%	10,000,000
September 15, 2010 Series C, ⁽¹⁾ Taxable	\$0 in 2015 through 2020, \$3,305,000 in 2021, \$3,380,000 in 2022 and \$26,185,000 in various increments from 2023 through 2029	3.50 to 4.5%	32,870,000
September 15, 2010 Series D, ⁽²⁾ Recovery Zone Econ Develop	\$0 in 2015 through 2029, \$5,665,000 in 2030, \$5,950,000 in 2031 and \$25,760,000 in various increments from 2032 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,190,000 in 2015, \$2,280,000 in 2016, \$2,370,000 in 2017 and \$44,090,000 in various increments from 2018 through 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A, Refunding Bonds	\$2,170,000 in 2015, \$2,110,000 in 2016, \$2,075,000 in 2017 and \$11,560,000 in various increments from 2018 through 2023	2.0 to 3.0%	23,685,000
March 08, 2012 Series B, Refunding Bonds	\$2,805,000 in 2015, \$3,370,000 in 2016, \$3,320,000 in 2017 and \$24,515,000 in various increments from 2018 through 2025	2.0 to 3.0%	35,380,000
January 01, 2013 Series A, Refunding Bonds	\$4,375,000 in 2015, \$4,450,000 in 2016 and \$2,130,000 in 2017	3.0 to 5.0%	20,000,000
January 01, 2013 Series A	\$4,000,000 in 2018, 2019, 2020 and 2021	3.0 to 5.0%	20,000,000
December 03, 2013 Series C	\$2,195,000 in 2017, \$515,000 in 2018, \$735,000 in 2019 and \$81,555,000 in various increments from 2020 through 2033	Variable - Est 0.048%	85,000,000
November 04, 2014, 2014 Series A	\$1,180,000 in 2016 and 2017, \$2,500,000 in 2018, and \$95,140,000 in various increments from 2020 through 2033	5.0%	100,000,000
November 04, 2014, 2014 Series B, Refunding Bonds	\$5,942,900 in 2015, \$3,575,010 in 2016, \$5,038,800 in 2017 and \$55,677,115 in various increments from 2018 through 2027	4.0 to 5.0%	70,233,825
Suburban Library:			
May 1, 2006 Series A	Refunded by 2014B		12,727,000
July 1, 2007 Series A	Refunded by 2014B		5,000,000
March 26, 2008 Series A	Refunded by 2014B		10,000,000
November 10, 2008 Series D	\$215,000 in 2015, \$220,000 in 2016, \$230,000 in 2017 and \$3,225,000 in various increments in years 2018 through 2028	4.0 to 5.0%	5,000,000
April 14, 2009 Series A	\$250,000 in 2015, \$260,000 in 2016, \$265,000 in 2017 and \$3,710,000 in various increments from 2018 through 2028	2.75 to 4.375%	5,000,000

	Principal Payable				Interest Payable		
	Balance Dec. 31, 2013	Additions	Payments	Balance Dec. 31, 2014	Due Within One Year	Total	Due Within One Year
General Obligation - Levy Supported Bonds and Notes Countywide:							
May 1, 2006 Series A	\$ 22,262,000	\$ -	\$ 22,262,000	\$ -	\$ -	\$ -	\$ -
July 1, 2007 Series A	35,990,000	-	35,990,000	-	-	-	-
March 26, 2008 Series A	39,875,000	-	39,875,000	-	-	-	-
November 10, 2008 Series D	44,020,000	-	3,055,000	40,965,000	3,115,000	14,651,649	1,891,144
October 22, 2008 Series E, Capital Notes	8,250,000	-	1,970,000	6,280,000	2,030,000	560,900	272,450
April 14, 2009 Series A	48,850,000	-	2,505,000	46,345,000	2,580,000	14,984,550	1,738,050
December 1, 2009 Series B	80,550,000	-	8,880,000	71,670,000	9,030,000	14,037,100	3,329,850
December 1, 2009 Series C	13,520,000	-	2,465,000	11,055,000	2,565,000	1,251,200	471,900
December 1, 2009 Series D, ⁽¹⁾ Taxable	40,965,750	-	-	40,965,750	-	21,328,642	2,019,825
September 15, 2010 Series B	20,570,000	-	2,690,000	17,880,000	2,770,000	1,956,400	537,050
September 15, 2010 Series B, Capital Notes	7,325,000	-	960,000	6,365,000	985,000	696,300	191,150
September 15, 2010 Series C, ⁽¹⁾ Taxable	32,870,000	-	-	32,870,000	-	15,097,495	1,325,800
September 15, 2010 Series D, ⁽²⁾ Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	33,110,215	1,780,009
November 15, 2011 Series A	53,035,000	-	2,105,000	50,930,000	2,190,000	18,360,494	1,885,219
January 25, 2012 Series A, Refunding Bonds	20,120,000	-	2,205,000	17,915,000	2,170,000	2,182,138	464,588
March 08, 2012 Series B, Refunding Bonds	34,365,000	-	355,000	34,010,000	2,805,000	4,914,950	893,200
January 01, 2013 Series A, Refunding Bonds	15,670,000	-	4,715,000	10,955,000	4,375,000	983,250	547,750
January 01, 2013 Series A	16,000,000	-	-	16,000,000	-	3,360,000	640,000
December 03, 2013 Series C	85,000,000	-	-	85,000,000	-	543,606	40,683
November 04, 2014, 2014 Series A	-	100,000,000	-	100,000,000	-	80,645,000	5,375,000
November 04, 2014, 2014 Series B, Refunding Bonds	-	70,233,825	-	70,233,825	5,942,900	22,612,784	3,535,750
	656,612,750	170,233,825	130,032,000	696,814,575	40,557,900	251,276,673	26,939,418
Suburban Library:							
May 1, 2006 Series A	3,808,000	-	3,808,000	-	-	-	-
July 1, 2007 Series A	3,595,000	-	3,595,000	-	-	-	-
March 26, 2008 Series A	8,000,000	-	8,000,000	-	-	-	-
November 10, 2008 Series D	4,095,000	-	205,000	3,890,000	215,000	1,543,194	182,500
April 14, 2009 Series A	4,730,000	-	245,000	4,485,000	250,000	1,449,875	168,182

See additional debt categories on the following page

Schedule of Changes in Long-term Debt - Continued from previous page

	Repayment Terms	Interest Rates	Amount of Original Issue
Suburban Library continued:			
December 1, 2009 Series B	\$945,000 in 2015	5.0%	\$ 7,595,000
December 1, 2009 Series C	\$695,000 in 2015, \$725,000 in 2016, \$765,000 in 2017 and \$800,000 in 2018	4.0 to 5.0%	5,945,000
December 1, 2009 Series D, ⁽¹⁾ Taxable	\$841,500 in 2019, \$878,687 in 2020, \$907,375 in 2021 and \$8,426,688 in various increments in 2022 through 2029	4.35 to 5.40%	11,054,250
May 4, 2010 Series A	\$400,000 in 2015, \$430,000 in 2016, \$470,000 in 2017 and \$7,235,000 in various increments from 2018 through 2028	2.5 to 4.0%	10,215,000
September 15, 2010 Series B	\$690,000 in 2015, \$710,000 in 2016, \$730,000 in 2017 and \$2,320,000 in various increments from 2018 through 2020	2.0 to 4.0%	6,810,000
September 15, 2010 Series C ⁽¹⁾	\$825,000 in 2021, \$840,000 in 2022 and \$6,525,000 in various increments from 2023 through 2029	3.5 to 4.5%	8,190,000
January 25, 2012 Series A, Refunding Bonds	Retired 2014		1,545,000
March 08, 2012 Series B, Refunding Bonds	\$485,000 in 2015 and \$475,000 in 2016	3.0%	995,000
January 01, 2013 Series A, Refunding Bonds	Retired 2014		780,000
November 04, 2014, 2014 Series B, Refunding Bonds	\$757,100 in 2015, \$459,990 in 2016, \$661,200 in 2017 and \$8,502,885 in various increments from 2018 through 2027	4.0 to 5.0%	10,381,175
<u>G.O. Non-Levy Supported Bonds</u>			
December 1, 1998 Augsburg Financing	\$165,000 in 2015, \$170,000 in 2016, \$180,000 in 2017 and \$190,000 in 2018	4.9%	2,550,000
September 15, 2010 Series B, Watershed District Notes	\$135,000 in 2015, \$140,000 in 2016, \$145,000 for 2017 and 2018, and \$2,145,000 in various increments from 2019 through 2030	3.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$185,000 in 2015, \$190,000 in 2016, \$195,000 in 2017 and \$3,665,000 in various increments from 2018 through 2031	3.0 to 4.0%	4,715,000
January 01, 2013 Series B, Watershed District	\$290,000 in 2015, \$295,000 in 2016, \$305,000 in 2017 and \$5,675,000 in various increments from 2018 through 2032	2.0 to 3.0%	7,075,000
December 22, 2010 CTIB Bonds	\$3,990,000 in 2015, \$4,150,000 in 2016, \$4,355,000 in 2017 and \$79,250,000 in various increments in years 2018 through 2030	4.0 to 5.0%	102,810,000
<u>Sales Tax Revenue Bonds</u>			
Ballpark: May 15, 2007 Series A	\$1,400,000 in 2015, \$1,550,000 in 2016, \$1,700,000 in 2017 and \$139,350,000 in various increments in years 2018 through 2037	4.75 to 5.0%	150,000,000
Ballpark: April 10, 2008 Series B	\$3,930,000 in 2015, \$4,280,000 in 2016, \$4,655,000 in 2017 and \$83,995,000 in various increments in years 2018 through 2029	4.62 to 5.0%	116,775,000
Ballpark: June 26, 2008 Series C	\$800,000 in 2015 through 2019, \$900,000 in 2020 through 2022 and \$7,000,000 in 2030 and \$5,000,000 in 2031	Variable - Est 0.056%	75,000,000
<u>Limited Tax Bonds</u>			
Regional Railroad Authority (RRA):			
March 17, 2010 Series A, Refunding Bonds	\$1,510,000 in 2015, \$1,550,000 in 2016, \$1,610,000 in 2017 and \$31,535,000 in various increments in years 2018 through 2031	2.0 to 4.0%	42,595,000
<u>Lease Revenue Certificates of Participation</u>			
December 15, 2008 Series F	\$2,985,000 in 2015	3.5%	18,935,000

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

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

	Principal Payable			Interest Payable			
	Balance Dec. 31, 2013	Additions	Payments	Balance Dec. 31, 2014	Due Within One Year	Total	Due Within One Year
Suburban Library continued:							
December 1, 2009 Series B	\$ 1,895,000	\$ -	\$ 950,000	\$ 945,000	\$ 945,000	\$ 47,250	\$ 47,250
December 1, 2009 Series C	3,650,000	-	665,000	2,985,000	695,000	337,600	127,400
December 1, 2009 Series D, ⁽¹⁾ Taxable	11,054,250	-	-	11,054,250	-	5,755,348	545,032
May 4, 2010 Series A	8,895,000	-	360,000	8,535,000	400,000	2,676,731	312,656
September 15, 2010 Series B	5,120,000	-	670,000	4,450,000	690,000	486,700	133,650
September 15, 2010 Series C ⁽¹⁾	8,190,000	-	-	8,190,000	-	3,762,190	330,355
January 25, 2012 Series A, Refunding Bonds	510,000	-	510,000	-	-	-	-
March 08, 2012 Series B, Refunding Bonds	970,000	-	10,000	960,000	485,000	43,050	28,800
January 01, 2013 Series A, Refunding Bonds	380,000	-	380,000	-	-	-	-
November 04, 2014, 2014 Series B, Refunding Bonds	-	10,381,175	-	10,381,175	757,100	3,461,041	520,226
	64,892,250	10,381,175	19,398,000	55,875,425	4,437,100	19,562,979	2,396,051
Total of G.O. Levy Supported	721,505,000	180,615,000	149,430,000	752,690,000	44,995,000	270,839,652	29,335,469
<u>G.O. Non-Levy Supported Bonds</u>							
December 1, 1998 Augsburg Financing	860,000	-	155,000	705,000	165,000	88,445	34,545
September 15, 2010 Series B, Watershed District Notes	2,840,000	-	130,000	2,710,000	135,000	775,338	83,412
November 15, 2011 Series A, Watershed District	4,410,000	-	175,000	4,235,000	185,000	1,525,694	156,769
January 01, 2013 Series B, Watershed District	6,845,000	-	280,000	6,565,000	290,000	1,748,625	173,537
December 22, 2010 CTIB Bonds	95,580,000	-	3,835,000	91,745,000	3,990,000	40,882,112	4,301,044
G.O. Non-Levy Supported Bonds	110,535,000	-	4,575,000	105,960,000	4,765,000	45,020,214	4,749,307
<u>Sales Tax Revenue Bonds</u>							
Ballpark: May 15, 2007 Series A	145,300,000	-	1,300,000	144,000,000	1,400,000	109,700,250	6,934,875
Ballpark: April 10, 2008 Series B	100,450,000	-	3,590,000	96,860,000	3,930,000	42,360,375	4,616,925
Ballpark: June 26, 2008 Series C	29,500,000	-	10,800,000	18,700,000	800,000	126,500	10,380
Total Debt Payable by Sales Tax	275,250,000	-	15,690,000	259,560,000	6,130,000	152,187,125	11,562,180
<u>Limited Tax Bonds</u>							
Regional Railroad Authority (RRA):							
March 17, 2010 Series A, Refunding Bonds	37,675,000	-	1,470,000	36,205,000	1,510,000	14,352,900	1,369,700
Total Bonds and Notes	1,144,965,000	180,615,000	171,165,000	1,154,415,000	57,400,000	482,399,891	47,016,656
<u>Lease Revenue Certificates of Participation</u>							
December 15, 2008 Series F	5,865,000	-	2,880,000	2,985,000	2,985,000	104,475	104,475
Total Certificates of Participation	5,865,000	-	2,880,000	2,985,000	2,985,000	104,475	104,475
Total Long-Term Debt	\$ 1,150,830,000	\$ 180,615,000	\$ 174,045,000	\$ 1,157,400,000	\$ 60,385,000	\$ 482,504,366	\$ 47,121,131



Hennepin County, Minnesota
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2014
With Comparative Totals for December 31, 2013

	Glen Lake Golf Course	Radio Communications	Totals	
			2014	2013
ASSETS				
Current Assets:				
Cash.....	\$ 4,618	\$ 4,374,728	\$ 4,379,346	\$ 5,114,078
Due from component unit.....	-	10,873	10,873	32,073
Other receivables.....	-	35,061	35,061	184,225
Inventories.....	4,130	-	4,130	4,920
Prepaid items.....	770	-	770	110
	<u>9,518</u>	<u>4,420,662</u>	<u>4,430,180</u>	<u>5,335,406</u>
Total Current Assets				
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.....	5,297	8,407,598	8,412,895	8,950,801
Total capital assets	<u>3,727,464</u>	<u>8,407,598</u>	<u>12,135,062</u>	<u>12,672,968</u>
Less accumulated depreciation.....	<u>2,067,534</u>	<u>4,552,306</u>	<u>6,619,840</u>	<u>7,454,116</u>
Net Capital Assets	<u>1,659,930</u>	<u>3,855,292</u>	<u>5,515,222</u>	<u>5,218,852</u>
	<u>9,518</u>	<u>4,420,662</u>	<u>4,430,180</u>	<u>5,335,406</u>
Total Assets	<u>\$ 1,669,448</u>	<u>\$ 8,275,954</u>	<u>\$ 9,945,402</u>	<u>\$ 10,554,258</u>
LIABILITIES				
Current Liabilities:				
Interfund payable.....	\$ -	\$ -	\$ -	\$ 20,000
Accounts and contracts payable.....	9,292	60,738	70,030	270,411
General obligation bonds.....	150,000	-	150,000	145,000
	<u>159,292</u>	<u>60,738</u>	<u>220,030</u>	<u>435,411</u>
Total Current Liabilities	<u>159,292</u>	<u>60,738</u>	<u>220,030</u>	<u>435,411</u>
Noncurrent Liabilities, Net of Current Portion:				
General obligation bonds.....	825,000	-	825,000	975,000
	<u>825,000</u>	<u>-</u>	<u>825,000</u>	<u>975,000</u>
Total Liabilities	<u>\$ 984,292</u>	<u>\$ 60,738</u>	<u>\$ 1,045,030</u>	<u>\$ 1,410,411</u>
NET POSITION				
Net investment in capital assets	\$ 684,930	\$ 3,855,292	\$ 4,540,222	\$ 4,098,852
Unrestricted	<u>226</u>	<u>4,359,924</u>	<u>4,360,150</u>	<u>5,044,995</u>
Total Net Position	<u>\$ 685,156</u>	<u>\$ 8,215,216</u>	<u>\$ 8,900,372</u>	<u>\$ 9,143,847</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2014
With Comparative Totals for December 31, 2013

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
			<u>2014</u>	<u>2013</u>
OPERATING REVENUES				
Charges for services.	\$ 857,118	\$ 2,334,289	\$ 3,191,407	\$ 3,264,276
OPERATING EXPENSES				
Personal services.	442,937	988,339	1,431,276	1,398,537
Commodities.	81,395	128,248	209,643	289,943
Contractual services.	128,479	332,814	461,293	694,489
Depreciation.	87,801	684,768	772,569	712,347
Other.	21,519	26,685	48,204	21,533
 Total Operating Expenses	 <u>762,131</u>	 <u>2,160,854</u>	 <u>2,922,985</u>	 <u>3,116,849</u>
Operating Income (Loss)	<u>94,987</u>	<u>173,435</u>	<u>268,422</u>	<u>147,427</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense.	(22,400)	-	(22,400)	(25,300)
Gain (Loss) on capital asset disposal.	<u>-</u>	<u>(14,058)</u>	<u>(14,058)</u>	<u>(183,139)</u>
 Total Nonoperating Revenues (Expenses)	 <u>(22,400)</u>	 <u>(14,058)</u>	 <u>(36,458)</u>	 <u>(208,439)</u>
 Income (Loss) Before Transfers	 <u>72,587</u>	 <u>159,377</u>	 <u>231,964</u>	 <u>(61,012)</u>
Transfers out.	<u>-</u>	<u>(475,439)</u>	<u>(475,439)</u>	<u>-</u>
Change in Net Position	72,587	(316,062)	(243,475)	(61,012)
Total Net Position - Beginning	<u>612,569</u>	<u>8,531,278</u>	<u>9,143,847</u>	<u>9,204,859</u>
Total Net Position-Ending	<u>\$ 685,156</u>	<u>\$ 8,215,216</u>	<u>\$ 8,900,372</u>	<u>\$ 9,143,847</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2014

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 857,118	\$ 2,504,653	\$ 3,361,771
Payments to suppliers for goods and services.	(209,038)	(662,149)	(871,187)
Payments to employees for services.	(442,937)	(988,339)	(1,431,276)
Other operating disbursements.	(21,519)	(26,685)	(48,204)
Net Cash Provided by Operating Activities	183,624	827,480	1,011,104
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out.	-	(475,439)	(475,439)
Interfund loan.	(20,000)	-	(20,000)
Net Cash Used by Noncapital Financing Activities	(20,000)	(475,439)	(495,439)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	-	(1,082,998)	(1,082,998)
Interest paid.	(22,399)	-	(22,399)
Debt issuance cost and principal payments.	(145,000)	-	(145,000)
Net Cash Used by Capital and Related Financing Activities	(167,399)	(1,082,998)	(1,250,397)
Net Decrease In Cash	(3,775)	(730,957)	(734,732)
Cash at Beginning of Year	8,393	5,105,685	5,114,078
Cash at End of Year	\$ 4,618	\$ 4,374,728	\$ 4,379,346
CASH COMPONENTS:			
Cash.	\$ 4,618	\$ 4,374,728	\$ 4,379,346
Restricted cash.	-	-	-
Cash at End of Year	\$ 4,618	\$ 4,374,728	\$ 4,379,346
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 94,987	\$ 173,435	\$ 268,422
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	87,801	684,768	772,569
(Increase) decrease in:			
Receivables and prepaid items.	(660)	149,164	148,504
Due from component unit.	-	21,200	21,200
Inventories.	790	-	790
Increase (decrease) in:			
Accounts payable and accrued expenses.	706	(201,087)	(200,381)
Net Cash Provided by Operating Activities	\$ 183,624	\$ 827,480	\$ 1,011,104
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Loss on disposal of capital assets.	\$ -	\$ (14,058)	\$ (14,058)

Hennepin County, Minnesota
Schedules of Net Position
Enterprise Funds
December 31, 2014 and 2013

	Metropolitan Health Plan		Solid Waste		Total Nonmajor	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current Assets:						
Cash.....	\$ 74,160,684	\$ 57,415,152	\$ 21,261,019	\$ 25,565,913	\$ 4,379,346	\$ 5,114,078
Delinquent taxes receivable.....	-	-	148	1,203	-	-
Due from component unit.....	-	-	-	-	10,873	32,073
Other receivables.....	13,327,038	7,846,119	7,199,519	4,302,535	35,061	184,225
Inventories.....	-	-	-	-	4,130	4,920
Prepaid items.....	44,716	547,786	-	-	770	110
	<u>87,532,438</u>	<u>65,809,057</u>	<u>28,460,686</u>	<u>29,869,651</u>	<u>4,430,180</u>	<u>5,335,406</u>
Total Current Assets						
Noncurrent Assets:						
Notes receivable.....	-	-	1,287,889	787,889	-	-
Restricted cash and investments.....	500,000	500,000	9,431,005	10,084,582	-	-
Capital Assets:						
Land.....	-	-	8,179,432	8,179,432	985,092	985,092
Land improvements.....	-	-	-	-	1,893,908	1,893,908
Buildings.....	-	-	163,548,972	152,161,144	843,167	843,167
Equipment.....	364,940	364,940	6,222,459	5,951,361	8,412,895	8,950,801
Leasehold improvements.....	1,673,332	1,673,332	-	-	-	-
Construction in progress.....	-	-	-	1,654,298	-	-
Total capital assets	2,038,272	2,038,272	177,950,863	167,946,235	12,135,062	12,672,968
Less accumulated depreciation and amortization.....	2,038,272	2,038,272	64,501,112	57,909,862	6,619,840	7,454,116
	<u>-</u>	<u>-</u>	<u>113,449,751</u>	<u>110,036,373</u>	<u>5,515,222</u>	<u>5,218,852</u>
Net Capital Assets						
Total Noncurrent Assets						
	<u>500,000</u>	<u>500,000</u>	<u>124,168,645</u>	<u>120,908,844</u>	<u>5,515,222</u>	<u>5,218,852</u>
Total Assets						
	<u>\$ 88,032,438</u>	<u>\$ 66,309,057</u>	<u>\$ 152,629,331</u>	<u>\$ 150,778,495</u>	<u>\$ 9,945,402</u>	<u>\$ 10,554,258</u>
LIABILITIES						
Current liabilities:						
Interfund payable.....	\$ 313,732	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Accounts and contracts payable.....	27,173,537	11,012,978	3,804,394	3,464,895	70,030	270,411
Accrued expenses.....	17,054,268	20,555,150	300,478	278,348	-	-
Due to component unit.....	459,772	2,914,435	-	-	-	-
Unearned revenue.....	11,634,396	-	-	-	-	-
Current portion of:						
General obligation bonds and notes.....	-	-	-	-	150,000	145,000
Compensated absences.....	300,000	300,000	50,000	50,000	-	-
	<u>56,935,705</u>	<u>34,782,563</u>	<u>4,154,872</u>	<u>3,793,243</u>	<u>220,030</u>	<u>435,411</u>
Total Current Liabilities						
Noncurrent liabilities, net of current portion:						
General obligation bonds and notes.....	-	-	-	-	825,000	975,000
Postemployment healthcare benefits.....	1,110,022	1,109,947	811,833	723,161	-	-
Compensated absences.....	333,189	473,047	968,476	854,661	-	-
	<u>1,443,211</u>	<u>1,582,994</u>	<u>1,780,309</u>	<u>1,577,822</u>	<u>825,000</u>	<u>975,000</u>
Total Noncurrent Liabilities						
Total Liabilities						
	<u>\$ 58,378,916</u>	<u>\$ 36,365,557</u>	<u>\$ 5,935,181</u>	<u>\$ 5,371,065</u>	<u>\$ 1,045,030</u>	<u>\$ 1,410,411</u>
NET POSITION						
Net investment in capital assets.....	\$ -	\$ -	\$ 113,449,751	\$ 110,036,373	\$ 4,540,222	\$ 4,098,852
Restricted for:						
Statutory requirements relating to:						
Metropolitan health plan.....	29,653,522	29,943,500	-	-	-	-
Solid waste management.....	-	-	31,537,149	34,277,726	-	-
Brownfield assessment and cleanup.....	-	-	1,707,250	1,093,331	-	-
Unrestricted.....	-	-	-	-	4,360,150	5,044,995
	<u>29,653,522</u>	<u>29,943,500</u>	<u>146,694,150</u>	<u>145,407,430</u>	<u>8,900,372</u>	<u>9,143,847</u>
Total Net Position						

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Metropolitan Health Plan Fund
For the Years Ended December 31, 2014 and 2013

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Net charges for services.	\$ 221,562,504	\$ 158,493,627	\$ (63,068,877)	\$ 154,552,561
OPERATING EXPENSES				
Personal services.	9,541,670	8,868,464	673,206	9,131,325
Commodities.	344,394	35,674	308,720	166,250
Contractual services.	207,856,829	143,949,455	63,907,374	139,183,225
Depreciation and amortization.	-	-	-	-
Other.	4,147,535	6,394,113	(2,246,578)	1,434,158
Total Operating Expenses	<u>221,890,428</u>	<u>159,247,706</u>	<u>62,642,722</u>	<u>149,914,958</u>
Operating Income (Loss)	<u>(327,924)</u>	<u>(754,079)</u>	<u>(426,155)</u>	<u>4,637,603</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	437,199	827,512	390,313	(280,576)
Interest expense.	(109,275)	(363,411)	(254,136)	(384,159)
Total Nonoperating Revenues (Expenses)	<u>327,924</u>	<u>464,101</u>	<u>136,177</u>	<u>(664,735)</u>
Change in Net Position	-	(289,978)	\$ <u>(289,978)</u>	3,972,868
Total Net Position - Beginning	<u>29,943,500</u>	<u>29,943,500</u>		<u>25,970,632</u>
Total Net Position - Ending	<u>\$ 29,943,500</u>	<u>\$ 29,653,522</u>		<u>\$ 29,943,500</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, 2014 and 2013

	2014			2013 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Charges for services.	\$ 49,732,135	\$ 51,262,909	\$ 1,530,774	\$ 48,136,426
OPERATING EXPENSES				
Personal services.	6,586,972	6,424,414	162,558	6,072,655
Commodities.	294,350	600,267	(305,917)	227,339
Contractual services.	42,805,946	38,454,178	4,351,768	39,340,119
Depreciation and amortization.	6,826,221	6,591,250	234,971	6,174,416
Other.	811,287	849,781	(38,494)	915,182
Total Operating Expenses	<u>57,324,776</u>	<u>52,919,890</u>	<u>4,404,886</u>	<u>52,729,711</u>
Operating Income (Loss)	<u>(7,592,641)</u>	<u>(1,656,981)</u>	<u>5,935,660</u>	<u>(4,593,285)</u>
NONOPERATING REVENUES (EXPENSES)				
Other taxes.	100,000	52,757	(47,243)	123,459
Intergovernmental.	3,791,657	4,969,213	1,177,556	3,629,332
Investment earnings (losses).	485,000	575,023	90,023	(250,788)
Gain (loss) on sale of capital assets	-	-	-	(532,317)
Other revenue.	2,234,083	2,483,289	249,206	1,249,909
Environmental grants awarded.	<u>(2,500,000)</u>	<u>(5,136,581)</u>	<u>(2,636,581)</u>	<u>(2,870,747)</u>
Total Nonoperating Revenues (Expenses)	<u>4,110,740</u>	<u>2,943,701</u>	<u>(1,167,039)</u>	<u>1,348,848</u>
Income (Loss) Before Contributions	<u>(3,481,901)</u>	<u>1,286,720</u>	<u>4,768,621</u>	<u>(3,244,437)</u>
Capital contributions.	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,823,612</u>
Change in Net Position	<u>(3,481,901)</u>	<u>1,286,720</u>	<u>\$ 4,768,621</u>	<u>(1,420,825)</u>
Total Net Position-Beginning	<u>145,407,430</u>	<u>145,407,430</u>		<u>146,828,255</u>
Total Net Position - Ending	<u>\$ 141,925,529</u>	<u>\$ 146,694,150</u>		<u>\$ 145,407,430</u>



Hennepin County, Minnesota
Schedules of Cash Flows
Enterprise Funds
For the Years Ended December 31, 2014 and 2013

	Metropolitan Health Plan	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users.....	\$ 161,146,222	\$ 153,757,230
Payments to suppliers for goods and services.....	(129,776,163)	(136,455,483)
Payments to employees for services.....	(9,008,247)	(9,007,866)
Other operating disbursements.....	(6,394,113)	(1,434,158)
Net Cash Provided by Operating Activities	15,967,699	6,859,723
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other taxes.....	-	-
Net grants and contributions.....	-	-
Transfers out.....	-	-
Interfund loan.....	313,732	-
Net Cash Provided (Used) by Noncapital Financing Activities	313,732	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets.....	-	-
Interest paid.....	(363,411)	(384,159)
Debt issuance cost and principal payments.....	-	-
Net Cash Used by Capital and Related Financing Activities	(363,411)	(384,159)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income (loss).....	827,512	(280,576)
Net Cash Provided (Used) by Investing Activities	827,512	(280,576)
Net Increase (Decrease) in Cash	16,745,532	6,194,988
Cash at Beginning of Year	57,915,152	51,720,164
Cash at End of Year	\$ 74,660,684	\$ 57,915,152
CASH COMPONENTS:		
Cash.....	\$ 74,160,684	\$ 57,415,152
Restricted cash.....	500,000	500,000
Cash at End of Year	\$ 74,660,684	\$ 57,915,152
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss).....	\$ (754,079)	\$ 4,637,603
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.....	-	-
(Increase) decrease in:		
Receivables and prepaid items.....	(4,977,849)	(1,816,338)
Due from component unit.....	-	-
Inventories.....	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.....	12,519,894	1,124,023
Due to component unit.....	(2,454,663)	2,914,435
Unearned revenue.....	11,634,396	-
Net Cash Provided By Operating Activities	\$ 15,967,699	\$ 6,859,723
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets.....	\$ -	\$ -
Loss on disposal of capital assets.....	-	-
Increase (decrease) in fair value of investments.....	249,909	(569,228)

Solid Waste		Nonmajor Enterprise Funds			
		Glen Lake Golf Course		Radio Communications	
2014	2013	2014	2013	2014	2013
\$ 48,388,055	\$ 48,732,194	\$ 857,118	\$ 811,015	\$ 2,504,653	\$ 2,368,297
(38,714,946)	(39,129,066)	(209,038)	(203,529)	(662,149)	(1,649,542)
(6,221,927)	(6,145,322)	(442,937)	(440,557)	(988,339)	-
(849,781)	(915,182)	(21,519)	(21,533)	(26,685)	-
<u>2,601,401</u>	<u>2,542,624</u>	<u>183,624</u>	<u>145,396</u>	<u>827,480</u>	<u>718,755</u>
53,812	123,940	-	-	-	-
1,815,921	2,008,494	-	-	-	-
-	-	-	-	(475,439)	-
-	-	(20,000)	20,000	-	-
<u>1,869,733</u>	<u>2,132,434</u>	<u>(20,000)</u>	<u>20,000</u>	<u>(475,439)</u>	<u>-</u>
(10,004,628)	(17,047,871)	-	-	(1,082,998)	(1,234,466)
-	-	(22,399)	(25,300)	-	-
-	-	(145,000)	(145,000)	-	-
<u>(10,004,628)</u>	<u>(17,047,871)</u>	<u>(167,399)</u>	<u>(170,300)</u>	<u>(1,082,998)</u>	<u>(1,234,466)</u>
575,023	(250,788)	-	-	-	-
<u>575,023</u>	<u>(250,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,958,471)	(12,623,601)	(3,775)	(4,904)	(730,957)	(515,711)
35,650,495	48,274,096	8,393	13,297	5,105,685	5,621,396
<u>\$ 30,692,024</u>	<u>\$ 35,650,495</u>	<u>\$ 4,618</u>	<u>\$ 8,393</u>	<u>\$ 4,374,728</u>	<u>\$ 5,105,685</u>
\$ 21,261,019	\$ 25,565,913	\$ 4,618	\$ 8,393	\$ 4,374,728	\$ 5,105,685
9,431,005	10,084,582	-	-	-	-
<u>\$ 30,692,024</u>	<u>\$ 35,650,495</u>	<u>\$ 4,618</u>	<u>\$ 8,393</u>	<u>\$ 4,374,728</u>	<u>\$ 5,105,685</u>
\$ (1,656,981)	\$ (4,593,285)	\$ 94,987	\$ 51,445	\$ 173,435	\$ 95,982
6,591,250	6,174,416	87,801	93,098	684,768	619,249
(2,896,984)	563,012	(660)	1,220	149,164	(71,277)
-	-	-	-	21,200	(13,687)
-	-	790	1,354	-	-
564,116	398,481	706	(1,721)	(201,087)	88,488
-	-	-	-	-	-
<u>\$ 2,601,401</u>	<u>\$ 2,542,624</u>	<u>\$ 183,624</u>	<u>\$ 145,396</u>	<u>\$ 827,480</u>	<u>\$ 718,755</u>
\$ -	\$ 1,823,612	\$ -	\$ -	\$ -	\$ -
-	(532,317)	-	(182,737)	(14,058)	(402)
241,342	(659,049)	-	-	-	-





Hennepin County, Minnesota
Combining Statement of Net Position
Internal Service Funds
December 31, 2014
With Comparative Totals for December 31, 2013

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
ASSETS				
Current Assets:				
Cash	\$ 1,885,595	\$ 16,734,893	\$ 33,786,778	\$ 3,032,981
Interfund receivable	-	-	-	-
Due from component unit	52,696	607,895	-	705,806
Receivables from users	168,630	137,199	115,793	391,621
Inventories	226,277	243,185	-	357,991
Prepaid items	119,456	-	3,861,453	-
Total Current Assets	2,452,654	17,723,172	37,764,024	4,488,399
Capital Assets:				
Land	-	-	-	1,040,600
Buildings	-	-	-	36,857,562
Equipment	7,340,425	48,880,192	46,542,446	270,996
Software	-	-	15,802,623	-
Construction in progress	-	214,404	-	-
Total capital assets	7,340,425	49,094,596	62,345,069	38,169,158
Less accumulated depreciation	5,706,560	28,659,395	41,281,259	20,083,456
Net Capital Assets	1,633,865	20,435,201	21,063,810	18,085,702
Total Assets	\$ 4,086,519	\$ 38,158,373	\$ 58,827,834	\$ 22,574,101
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable	\$ 292,727	\$ 335,592	\$ 8,994,293	\$ 666,241
Accrued interest payable	-	-	-	309
Accrued expenses	64,900	93,540	1,352,995	6,994
Unearned revenue	-	-	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	70,842
General obligation bonds	-	-	-	1,466,554
Notes payable	-	-	-	-
Compensated absences	10,000	15,000	300,000	-
Total Current Liabilities	367,627	444,132	10,647,288	2,210,940
Noncurrent Liabilities, Net of Current Portion:				
Advance from other funds	-	-	-	-
Workers' compensation claims	-	-	-	-
Lease revenue certificates of participation	-	-	-	-
General obligation bonds	-	-	-	13,774,380
Notes payable	-	-	-	-
Postemployment healthcare benefits	(33,889)	322,803	1,008,611	2,391
Compensated absences	152,532	172,510	3,100,132	39,573
Total Noncurrent Liabilities	118,643	495,313	4,108,743	13,816,344
Total Liabilities	\$ 486,270	\$ 939,445	\$ 14,756,031	\$ 16,027,284
NET POSITION				
Net investment in capital assets	\$ 1,633,865	\$ 20,435,201	\$ 21,063,810	\$ 2,773,926
Unrestricted	1,966,384	16,783,727	23,007,993	3,772,891
Total Net Position	\$ 3,600,249	\$ 37,218,928	\$ 44,071,803	\$ 6,546,817

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2014	2013
\$ 19,999,356	\$ 41,193,400	\$ 72,175,498	\$ 188,808,501	\$ 192,055,218
-	-	65,440,520	65,440,520	52,829,325
-	8,275	-	1,374,672	1,491,135
-	238,913	-	1,052,156	896,964
-	-	-	827,453	564,962
-	-	-	3,980,909	4,397,419
<u>19,999,356</u>	<u>41,440,588</u>	<u>137,616,018</u>	<u>261,484,211</u>	<u>252,235,023</u>
-	-	-	1,040,600	1,040,600
-	-	-	36,857,562	35,923,346
65,850	-	-	103,099,909	96,639,600
-	-	-	15,802,623	14,339,385
-	-	-	214,404	695,224
<u>65,850</u>	<u>-</u>	<u>-</u>	<u>157,015,098</u>	<u>148,638,155</u>
<u>65,850</u>	<u>-</u>	<u>-</u>	<u>95,796,520</u>	<u>86,341,759</u>
-	-	-	61,218,578	62,296,396
<u>\$ 19,999,356</u>	<u>\$ 41,440,588</u>	<u>\$ 137,616,018</u>	<u>\$ 322,702,789</u>	<u>\$ 314,531,419</u>
\$ 644,016	\$ 37,761	\$ 19,101	\$ 10,989,731	\$ 11,827,345
-	-	-	309	1,272
22,485	5,889,121	-	7,430,035	7,303,473
-	3,618,799	-	3,618,799	3,618,468
1,500,000	-	-	1,500,000	1,500,000
-	-	-	70,842	68,388
-	-	-	1,466,554	1,335,906
-	-	-	-	105,071
<u>20,000</u>	<u>-</u>	<u>5,300,000</u>	<u>5,645,000</u>	<u>5,645,000</u>
<u>2,186,501</u>	<u>9,545,681</u>	<u>5,319,101</u>	<u>30,721,270</u>	<u>31,404,923</u>
-	-	-	-	-
11,959,236	-	-	11,959,236	9,959,236
-	-	-	-	70,842
-	-	-	13,774,380	14,749,687
-	-	-	-	-
68,463	10,307	52,420,588	53,799,274	47,353,996
<u>62,846</u>	<u>21,154</u>	<u>79,876,329</u>	<u>83,425,076</u>	<u>81,303,933</u>
<u>12,090,545</u>	<u>31,461</u>	<u>132,296,917</u>	<u>162,957,966</u>	<u>153,437,694</u>
<u>\$ 14,277,046</u>	<u>\$ 9,577,142</u>	<u>\$ 137,616,018</u>	<u>\$ 193,679,236</u>	<u>\$ 184,842,617</u>
\$ -	\$ -	\$ -	\$ 45,906,802	\$ 46,071,573
<u>5,722,310</u>	<u>31,863,446</u>	<u>-</u>	<u>83,116,751</u>	<u>83,617,229</u>
<u>\$ 5,722,310</u>	<u>\$ 31,863,446</u>	<u>\$ -</u>	<u>\$ 129,023,553</u>	<u>\$ 129,688,802</u>

Hennepin County, Minnesota
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2014
With Comparative Totals for December 31, 2013

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
OPERATING REVENUES				
Charges for services.....	\$ 6,590,451	\$ 15,555,480	\$ 65,182,327	\$ 9,525,901
OPERATING EXPENSES				
Personal services.....	1,334,870	2,000,669	27,723,123	128,166
Commodities.....	637,257	4,208,370	7,286,008	4,888,642
Contractual services.....	3,788,793	1,266,189	19,513,996	2,071,250
Depreciation.....	553,685	6,440,969	6,665,220	1,228,730
Other charges.....	157,804	314,458	1,276,392	319,741
Total Operating Expenses	<u>6,472,409</u>	<u>14,230,655</u>	<u>62,464,739</u>	<u>8,636,529</u>
Operating Income (Loss)	118,042	1,324,825	2,717,588	889,372
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	-	-	-	-
Interest expense.....	-	-	-	(623,518)
Gain (Loss) on capital asset disposal.....	(1,018)	542,115	(29,709)	-
Total Nonoperating Revenues (Expenses)	<u>(1,018)</u>	<u>542,115</u>	<u>(29,709)</u>	<u>(623,518)</u>
Income (Loss) Before Contributions and Transfers	<u>117,024</u>	<u>1,866,940</u>	<u>2,687,879</u>	<u>265,854</u>
Capital contributions.....	-	937,751	541,113	-
Transfers out.....	-	-	-	-
Net Contributions and Transfers	<u>-</u>	<u>937,751</u>	<u>541,113</u>	<u>-</u>
Change in Net Position	117,024	2,804,691	3,228,992	265,854
Total Net Position - Beginning	<u>3,483,225</u>	<u>34,414,237</u>	<u>40,842,811</u>	<u>6,280,963</u>
Total Net Position - Ending	<u>\$ 3,600,249</u>	<u>\$ 37,218,928</u>	<u>\$ 44,071,803</u>	<u>\$ 6,546,817</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2014	2013
\$ 4,753,026	\$ 83,192,417	\$ 25,456,162	\$ 210,255,764	\$ 203,604,211
6,412,434	83,688,838	25,456,162	146,744,262	128,001,940
4,338	8,760	-	17,033,375	23,758,563
464,306	4,090,812	-	31,195,346	25,376,007
-	-	-	14,888,604	12,512,325
331,340	25,739	-	2,425,474	1,527,946
<u>7,212,418</u>	<u>87,814,149</u>	<u>25,456,162</u>	<u>212,287,061</u>	<u>191,176,781</u>
(2,459,392)	(4,621,732)	-	(2,031,297)	12,427,430
-	-	-	-	5,000
(686)	-	-	(624,204)	(645,254)
-	-	-	511,388	553,045
<u>(686)</u>	<u>-</u>	<u>-</u>	<u>(112,816)</u>	<u>(87,209)</u>
<u>(2,460,078)</u>	<u>(4,621,732)</u>	<u>-</u>	<u>(2,144,113)</u>	<u>12,340,221</u>
-	-	-	1,478,864	3,456,201
-	-	-	-	(1,000,000)
-	-	-	1,478,864	2,456,201
(2,460,078)	(4,621,732)	-	(665,249)	14,796,422
8,182,388	36,485,178	-	129,688,802	114,892,380
<u>\$ 5,722,310</u>	<u>\$ 31,863,446</u>	<u>\$ -</u>	<u>\$ 129,023,553</u>	<u>\$ 129,688,802</u>

Hennepin County, Minnesota
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	Central Services	Central Mobile Equipment	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 6,473,594	\$ 15,796,912	\$ 65,283,088
Payments to suppliers for goods and services.	(4,399,898)	(6,716,428)	(26,255,104)
Payments to employees for services.	(1,376,583)	(2,012,205)	(27,593,671)
Other operating disbursements.	(157,804)	(314,458)	(1,276,392)
Net Cash Provided (Used) by Operating Activities	539,309	6,753,821	10,157,921
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Noncapital debt payments.	-	-	-
Net Cash Used by Noncapital Financing Activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	(604,099)	(2,753,877)	(7,528,342)
Interest paid.	-	-	-
Proceeds from issuance of debt.	-	-	-
Debt issuance cost and principal payments.	-	-	-
Net Cash Used by Capital and Related Financing Activities	(604,099)	(2,753,877)	(7,528,342)
Net Increase (Decrease) in Cash	(64,790)	3,999,944	2,629,579
Cash at Beginning of Year	1,950,385	12,734,949	31,157,199
Cash at End of Year	\$ 1,885,595	\$ 16,734,893	\$ 33,786,778
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 118,042	\$ 1,324,825	\$ 2,717,588
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	553,685	6,440,969	6,665,220
(Increase) decrease in:			
Receivables and prepaid items.	(108,627)	12,504	344,660
Due from component unit.	(4,319)	223,735	-
Inventories.	(57,327)	(12,382)	-
Increase (decrease) in:			
Accounts payable and accrued expenses.	37,855	(1,235,830)	430,453
Unearned revenue.	-	-	-
Net Cash Provided (Used) By Operating Activities	\$ 539,309	\$ 6,753,821	\$ 10,157,921
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ -	\$ 937,751	\$ 541,113
Loss on disposal of capital assets.	(1,018)	-	(29,709)

<u>Energy Center</u>	<u>Self Insurance</u>	<u>Employee Health Self-Insurance</u>	<u>Other Employee Benefits</u>	<u>Total</u>
\$ 9,524,900	\$ 4,756,228	\$ 83,053,044	\$ 12,844,967	\$ 197,732,733
(7,027,757)	(457,982)	(4,074,248)	-	(48,931,417)
(126,136)	(4,397,681)	(83,687,280)	(16,965,184)	(136,158,740)
<u>(319,741)</u>	<u>(331,340)</u>	<u>(25,739)</u>	<u>-</u>	<u>(2,425,474)</u>
<u>2,051,266</u>	<u>(430,775)</u>	<u>(4,734,223)</u>	<u>(4,120,217)</u>	<u>10,217,102</u>
-	(105,071)	-	-	(105,071)
-	(105,071)	-	-	(105,071)
(934,216)	-	-	-	(11,820,534)
(623,795)	(1,372)	-	-	(625,167)
491,247	-	-	-	491,247
<u>(1,404,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,404,294)</u>
<u>(2,471,058)</u>	<u>(1,372)</u>	<u>-</u>	<u>-</u>	<u>(13,358,748)</u>
(419,792)	(537,218)	(4,734,223)	(4,120,217)	(3,246,717)
<u>3,452,773</u>	<u>20,536,574</u>	<u>45,927,623</u>	<u>76,295,715</u>	<u>192,055,218</u>
\$ <u><u>3,032,981</u></u>	\$ <u><u>19,999,356</u></u>	\$ <u><u>41,193,400</u></u>	\$ <u><u>72,175,498</u></u>	\$ <u><u>188,808,501</u></u>
\$ 889,372	\$ (2,459,392)	\$ (4,621,732)	\$ -	\$ (2,031,297)
1,228,730	-	-	-	14,888,604
98,902	-	(86,121)	(12,611,195)	(12,349,877)
(101,938)	-	(1,015)	-	116,463
(192,782)	-	-	-	(262,491)
128,982	2,028,617	(25,686)	8,490,978	9,855,369
<u>-</u>	<u>-</u>	<u>331</u>	<u>-</u>	<u>331</u>
\$ <u><u>2,051,266</u></u>	\$ <u><u>(430,775)</u></u>	\$ <u><u>(4,734,223)</u></u>	\$ <u><u>(4,120,217)</u></u>	\$ <u><u>10,217,102</u></u>
\$ -	\$ -	\$ -	\$ -	\$ 1,478,864
-	-	-	-	(30,727)

Hennepin County, Minnesota
Schedules of Net Position
Internal Service Funds
For the Years Ended December 31, 2014 and 2013

	Central Services		Central Mobile Equipment		Information Technology	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current Assets:						
Cash.....	\$ 1,885,595	\$ 1,950,385	\$ 16,734,893	\$ 12,734,949	\$ 33,786,778	\$ 31,157,199
Interfund receivable.....	-	-	-	-	-	-
Due from component unit.....	52,696	48,377	607,895	831,630	-	-
Receivables from users.....	168,630	49,648	137,199	149,703	115,793	54,298
Inventories.....	226,277	168,950	243,185	230,803	-	-
Prepaid items.....	119,456	129,811	-	-	3,861,453	4,267,608
Total Current Assets	2,452,654	2,347,171	17,723,172	13,947,085	37,764,024	35,479,105
Capital Assets:						
Land.....	-	-	-	-	-	-
Buildings.....	-	-	-	-	-	-
Equipment.....	7,340,425	7,551,592	48,880,192	46,551,047	46,542,446	42,200,115
Software.....	-	-	-	-	15,802,623	14,339,385
Construction in progress.....	-	-	214,404	695,224	-	-
Total capital assets	7,340,425	7,551,592	49,094,596	47,246,271	62,345,069	56,539,500
Less accumulated depreciation.....	5,706,560	5,967,123	28,659,395	24,603,844	41,281,259	36,850,216
Net Capital Assets	1,633,865	1,584,469	20,435,201	22,642,427	21,063,810	19,689,284
Total Assets	\$ 4,086,519	\$ 3,931,640	\$ 38,158,373	\$ 36,589,512	\$ 58,827,834	\$ 55,168,389
LIABILITIES						
Current Liabilities:						
Accounts and contracts payable.....	\$ 292,727	\$ 219,603	\$ 335,592	\$ 1,565,079	\$ 8,994,293	\$ 8,855,548
Accrued interest payable.....	-	-	-	-	-	-
Accrued expenses.....	64,900	58,456	93,540	88,347	1,352,995	1,190,739
Unearned revenue.....	-	-	-	-	-	-
Current portion of:						
Workers' compensation claims.....	-	-	-	-	-	-
Lease revenue certificates of participation.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
Compensated absences.....	10,000	10,000	15,000	15,000	300,000	300,000
Total Current Liabilities	367,627	288,059	444,132	1,668,426	10,647,288	10,346,287
Noncurrent Liabilities, net of current portion:						
Workers' compensation claims.....	-	-	-	-	-	-
Lease revenue certificates of participation.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Postemployment healthcare benefits.....	(33,889)	11,807	322,803	290,629	1,008,611	811,928
Compensated absences.....	152,532	148,549	172,510	216,220	3,100,132	3,167,363
Total Noncurrent Liabilities	118,643	160,356	495,313	506,849	4,108,743	3,979,291
Total Liabilities	\$ 486,270	\$ 448,415	\$ 939,445	\$ 2,175,275	\$ 14,756,031	\$ 14,325,578
Net Position						
Net investment in capital assets	\$ 1,633,865	\$ 1,584,469	\$ 20,435,201	\$ 22,642,427	\$ 21,063,810	\$ 19,689,284
Unrestricted	1,966,384	1,898,756	16,783,727	11,771,810	23,007,993	21,153,527
Total Net Position	\$ 3,600,249	\$ 3,483,225	\$ 37,218,928	\$ 34,414,237	\$ 44,071,803	\$ 40,842,811

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2014	2013	2014	2013	2014	2013	2014	2013
\$	3,032,981	\$ 3,452,773	\$ 19,999,356	\$ 20,536,574	\$ 41,193,400	\$ 45,927,623	\$ 72,175,498	\$ 76,295,715
	-	-	-	-	-	-	65,440,520	52,829,325
	705,806	603,868	-	-	8,275	7,260	-	-
	391,621	490,523	-	-	238,913	152,792	-	-
	357,991	165,209	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>4,488,399</u>	<u>4,712,373</u>	<u>19,999,356</u>	<u>20,536,574</u>	<u>41,440,588</u>	<u>46,087,675</u>	<u>137,616,018</u>	<u>129,125,040</u>
	1,040,600	1,040,600	-	-	-	-	-	-
	36,857,562	35,923,346	-	-	-	-	-	-
	270,996	270,996	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>38,169,158</u>	<u>37,234,942</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,083,456</u>	<u>18,854,726</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,085,702</u>	<u>18,380,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>22,574,101</u>	<u>23,092,589</u>	<u>19,999,356</u>	<u>20,536,574</u>	<u>41,440,588</u>	<u>46,087,675</u>	<u>137,616,018</u>	<u>129,125,040</u>
\$	666,241	\$ 541,324	\$ 644,016	\$ 633,354	\$ 37,761	\$ 12,437	\$ 19,101	\$ -
	309	586	-	686	-	-	-	-
	6,994	4,959	22,485	19,283	5,889,121	5,941,689	-	-
	-	-	-	-	3,618,799	3,618,468	-	-
	-	-	-	-	-	-	-	-
	-	-	1,500,000	1,500,000	-	-	-	-
	70,842	68,388	-	-	-	-	-	-
	1,466,554	1,335,906	-	-	-	-	-	-
	-	-	-	105,071	-	-	-	-
	-	-	20,000	20,000	-	-	5,300,000	5,300,000
	<u>2,210,940</u>	<u>1,951,163</u>	<u>2,186,501</u>	<u>2,278,394</u>	<u>9,545,681</u>	<u>9,572,594</u>	<u>5,319,101</u>	<u>5,300,000</u>
	-	-	11,959,236	9,959,236	-	-	-	-
	-	70,842	-	-	-	-	-	-
	13,774,380	14,749,687	-	-	-	-	-	-
	2,391	1,326	68,463	63,514	10,307	6,922	52,420,588	46,167,870
	39,573	38,608	62,846	53,042	21,154	22,981	79,876,329	77,657,170
	<u>13,816,344</u>	<u>14,860,463</u>	<u>12,090,545</u>	<u>10,075,792</u>	<u>31,461</u>	<u>29,903</u>	<u>132,296,917</u>	<u>123,825,040</u>
\$	<u>16,027,284</u>	<u>16,811,626</u>	<u>14,277,046</u>	<u>12,354,186</u>	<u>9,577,142</u>	<u>9,602,497</u>	<u>137,616,018</u>	<u>129,125,040</u>
\$	2,773,926	\$ 2,155,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	3,772,891	4,125,570	5,722,310	8,182,388	31,863,446	36,485,178	-	-
\$	<u>6,546,817</u>	<u>6,280,963</u>	<u>5,722,310</u>	<u>8,182,388</u>	<u>31,863,446</u>	<u>36,485,178</u>	<u>-</u>	<u>-</u>

Hennepin County, Minnesota
Schedules of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Years Ended December 31, 2014 and 2013

	Central Services		Central Mobile Equipment		Information Technology	
	2014	2013	2014	2013	2014	2013
OPERATING REVENUES						
Charges for services.	\$ 6,590,451	\$ 6,314,628	\$ 15,555,480	\$ 15,295,103	\$ 65,182,327	\$ 57,435,939
OPERATING EXPENSES						
Personal services.	1,334,870	1,282,826	2,000,669	1,809,560	27,723,123	22,998,929
Commodities.	637,257	470,454	4,208,370	3,829,992	7,286,008	15,466,798
Contractual services.	3,788,793	3,688,899	1,266,189	1,160,834	19,513,996	15,031,062
Depreciation.	553,685	521,187	6,440,969	6,322,417	6,665,220	4,485,355
Other charges.	157,804	196,551	314,458	264,625	1,276,392	422,882
Total Operating Expenses	<u>6,472,409</u>	<u>6,159,917</u>	<u>14,230,655</u>	<u>13,387,428</u>	<u>62,464,739</u>	<u>58,405,026</u>
Operating Income (Loss)	<u>118,042</u>	<u>154,711</u>	<u>1,324,825</u>	<u>1,907,675</u>	<u>2,717,588</u>	<u>(969,087)</u>
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental.	-	-	-	5,000	-	-
Interest expense.	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.	(1,018)	(20,563)	542,115	600,427	(29,709)	(24,831)
Total Nonoperating Revenues (Expenses)	<u>(1,018)</u>	<u>(20,563)</u>	<u>542,115</u>	<u>605,427</u>	<u>(29,709)</u>	<u>(24,831)</u>
Income (Loss) Before Contributions and Transfers	<u>117,024</u>	<u>134,148</u>	<u>1,866,940</u>	<u>2,513,102</u>	<u>2,687,879</u>	<u>(993,918)</u>
Capital contributions.	-	-	937,751	504,811	541,113	2,951,390
Transfers in.	-	-	-	-	-	-
Transfers out.	-	-	-	-	-	(1,000,000)
Net Contributions and Transfers	<u>-</u>	<u>-</u>	<u>937,751</u>	<u>504,811</u>	<u>541,113</u>	<u>1,951,390</u>
Change in Net Position	117,024	134,148	2,804,691	3,017,913	3,228,992	957,472
Total Net Position - Beginning	<u>3,483,225</u>	<u>3,349,077</u>	<u>34,414,237</u>	<u>31,396,324</u>	<u>40,842,811</u>	<u>39,885,339</u>
Total Net Position - Ending	<u>\$ 3,600,249</u>	<u>\$ 3,483,225</u>	<u>\$ 37,218,928</u>	<u>\$ 34,414,237</u>	<u>\$ 44,071,803</u>	<u>\$ 40,842,811</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2014	2013	2014	2013	2014	2013	2014	2013
\$ 9,525,901	\$ 8,435,935	\$ 4,753,026	\$ 5,466,092	\$ 83,192,417	\$ 95,235,910	\$ 25,456,162	\$ 15,420,604
128,166	98,423	6,412,434	5,790,188	83,688,838	79,782,943	25,456,162	16,239,071
4,888,642	3,978,475	4,338	3,632	8,760	9,212	-	-
2,071,250	1,934,863	464,306	418,303	4,090,812	3,142,046	-	-
1,228,730	1,183,366	-	-	-	-	-	-
319,741	75,695	331,340	558,806	25,739	9,387	-	-
8,636,529	7,270,822	7,212,418	6,770,929	87,814,149	82,943,588	25,456,162	16,239,071
889,372	1,165,113	(2,459,392)	(1,304,837)	(4,621,732)	12,292,322	-	(818,467)
-	-	-	-	-	-	-	-
(623,518)	(641,538)	(686)	(3,716)	-	-	-	-
-	(1,988)	-	-	-	-	-	-
(623,518)	(643,526)	(686)	(3,716)	-	-	-	-
265,854	521,587	(2,460,078)	(1,308,553)	(4,621,732)	12,292,322	-	(818,467)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
265,854	521,587	(2,460,078)	(1,308,553)	(4,621,732)	12,292,322	-	(818,467)
6,280,963	5,759,376	8,182,388	9,490,941	36,485,178	24,192,856	-	818,467
\$ 6,546,817	\$ 6,280,963	\$ 5,722,310	\$ 8,182,388	\$ 31,863,446	\$ 36,485,178	\$ -	\$ -

Hennepin County, Minnesota
Detail of Hennepin County's Equity Interest in Component Unit
(Included in the County's Statement of Net Position as a Governmental Activities Noncurrent Asset)
December 31, 2014

	HCMC Component Units				Reclassifications and Eliminations	Total
	HCMC	Hennepin Health Foundation	The Minneapolis Medical Research Foundation			
ASSETS						
Current Assets:						
Cash and investments	\$ 48,842,463	\$ 3,644,415	\$ 4,572,198	\$ -	\$ -	\$ 57,059,076
Receivables, net	234,226,033	3,895,934	4,663,022	(877,984)	-	241,907,005
Due from component unit or primary government	-	-	-	3,260,741	-	3,260,741
Prepaid items	6,992,649	-	596,681	-	-	7,589,330
Inventories	4,712,581	93,335	-	-	-	4,805,916
Total Current Assets	294,773,726	7,633,684	9,831,901	2,382,757	-	314,622,068
Noncurrent Assets:						
Cash and investments	3,471,882	-	26,337,399	-	-	29,809,281
Equity interest in component unit	43,180,986	-	-	(43,180,986)	-	-
Capital assets:						
Land	19,320,377	-	-	-	-	19,320,377
Buildings	362,564,113	-	7,164,025	-	-	369,728,138
Construction in progress	11,273,064	-	51,677	-	-	11,324,741
Equipment	201,682,620	19,257	4,305,598	-	-	206,007,475
Software	6,731,207	-	-	-	-	6,731,207
Leasehold improvements	15,609,929	-	-	-	-	15,609,929
Total capital assets	617,181,310	19,257	11,521,300	-	-	628,721,867
Less accumulated depreciation and amortization ..	(378,494,282)	(19,257)	(9,303,198)	-	-	(387,816,737)
Net Capital Assets	238,687,028	-	2,218,102	-	-	240,905,130
Total Noncurrent Assets	285,339,896	-	28,555,501	(43,180,986)	-	270,714,411
Total Assets	580,113,622	7,633,684	38,387,402	(40,798,229)	-	585,336,479
LIABILITIES						
Current Liabilities:						
Accounts and contracts payable	21,987,703	288,361	472,015	(586,437)	-	22,161,642
Accrued liabilities	57,682,674	36,765	2,042,959	-	-	59,762,398
Due to component unit or primary government	57,361,813	-	-	2,969,194	-	60,331,007
Workers' compensation claims	1,700,000	-	-	-	-	1,700,000
Lease due to primary government	2,914,378	-	-	-	-	2,914,378
Compensated absences	1,900,000	-	-	-	-	1,900,000
Total Current Liabilities	143,546,568	325,126	2,514,974	2,382,757	-	148,769,425
Noncurrent Liabilities:						
Workers' compensation claims	12,060,000	-	-	-	-	12,060,000
Postemployment healthcare benefits	38,750,000	-	-	-	-	38,750,000
Compensated absences	35,136,735	-	-	-	-	35,136,735
Total Noncurrent Liabilities	85,946,735	-	-	-	-	85,946,735
Total Liabilities	229,493,303	325,126	2,514,974	2,382,757	-	234,716,160
NET POSITION						
Net investment in capital assets	235,518,000	-	2,218,102	-	-	237,736,102
Restricted for Grant and donor restrictions	3,471,882	6,124,339	19,702,309	-	-	29,298,530
Unrestricted	111,630,437	1,184,219	13,952,017	(43,180,986)	-	83,585,687
Total Net Position	\$ 350,620,319	\$ 7,308,558	\$ 35,872,428	\$ (43,180,986)	\$ -	\$ 350,620,319
Equity Interest in Component Unit - Beginning						\$ 335,857,427
Net Change in Equity Interest in Component Unit						14,762,892
Equity Interest in Component Unit - Ending						<u>\$ 350,620,319</u>

Hennepin County, Minnesota
Statement of Changes in Assets and Liabilities
Agency Fund
December 31, 2014

	<u>Balance</u> January 1, 2014	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> December 31, 2014
ASSETS				
Cash and investments	\$ 91,994,903	\$ 3,216,245,401	\$ 3,211,751,601	\$ 96,488,703
Delinquent taxes receivable, net	37,978,251	614,640	3,886,291	34,706,600
Other receivable	<u>5,382,289</u>	<u>25,000</u>	<u>5,407,289</u>	<u>-</u>
Total Assets	<u>\$ 135,355,443</u>	<u>\$ 3,216,885,041</u>	<u>\$ 3,221,045,181</u>	<u>\$ 131,195,303</u>
LIABILITIES				
Amounts due as agent	<u>\$ 135,355,443</u>	<u>\$ 4,279,022,478</u>	<u>\$ 4,283,182,618</u>	<u>\$ 131,195,303</u>



Statistical Section

STATISTICAL SECTION

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

	Governmental Activities Net Position ³				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2005	\$ 903,789,063 76.2 %	18,676,966 1.6	262,636,738 22.2	\$ 1,185,102,767 100.0 %	\$ 151,886,123 59.9 %	56,409,402 22.3
2006	\$ 930,117,158 77.7 %	66,685,568 5.6	200,304,446 16.7	\$ 1,197,107,172 100.0 %	\$ 196,596,404 68.3 %	49,157,579 17.1
2007 ^{1,2}	\$ 942,960,829 90.5 %	72,540,669 7.0	25,649,617 2.5	\$ 1,041,151,115 100.0 %	\$ 67,287,699 52.6 %	55,254,227 43.2
2008 ²	\$ 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 61.9 %	65,314,557 35.4
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 63.7 %	64,605,171 34.9

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

² In 2007 and 2008, sales tax revenue bonds totalling \$150 million and \$191.8 million, respectively, were issued and proceeds were granted to the Minnesota Ballpark Authority for ballpark construction.

³ Beginning in 2012 implementation of GASB 61 required the inclusion of an asset for the County's investment in component unit (the Medical Center) in governmental activities, which is also reflected above for 2011 for comparative purposes. On January 1, 2012, Hennepin Faculty Associates became fully integrated with the Medical Center. The County's investment in component unit is not reflected prior to 2011 because information for the integrated entity is not available for those years.

Unaudited

Table 1

Activities Net Position			Total Primary Government Net Position			
Unrestricted	Total	Net Investment in Capital Assets	Restricted	Unrestricted	Total	
44,954,696 17.8	\$ 253,250,221 100.0 %	\$ 1,055,675,186 73.4 %	75,086,368 5.2	307,591,434 21.4	\$ 1,438,352,988 100.0 %	
41,962,707 14.6	\$ 287,716,690 100.0 %	\$ 1,126,713,562 75.9 %	115,843,147 7.8	242,267,153 16.3	\$ 1,484,823,862 100.0 %	
5,356,962 4.2	\$ 127,898,888 100.0 %	\$ 1,010,248,528 86.4 %	127,794,896 10.9	31,006,579 2.7	\$ 1,169,050,003 100.0 %	
6,123,790 4.4	\$ 139,007,931 100.0 %	\$ 1,003,172,718 75.1 %	122,628,109 9.2	210,314,276 15.7	\$ 1,336,115,103 100.0 %	
6,828,085 4.4	\$ 154,353,172 100.0 %	\$ 985,573,022 93.4 %	108,937,807 10.3	(39,644,712) (3.7)	\$ 1,054,866,117 100.0 %	
7,224,268 4.5	\$ 161,372,068 100.0 %	\$ 993,674,609 89.5 %	108,804,651 9.8	7,274,691 0.7	\$ 1,109,753,951 100.0 %	
6,620,055 3.8	\$ 172,185,726 100.0 %	\$ 1,012,460,389 65.1 %	109,146,941 7.0	433,190,636 27.9	\$ 1,554,797,966 100.0 %	
5,589,987 3.1	\$ 182,003,746 100.0 %	\$ 1,065,996,592 63.9 %	114,514,695 6.9	486,102,296 29.2	\$ 1,666,613,583 100.0 %	
5,044,995 2.7	\$ 184,494,777 100.0 %	\$ 1,122,827,940 64.8 %	106,567,213 6.1	504,870,921 29.1	\$ 1,734,266,074 100.0 %	
2,652,900 1.4	\$ 185,248,044 100.0 %	\$ 1,152,205,914 62.7 %	122,288,891 6.7	561,778,572 30.6	\$ 1,836,273,377 100.0 %	

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

Governmental Activities Change in Net Position ³

	Net Program Expense	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total
2005	\$ (490,685,770)	559,892,436	(23,331,993)	-	45,874,673
2006	\$ (547,181,378)	599,212,313	(29,926,530)	-	22,104,405
2007	\$ (836,085,919) ¹	687,412,376	(8,681,291)	3,593,016 ²	(153,761,817)
2008	\$ (917,787,928) ¹	701,193,882	(692,082)	-	(217,286,127)
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

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

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

³ Governmental Accounting Standards Board Statement 61 was implemented in 2012, resulting in increased general revenue relating to the change in the investment in component unit. 2011 was restated for comparison purposes, but data was not available for prior years.

Unaudited

Business-type Activities Change in Net Position					
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	Total	Total Change in Net Position
(8,907,803)	24,796,658	23,331,993	-	39,220,848	\$ 85,095,521
(21,031,033)	25,570,972	29,926,530	-	34,466,469	\$ 56,570,874
3,988,312 ²	4,634,579	8,681,291	(177,121,984)	(159,817,800)	\$ (313,579,617)
6,729,151	3,687,810	692,082	-	11,109,043	\$ (206,177,084)
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
(1,307,340)	2,536,046	(475,439)	-	753,267	\$ 102,007,303

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

Year	Governmental Activities						
	General Government ¹	Human Services	Health	Public Safety	Public Works	Libraries	Housing and Redevelopment Authority
2005	\$ 81,412,732 5.0 %	512,129,212 31.8	24,412,677 1.5	237,621,848 14.7	63,921,761 4.0	60,472,230 3.7	4,401,851 0.3
2006	\$ 99,566,561 5.7 %	502,953,393 28.7	35,549,645 2.0	250,651,337 14.4	71,203,613 4.1	71,210,259 4.1	9,467,195 0.5
2007 ²	\$ 280,992,186 18.3 %	524,976,731 34.2	71,846,714 4.7	262,031,271 17.1	71,525,626 4.7	76,518,477 5.0	6,613,528 0.4
2008 ²	\$ 328,277,518 19.7 %	534,345,333 32.0	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 34.3	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 31.5	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 31.7	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 32.5	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 31.2	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	\$ 85,819,888 5.7 %	486,567,994 32.2	100,984,162 6.7	283,974,464 18.8	166,575,030 11.1	80,800,565 5.4	9,930,939 0.7

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

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

³ The Property Services department moved from General Government to Public Works in 2014, and 2013 was adjusted for comparison purposes, but data was not available for prior years.

Unaudited

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities					Radio Communications	Total
		Medical Center	Metropolitan Health Plan	Environmental Services	Golf Course			
6,990,691 0.4	18,021,457 1.1	429,746,433 26.6	110,516,072 6.8	62,815,512 3.9	932,325 0.1	1,634,253 0.1	\$ 1,615,029,054 100.0 %	
8,201,101 0.5	21,169,067 1.2	485,422,331 27.8	118,028,796 6.8	70,672,543 4.0	902,148 0.1	1,384,811 0.1	\$ 1,746,382,800 100.0 %	
11,339,667 0.7	26,680,591 1.7	- -	132,625,392 8.6	67,159,290 4.4	903,841 0.1	2,184,355 0.1	\$ 1,535,397,669 100.0 %	
12,571,949 0.8	36,829,329 2.2	- -	163,236,590 9.8	67,747,708 4.1	930,070 0.1	2,212,072 0.1	\$ 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	919,344 0.1	2,430,579 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	920,912 0.1	2,065,615 0.1	\$ 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	864,081 0.1	2,936,049 0.2	\$ 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	831,037 0.1	2,165,040 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	967,607 0.1	2,357,681 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	784,531 0.1	2,174,912 0.1	\$ 1,507,179,896 100.0 %	

Hennepin County, Minnesota
Government-wide Revenues
 Last Ten Years

Year	Program Revenues						Operating Grants and Contributions
	Charges for Services						
	General Government	Human Services	Medical Center	Metropolitan Health Plan	Environmental Services	Other	
2005	\$ 32,062,914 1.9 %	65,931,495 3.9	415,153,465 24.4	107,224,133 6.3	67,261,096 4.0	35,865,530 2.1	312,243,370 18.4
2006	\$ 34,940,775 1.9 %	57,814,147 3.2	464,497,986 25.8	115,142,431 6.4	66,662,624 3.7	45,825,137 2.5	310,439,148 17.2
2007 ¹	\$ 34,199,765 2.4 %	52,556,422 3.7	- -	125,215,654 8.9	71,744,444 5.1	42,128,650 3.0	330,308,471 23.6
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
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
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
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
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
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
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	- -	158,493,627 9.8	51,262,909 3.2	69,363,314 4.3	356,302,561 22.2

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

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

³ The Property Services department moved from General Government to Public Works (Other Program Revenues) in 2014, and 2013 was adjusted for comparison purposes, but data was not available for prior years.

Unaudited

Table 4

Capital Grants and Contributions	General Revenues						Change in Equity Interest in Component Unit	Total Revenues
	Property Taxes	Sales Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses)			
79,693,478 4.7	506,840,135 29.7	- -	7,974,292 0.5	57,835,405 3.4	12,039,262 0.7	- -	\$ 1,700,124,575 100.0 %	
82,848,141 4.6	529,589,730 29.4	- -	7,882,419 0.4	55,366,834 3.1	31,944,302 1.8	- -	\$ 1,802,953,674 100.0 %	
47,146,656 3.4	565,151,178 40.4	33,863,824 2.4	6,788,849 0.5	54,697,960 3.9	38,345,144 2.7	- -	\$ 1,402,147,017 100.0 %	
22,669,447 1.6	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 %	
49,767,713 3.5	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 %	
52,308,808 3.6	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 %	
51,938,333 3.5	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 %	
46,163,291 3.2	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 %	
84,213,034 5.6	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 %	
126,468,869 7.9	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	\$ 1,609,187,199 100.0 %	

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

General Fund

Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2005	\$ 17,027,170 10.0%	153,185,977 90.0%	-	-	-	-	-	170,213,147 100.0%
2006	\$ 22,847,946 13.3%	148,315,944 86.7%	-	-	-	-	-	171,163,890 100.0%
2007	\$ 29,347,142 18.6%	128,617,879 81.4%	-	-	-	-	-	157,965,021 100.0%
2008	\$ 28,408,587 19.3%	118,901,366 80.7%	-	-	-	-	-	147,309,953 100.0%
2009	\$ 24,897,832 15.8%	132,674,829 84.2%	-	-	-	-	-	157,572,661 100.0%
2010	\$ -	-	9,569,544 6.9%	18,762,937 13.5%	-	28,685,391 20.7%	81,507,843 58.8%	138,525,715 100.0%
2011	\$ -	-	10,389,781 6.7%	16,031,074 10.4%	-	21,257,943 13.7%	106,965,647 69.2%	154,644,445 100.0%
2012	\$ -	-	12,483,267 7.1%	16,251,456 9.3%	-	24,461,198 14.0%	121,504,946 69.6%	174,700,867 100.0%
2013	\$ -	-	3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ -	-	3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%

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					
113,865,337	143,949,436	-	(95,027,145)	-	-	-	-	\$ 162,787,628
166,547,322	142,237,827	2,898,097	(118,012,691)	-	-	-	-	\$ 193,670,555
136,943,926	152,620,765	1,711,746	(102,265,885)	-	-	-	-	\$ 189,010,552
127,356,067	158,640,843	3,730,427	(94,324,776)	-	-	-	-	\$ 195,402,561
131,373,498	229,830,077	5,958,620	(79,684,999)	-	-	-	-	\$ 287,477,196
-	-	-	-	4,630,576 1.4%	142,576,354 44.4%	173,928,767 54.2%	-	\$ 321,135,697 100.0%
-	-	-	-	20,224,677 6.3%	129,320,678 40.5%	169,814,896 53.2%	-	\$ 319,360,251 100.0%
-	-	-	-	18,863,616 6.8%	87,621,459 31.8%	169,132,402 61.4%	-	\$ 275,617,477 100.0%
-	-	-	-	18,782,384 6.4%	129,622,059 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
-	-	-	-	18,134,611 4.4%	206,100,577 50.3%	185,971,038 45.3%	- 0.0%	\$ 410,206,226 100.0%

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
2005	\$ (34,501,828)	50,000,000	13,629,638	(28,629,638)	114,291
2006 ²	\$ (46,775,138)	101,415,000	8,868,441	(39,295,573)	2,840,727
2007 ³	\$ (221,142,196)	207,410,000	27,619,655	(38,854,470)	222,899
2008 ³	\$ (322,733,729)	316,910,623	32,464,610	(34,298,499)	-
2009	\$ (41,986,530)	129,403,455	37,666,116	(37,221,555)	-
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802

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

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

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

⁴ In years when the County made optional payments for early redemption of outstanding G.O. bond issues, including current refundings, the related amounts were removed for the calculation of the debt service percentage. The payments included \$4,100,000 in 2008, \$5,700,000 in 2009, \$4,000,000 in 2010, \$19,200,000 in 2011, \$21,400,000 in 2012, and \$33,700,000 in 2013.

Unaudited

Table 6

Bond and Note Premiums	Total	Net Change in Fund Balances	Debt Service as a Percentage of Noncapital Expenditures ⁴
-	\$ 35,114,291	\$ 612,463	4.9 %
3,903,418	\$ 77,732,013	\$ 30,956,875	5.2 %
7,449,943	\$ 203,848,027	\$ (17,294,169)	5.4 %
3,393,935	\$ 318,470,669	\$ (4,263,060)	7.7 %
14,475,857	\$ 144,323,873	\$ 102,337,343	6.7 %
12,965,515	\$ 240,519,926	\$ 14,611,555	6.1 %
3,197,996	\$ 63,576,839	\$ 14,343,284	7.9 %
3,870,697	\$ 2,083,779	\$ (23,686,352)	8.6 %
5,767,852	\$ 140,414,202	\$ 34,992,442	7.7 %
31,239,950	\$ 132,424,197	\$ 123,385,541	8.7 %

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

<u>Year</u>	<u>General Government</u> ¹	<u>Human Services</u>	<u>Health</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Libraries</u>
2005	\$ 91,818,642 8.2 %	487,350,895 43.6	20,649,614 1.9	201,645,138 18.1	48,571,699 4.4	54,705,002 4.9
2006	\$ 105,117,648 8.9 %	493,933,223 41.7	23,784,930 2.0	219,242,099 18.5	48,158,796 4.1	62,434,161 5.3
2007 ²	\$ 312,387,545 22.0 %	511,193,622 36.2	27,363,437 1.9	237,181,654 16.7	49,143,153 3.5	65,195,167 4.6
2008 ²	\$ 330,009,832 21.2 %	524,224,244 33.8	60,972,106 3.9	250,802,864 16.1	51,662,027 3.3	66,452,281 4.3
2009	\$ 142,088,557 11.2 %	455,791,662 35.7	61,808,219 4.9	248,058,746 19.5	51,286,705 4.0	61,785,210 4.9
2010	\$ 189,555,125 12.7 %	454,975,440 30.2	107,577,723 7.2	249,504,292 16.7	70,171,537 4.7	70,618,795 4.7
2011	\$ 131,590,360 9.9 %	443,134,270 33.5	87,401,937 6.6	247,456,814 18.7	63,471,437 4.8	65,935,700 5.0
2012	\$ 137,679,061 10.6 %	441,096,724 34.0	89,233,679 6.9	247,225,055 19.0	61,652,098 4.7	66,648,516 5.1
2013 ³	\$ 126,420,674 8.9 %	452,758,532 31.8	100,968,808 7.1	252,514,555 17.7	108,399,166 7.6	67,585,439 4.7
2014	\$ 109,620,512 7.6 %	480,331,430 33.0	95,889,084 6.6	259,029,720 17.9	121,257,536 8.4	70,435,923 4.9

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

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

³ The Property Services department moved from General Government to Public Works in 2014, and 2013 was adjusted for comparison purposes, but data was not available for prior years.

Unaudited

Table 7

<u>Housing and Redevelopment Authority</u>	<u>Regional Railroad Authority</u>	<u>Capital Projects</u>	<u>Debt Service, Principal</u>	<u>Debt Service, Interest</u>	<u>Intergovernmental</u>	<u>Total</u>
6,178,016 0.6	6,903,480 0.6	148,546,709 13.3	30,731,777 2.8	17,988,137 1.6	- -	\$ 1,115,089,109 100 %
17,134,285 1.4	10,757,189 0.9	149,075,456 12.6	33,102,937 2.8	20,992,450 1.8	- -	\$ 1,183,733,174 100 %
8,443,442 0.6	11,566,823 0.8	123,526,899 8.7	44,543,430 3.1	27,150,227 1.9	- -	\$ 1,417,695,399 100 %
4,940,368 0.3	12,323,007 0.8	136,750,072 8.8	78,591,294 5.1	37,106,626 2.4	- -	\$ 1,553,834,721 100 %
6,206,858 0.5	8,254,918 0.6	155,790,148 12.2	44,200,987 3.5	38,074,982 3.0	- -	\$ 1,273,346,992 100 %
9,072,189 0.6	12,468,700 0.8	131,177,963 8.8	49,000,152 3.3	39,890,104 2.7	113,277,589 7.6	\$ 1,497,289,609 100 %
6,864,613 0.5	12,056,194 0.9	144,434,094 10.9	68,463,497 5.2	48,118,335 3.6	4,715,000 0.4	\$ 1,323,642,251 100 %
8,914,176 0.7	18,829,460 1.4	104,290,650 8.0	78,545,914 6.0	47,146,561 3.6	- -	\$ 1,301,261,894 100 %
7,024,936 0.5	22,605,137 1.6	135,084,237 9.5	96,959,103 6.8	46,559,602 3.3	7,285,547 0.5	\$ 1,424,165,736 100 %
9,264,852 0.6	24,025,579 1.7	137,325,079 9.5	93,594,868 6.5	47,070,712 3.3	- -	\$ 1,447,845,295 100 %

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
2005	\$ 496,742,397 46.0 %	-	-	3,503,453 0.3	434,665,983 40.2	116,244,747 10.7
2006	\$ 519,152,249 45.7 %	-	-	3,228,137 0.3	432,563,798 38.0	116,556,074 10.2
2007	\$ 576,154,864 48.2 %	27,063,825 2.3	-	2,645,147 0.2	404,225,279 33.8	106,476,920 8.8
2008	\$ 603,496,614 49.0 %	28,053,049 2.3	-	2,199,892 0.2	419,067,595 34.0	106,012,238 8.6
2009	\$ 644,310,101 52.3 %	27,129,142 2.2	-	2,172,588 0.2	378,370,681 30.7	117,222,921 9.6
2010	\$ 681,934,811 53.6 %	28,244,445 2.2	-	2,079,744 0.2	397,419,467 31.3	129,977,637 10.1
2011	\$ 675,091,343 53.0 %	30,094,848 2.4	-	1,973,347 0.2	392,952,707 30.8	131,474,018 10.2
2012	\$ 696,125,253 54.6 %	31,601,050 2.5	-	2,934,354 0.2	376,050,675 29.5	132,028,560 10.3
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	-	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6

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

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

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Investment Earnings ²	Other	Total
1,498,865 0.1	3,892,156 0.4	12,458,804 1.2	11,580,876 1.1	\$ 1,080,587,281 100 %
1,538,397 0.1	4,296,492 0.4	32,889,534 2.9	26,733,355 2.4	\$ 1,136,958,036 100 %
1,821,355 0.2	4,565,987 0.4	39,679,080 3.3	33,920,746 2.8	\$ 1,196,553,203 100 %
1,859,326 0.2	4,874,046 0.4	30,919,669 2.5	34,618,563 2.8	\$ 1,231,100,992 100 %
2,295,170 0.2	5,781,279 0.5	12,854,534 1.0	41,224,046 3.3	\$ 1,231,360,462 100 %
1,967,673 0.2	5,900,134 0.5	7,470,397 0.6	16,386,930 1.3	\$ 1,271,381,238 100 %
1,932,048 0.2	6,407,791 0.5	14,370,838 1.1	20,111,756 1.6	\$ 1,274,408,696 100 %
1,742,784 0.1	6,499,196 0.5	9,911,877 0.8	18,598,014 1.5	\$ 1,275,491,763 100 %
1,873,560 0.1	7,041,106 0.5	(1,991,204) (0.2)	17,887,085 1.4	\$ 1,318,743,976 100 %
1,662,357 0.1	7,549,567 0.5	11,188,951 0.8	20,333,357 1.4	\$ 1,438,806,639 100 %

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

Real Estate						
	Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous	Exempt
2005	\$ 96,564,547 65.3 %	8,130,642 5.5	22,365,427 15.1	729,315 0.5	28,745 0.0	18,965,624 12.8
2006	\$ 104,903,604 65.9 %	8,236,029 5.2	25,052,910 15.7	839,554 0.5	33,214 0.0	18,965,624 11.9
2007	\$ 109,251,869 65.4 %	8,562,454 5.1	28,186,928 16.9	888,835 0.5	84,688 0.1	18,965,624 11.3
2008	\$ 107,145,474 64.3 %	8,628,267 5.2	29,764,516 17.9	864,041 0.5	68,962 0.0	18,965,624 11.4
2009	\$ 102,430,703 63.7 %	8,628,975 5.4	28,723,247 17.9	773,764 0.5	58,310 0.0	18,965,624 11.8
2010	\$ 95,810,842 62.3 %	8,126,550 5.3	26,455,131 17.2	686,687 0.4	50,655 0.0	21,249,594 13.8
2011	\$ 92,367,575 61.8 %	8,141,313 5.5	25,566,334 17.1	667,293 0.4	32,528 0.0	21,249,594 14.2
2012	\$ 87,386,034 60.4 %	8,465,660 5.8	25,628,865 17.7	645,946 0.4	31,188 0.0	21,249,594 14.7
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6

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

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

Source: Hennepin County Property Information System.

Unaudited

Table 9

<u>Total Real Estate</u>	<u>Personal Property</u>	<u>Total Estimated Market Value Including Exempt Property</u>	<u>Total Estimated Market Value</u>	<u>Total Direct Tax Rate²</u>
146,784,300 99.2	1,165,961 0.8	\$ 147,950,261 100 %	\$ 128,984,637	44 %
158,030,935 99.2	1,232,185 0.8	\$ 159,263,120 100 %	\$ 140,297,496	41 %
165,940,398 99.3	1,217,773 0.7	\$ 167,158,171 100 %	\$ 148,192,547	39 %
165,436,884 99.3	1,234,923 0.7	\$ 166,671,807 100 %	\$ 147,706,183	39 %
159,580,623 99.2	1,238,596 0.8	\$ 160,819,219 100 %	\$ 141,853,595	40 %
152,379,459 99.2	1,295,495 0.8	\$ 153,674,954 100 %	\$ 132,425,360	43 %
148,024,637 99.1	1,333,422 0.9	\$ 149,358,059 100 %	\$ 128,108,465	46 %
143,407,287 99.0	1,449,118 1.0	\$ 144,856,405 100 %	\$ 123,606,811	48 %
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100 %	\$ 134,691,712	46 %

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

Payable Year	Hennepin County Direct Taxes				
	General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates	Tax Levies
2005	18.04 %	3.77 %	22.36 %	44.17 %	\$ 1,937,512,677
2006	16.73	3.42	20.87	41.02	2,081,397,863
2007	17.45	3.31	18.35	39.11	2,231,202,862
2008	17.61	3.13	17.83	38.57	2,368,624,500
2009	18.30	3.52	18.59	40.41	2,542,570,232
2010	21.23	3.50	17.91	42.64	2,559,559,665
2011	22.37	4.38	19.09	45.84	2,586,972,956
2012	23.37	5.17	19.13	47.67	2,578,977,362
2013	23.21	5.56	20.77	49.54	2,620,562,626
2014	21.51	5.40	19.34	46.25	2,692,058,025

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>
1.608 %	\$ 18,412,350	1.132 %	\$ 13,576,139	0.056 %	\$ 6,726,197
1.542	19,691,307	0.873	11,929,206	0.509	6,852,845
1.295	18,509,833	0.877	12,973,186	0.499	7,395,646
1.264	19,283,519	0.812	13,092,025	0.486	7,801,856
1.273	19,455,492	0.817	13,156,461	0.489	7,874,542
1.366	20,612,822	0.793	12,720,347	0.461	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848

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

Taxpayer	2014			2005		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 12,984,250	1	0.87 %	\$ 9,345,250	1	0.76 %
Xcel Energy (NSP)	7,292,432	2	0.49	3,642,586	3	0.30
IDS MB Minneapolis 8th St LLC	3,859,250	3	0.26	3,079,250	4	0.27
NWC Limited Partnership	3,577,250	4	0.24	3,339,250	5	0.25
Minneapolis 225 Holdings LLC	3,533,250	5	0.24			
Wells REIT	2,911,250	6	0.20	2,599,250	7	0.21
US Bank N.A.	2,761,250	7	0.19			
SRI Ten City Center LLC	2,593,250	8	0.17			
Hilton Hotels Corporation	2,529,250	9	0.17			
Ridgedale Joint Venture	2,459,250	10	0.17	2,134,950	10	0.17
Best Buy Co Inc				2,748,390	6	0.22
Concordia Properties				2,487,232	8	0.20
Flanagan-AMEX				4,358,500	2	0.35
First Minneapolis-Hines Co				2,239,250	9	0.18
Total	\$ 44,500,682		3.00 %	\$ 35,973,908		2.91 %

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
2005	\$ 554,556,185	\$ 1,389,798,970	\$ (6,842,478)	\$ 1,937,512,677	\$ 1,915,836,595	98.88 %
2006	574,358,310	1,511,876,384	(4,836,831)	2,081,397,863	2,053,284,818	98.65
2007	608,323,524	1,629,101,934	(6,222,596)	2,231,202,862	2,195,690,251	98.41
2008	634,304,268	1,743,593,908	(9,273,676)	2,368,624,500	2,326,158,966	98.21
2009	684,646,270	1,868,975,826	(11,051,864)	2,542,570,232	2,487,064,241	97.82
2010	725,906,127	1,847,810,295	(14,156,757)	2,559,559,665	2,503,659,872	97.82
2011	716,809,208	1,885,286,295	(15,122,547)	2,586,972,956	2,543,273,613	98.31
2012	704,763,947	1,885,464,012	(11,250,597)	2,578,977,362	2,551,959,374	98.95
2013	713,992,585	1,912,964,824	(6,394,783)	2,620,562,626	2,603,084,407	99.33
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96

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>
\$	6,138,386	\$ 1,921,974,981	\$ 21,676,082	1.12 %
	11,046,119	2,064,330,937	28,113,045	1.35
	17,911,682	2,213,601,933	35,512,611	1.59
	25,923,452	2,352,082,418	42,465,534	1.79
	28,971,428	2,516,035,669	55,505,991	2.18
	27,483,337	2,531,143,209	55,899,793	2.18
	7,102,887	2,550,376,500	43,699,343	1.69
	7,145,515	2,559,104,889	27,017,988	1.05
	9,086,657	2,612,171,064	17,478,219	0.67
	(4,695,777)	2,659,412,970	27,949,278	1.04

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
2005	\$ 998,443,572	\$ 91,616,386,899	\$ 336,041,511	\$ 30,650,991,657
2006	1,105,871,333	101,073,571,600	374,841,727	34,714,631,405
2007	1,192,261,639	108,130,892,500	410,535,647	37,851,513,805
2008	1,198,620,162	108,958,626,067	413,935,332	37,930,415,840
2009	1,161,337,991	104,631,351,200	439,141,541	36,953,274,630
2010	1,082,056,515	97,304,713,300	394,912,341	34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648

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
\$	1,334,485,083	\$ 122,267,378,556	1.1 %	74.8 %	25.2 %
	1,480,713,060	135,788,203,005	1.1	74.7	25.3
	1,602,797,286	145,982,406,305	1.1	74.4	25.6
	1,612,555,494	146,889,041,907	1.1	74.3	25.7
	1,600,479,532	141,584,625,830	1.1	72.6	27.4
	1,476,968,856	132,165,413,580	1.1	73.3	26.7
	1,397,609,366	122,800,948,752	1.1	73.4	26.6
	1,369,968,893	118,106,438,594	1.2	72.7	27.3
	1,367,504,155	119,027,889,660	1.1	72.6	27.4
	1,489,879,943	129,650,721,822	1.1	72.4	27.6

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		
Bloomington	\$ 136,500,793	\$ 1,410,318	\$ 137,911,111	\$ (17,261,137)	\$ (11,765,950)	\$ 108,884,024	130 %
Brooklyn Center	18,953,288	370,476	19,323,764	4,143,600	(2,764,303)	20,703,061	163
Brooklyn Park	60,289,821	961,384	61,251,205	5,307,332	(1,050,617)	65,507,920	140
Champlin	18,063,772	231,102	18,294,874	2,171,728	(137,185)	20,329,417	121
Chanhassen (part)	1,340,248	4,380	1,344,628	(419,603)		925,025	106
Corcoran	6,872,484	354,795	7,227,279	52,351		7,279,630	132
Crystal	14,513,325	245,178	14,758,503	3,109,536	(297,589)	17,570,450	140
Dayton (part)	5,084,591	160,776	5,245,367	33,191	(35,299)	5,243,259	143
Deephaven	11,581,247	49,183	11,630,430	6,823		11,637,253	100
Eden Prairie	109,767,736	1,581,718	111,349,454	(11,047,836)	(2,933,721)	97,367,897	119
Edina	117,379,742	527,472	117,907,214	(7,085,603)	(1,618,920)	109,202,691	111
Excelsior	4,630,478	47,211	4,677,689	(360,946)	(89,957)	4,226,786	115
Fort Snelling		16,415	16,415			16,415	84
Golden Valley	37,743,877	423,575	38,167,452	(4,396,391)	(20,214)	33,750,847	142
Greenfield	3,917,722	136,352	4,054,074	(59,785)		3,994,289	127
Greenwood	3,276,453	12,308	3,288,761	(47,322)		3,241,439	103
Hanover (part)	610,020	9,000	619,020	65,869		684,889	139
Hopkins	20,585,146	224,473	20,809,619	(787,475)	(2,090,305)	17,931,839	148
Independence	6,261,260	166,146	6,427,406	6,495		6,433,901	120
International Airport		8,572,370	8,572,370			8,572,370	57
Long Lake	2,657,109	37,634	2,694,743	(218,373)	(82,484)	2,393,886	125
Loretto	610,740	9,794	620,534	(456)	(13,558)	606,520	134
Maple Grove	87,103,968	1,518,443	88,622,411	(5,088,654)	(338,362)	83,195,395	126
Maple Plain	1,822,100	28,060	1,850,160	(70,118)		1,780,042	160
Medicine Lake	851,851	3,638	855,489	6,715		862,204	117
Medina	15,698,082	331,662	16,029,744	(761,838)	(430,140)	14,837,766	102
Minneapolis	439,521,662	7,792,444	447,314,106	(3,824,408)	(32,975,507)	410,514,191	142
Minnnetonka	97,592,653	811,925	98,404,578	(9,717,859)	(2,026,014)	86,660,705	122
Minnnetonka Beach	3,254,759	9,410	3,264,169	(21,247)		3,242,922	107
Minnetrista	13,666,702	181,771	13,848,473	212,633		14,061,106	114
Mound	10,665,953	100,234	10,766,187	600,753	(384,355)	10,982,585	130
New Hope	16,638,481	221,628	16,860,109	1,361,666	(338,715)	17,883,060	146
Orono	27,566,309	167,700	27,734,009	(230,657)	(59,925)	27,443,427	106
Osseo	2,362,630	50,036	2,412,666	(74,258)	(250,959)	2,087,449	156
Plymouth	112,282,072	1,377,640	113,659,712	(8,098,489)	(1,248,739)	104,312,484	114
Richfield	31,369,930	271,253	31,641,183	1,732,515	(3,349,484)	30,024,214	146
Robbinsdale	8,620,483	174,991	8,795,474	2,247,376	(294,844)	10,748,006	141
Rockford	251,986	129,154	381,140	(4,175)		376,965	157
Rogers	19,712,843	328,345	20,041,188	(2,885,164)	(275,689)	16,880,335	133
St. Anthony (part)	5,075,416	57,257	5,132,673	340,005		5,472,678	161
St. Bonifacius	1,841,848	29,864	1,871,712	157,258		2,028,970	122
St. Louis Park	65,599,841	607,025	66,206,866	(3,879,478)	(5,894,025)	56,433,363	134
Shorewood	15,926,414	122,460	16,048,874	(21,825)		16,027,049	113
Spring Park	2,578,200	22,141	2,600,341	(91,025)	(84,073)	2,425,243	119
Tonka Bay	5,815,803	24,615	5,840,418	(44,385)		5,796,033	101
Wayzata	19,605,682	131,052	19,736,734	(2,199,597)	(1,309,643)	16,227,494	108
Woodland	3,066,103	6,346	3,072,449			3,072,449	94
Total	\$ 1,589,131,623	\$ 30,051,154	\$ 1,619,182,777	\$ (57,142,258)	\$ (72,160,576)	\$ 1,489,879,943	

¹ Tax capacity is for the 2014 assessment year, for taxes payable in 2015. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at \$75,000 x 1% = \$750 tax capacity). Different property classifications are assigned different class rates.

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

Unaudited



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

Fiscal Year ¹	Governmental Activities				
	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2005	\$ 417,406,176	\$ -	\$ -	\$ 905,000	\$ 18,250,628
2006 ³	489,773,252	-	-	455,000	23,261,518
2007 ^{3,4}	517,929,133	-	156,804,517	19,964,418	19,628,936
2008	555,687,615	14,669,381	346,423,286	18,290,586	19,007,564
2009	663,901,487	13,966,378	339,451,067	15,852,849	18,729,815
2010 ⁵	850,726,971	25,164,681	335,228,848	13,423,829	8,285,886
2011	866,800,700	22,326,626	316,236,629	10,919,839	7,747,727
2012	816,545,346	21,883,262	299,564,410	8,650,720	7,138,254
2013	876,388,943	18,415,000	282,962,191	5,865,470	6,522,175
2014	931,152,600	16,003,242	266,899,972	2,985,220	5,899,012

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 22 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

³ 2006 and 2007 governmental activities outstanding debt amounts include crossover refunding totals of \$47.8 million and \$41.2 million, respectively. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

⁴ The inclusion of a discretely presented component unit in the County's financial statements was new in 2007. On January 1, 2007, the governance structure of Hennepin County Medical Center was changed through the formation of Hennepin Healthcare System, Inc. (HHS), a legally separate public corporation, to manage the operations of the Medical Center. Prior to 2007, the Medical Center was a County enterprise fund (business-type activity).

⁵ In 2010, the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing \$102.8 million of general obligation sales tax revenue bonds and loaning the proceeds to CTIB. CTIB will repay the County from sales tax revenues equal to the bond debt service paid by the County.

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

Unaudited

Table 15

Business-type Activities					Total Primary Government		
General Obligation Bonds	Revenue Bonds	Capital Lease	Lease Revenue Certificates of Participation	Notes Payable	Total Outstanding Debt	Total Debt as a Percentage of Personal Income ²	Total Debt Per Capita ²
\$ 21,764,656	\$ 67,515,000	\$ 937,707	\$ 23,415,579	\$ 19,491	\$ 550,214,237	0.98%	\$ 492
20,265,910	55,525,000	723,944	21,744,493	12,808	611,761,925	1.08%	547
2,205,000	45,611,350	-	-	-	762,143,354	1.28%	679
2,020,000	33,253,625	-	-	-	989,352,057	1.55%	870
1,820,000	20,625,895	-	-	-	1,074,347,491	1.66%	942
1,610,000	8,197,034	-	-	-	1,242,637,249	1.99%	1,075
1,405,000	4,099,772	-	-	-	1,229,536,293	1.94%	1,067
1,265,000	-	-	-	-	1,155,046,992	1.72%	989
1,120,000	-	-	-	-	1,191,273,779	1.71%	994
975,000	-	-	-	-	1,223,915,046	1.68%	1,010

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

Year	Net General Obligation Debt ^{1,5}			Net	Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Debt Not Supported by Tax Levy	Less Amount Available for Debt Service					
2005	\$ 439,170,832	\$ 79,160,000	\$ 5,901,196	\$ 354,109,636	\$ 128,984,637,000	1,119,364	0.27 %	\$ 316.35
2006 ⁴	510,039,162	65,620,000	52,690,825	391,728,337	140,297,496,000	1,122,093	0.28	349.11
2007 ⁴	520,134,133	45,370,000	42,960,914	431,803,219	148,192,547,000	1,136,599	0.29	379.91
2008	572,376,996	33,585,000	5,391,807	533,400,189	147,706,183,000	1,140,988	0.36	467.49
2009	679,687,865	21,525,000	7,688,195	650,474,670	141,853,595,000	1,156,212	0.46	562.59
2010	877,501,652	112,295,000	7,256,597	757,950,055	132,425,360,000	1,152,425	0.57	657.70
2011	890,532,326	108,060,000	6,621,844	775,850,482	128,108,465,000	1,168,431	0.61	664.01
2012	839,693,608	100,275,000	5,817,703	733,600,905	123,606,811,000	1,184,576	0.59	619.29
2013	895,923,943	96,440,000	13,088,237	786,395,706	124,508,068,000	1,198,778	0.63	656.00
2014	948,130,842	105,960,000	14,597,849	827,572,993	134,691,712,000	1,212,064	0.61	682.78

¹ Debt that is secured in whole or part by the authority to levy taxes on real estate. 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 2006 and 2007 net general obligation debt amounts included crossover refunding totals of \$47.8 million and \$41.2 million, respectively. The amounts available for debt service included funds held by a trustee for that purpose. Both the refunding debt and refunded debt (old debt) remained on the books until the crossover date when the old debt was defeased.

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

Unaudited

Hennepin County, Minnesota
Direct, Overlapping, and Underlying General Obligation Debt
 December 31, 2014

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 858,650,000	\$ 791,686,685	100.00 %	\$ 791,686,685
Hennepin County Regional Railroad	36,205,000	35,886,308	100.00	35,886,308
Total Direct Debt	<u>894,855,000</u>	<u>827,572,993</u>		<u>827,572,993</u>
Overlapping:				
Metropolitan Council ³	1,724,004,856	93,953,739	46.72	43,895,187
Metropolitan Airport Commission	1,350,710,000	-	-	-
Total Overlapping Debt	<u>3,074,714,856</u>	<u>93,953,739</u>		<u>43,895,187</u>
Underlying:				
School Districts	1,672,763,548	1,277,171,514	100.00	1,277,171,514
Municipalities	1,687,892,033	504,348,077	100.00	504,348,077
Three Rivers Park District	66,945,000	52,209,049	100.00	52,209,049
Miscellaneous (Watersheds,HRAs, EDAs,etc.) - Excludes RRA	35,789,000	7,234,752	100.00	7,234,752
Total Underlying Debt	<u>3,463,389,581</u>	<u>1,840,963,392</u>		<u>1,840,963,392</u>
Total	\$ <u>7,432,959,437</u>	\$ <u>2,762,490,124</u>		\$ <u>2,712,431,572</u>

¹ Debt that is secured in whole or part by the authority to levy taxes on real estate. 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, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding¹</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
Direct:			
Hennepin County	\$ 1,187,710,046	100.00 %	\$ 1,187,710,046
Hennepin County Regional Railroad	<u>36,205,000</u>	100.00	<u>36,205,000</u>
Total Direct Debt	<u>1,223,915,046</u>		<u>1,223,915,046</u>
Overlapping:			
Metropolitan Council	1,724,004,856	46.72	805,455,069
Metropolitan Airport Commission	<u>1,350,710,000</u>	46.72	<u>631,051,712</u>
Total Overlapping Debt	<u>3,074,714,856</u>		<u>1,436,506,781</u>
Underlying:			
School Districts	1,672,763,548	100.00	1,672,763,548
Municipalities	1,687,892,033	100.00	1,687,892,033
Three Rivers Park District	66,945,000	100.00	66,945,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	<u>35,789,000</u>	100.00	<u>35,789,000</u>
Total Underlying Debt	<u>3,463,389,581</u>		<u>3,463,389,581</u>
 Total	 <u>\$ 7,762,019,483</u>		 <u>\$ 6,123,811,408</u>

¹ Debt premiums and deferred amounts on refundings are included in the amounts shown.

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>
2005	\$ 2,445,347,571	\$ 417,123,804	\$ 2,028,223,767	17.06%
2006	2,715,764,060	439,724,175	2,276,039,885	16.19%
2007	2,919,648,126	470,344,086	2,449,304,040	16.11%
2008	2,937,780,838	560,343,193	2,377,437,645	19.07%
2009	2,831,692,517	657,521,805	2,174,170,712	23.22%
2010	3,964,962,407	751,148,403	3,213,814,004	18.94%
2011	3,684,028,463	763,313,156	2,920,715,307	20.72%
2012	3,543,193,158	710,177,297	2,833,015,861	20.04%
2013	3,570,836,690	786,395,706	2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%

Computation of 2014 Legal Debt Margin

2014 market value of taxable property		<u>\$ 129,650,721,822</u>
Debt limit, 3% of taxable market value		\$ 3,889,521,655
Amount of levy supported debt	\$ 842,170,842	
Less amount available for debt service	<u>14,597,849</u>	<u>827,572,993</u>
Legal Debt Margin		<u>\$ 3,061,948,662</u>

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

Unaudited

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

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

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

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

Unaudited

Table 20

2011	2012	2013	2014
<u>\$ 29,589,411</u>	<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>
\$ 900,000	\$ 1,050,000	\$ 1,150,000	\$ 1,300,000
7,154,875	7,109,875	7,057,375	6,999,875
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>
3.67	3.81	4.01	4.07
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>
2,720,000	3,450,000	3,280,000	3,590,000
5,212,175	5,087,025	4,949,025	4,789,925
7,932,175	8,537,025	8,229,025	8,379,925
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>
1.85	1.86	2.00	2.02
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>
800,000	400,000	800,000	800,000
123,963	87,976	42,312	16,375
264,128	271,463	238,964	132,514
1,188,091	759,439	1,081,276	948,889
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>
1.72	1.78	1.88	1.92
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000
\$ 4,420,000	\$ 4,900,000	\$ 5,230,000	\$ 5,690,000
12,491,013	12,284,876	12,048,712	11,806,175
264,128	271,463	238,964	132,514
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>
1.72	1.78	1.88	1.92
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000

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

Year	Debt Service Expenditures ^{1,2}			Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
	Principal	Interest and Fiscal Charges	Total		
2005	\$ 30,731,777	\$ 17,988,137	\$ 48,719,914	\$ 1,115,089,109	4.37
2006	36,102,937	20,992,450	57,095,387	1,183,733,174	4.82
2007	63,273,430	22,773,927	86,047,357	1,404,083,394	6.13
2008	71,466,294	24,878,737	96,345,031	1,553,834,721	6.20
2009	35,460,987	24,622,112	60,083,099	1,273,346,992	4.72
2010	41,150,152	27,169,336	68,319,488	1,497,289,609	4.56
2011	44,708,497	30,895,111	75,603,608	1,323,642,251	5.71
2012	48,560,914	29,771,868	78,332,782	1,301,261,894	6.02
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	51,652,868	30,717,538	82,370,406	1,447,845,295	5.69

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 In years when the County made optional payments for early redemption of outstanding bond issues, including current refundings, the related amounts were removed. Optional principal payments included \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$10,000,000 in 2012, and a \$22,700,000 current refunding in 2013.

Unaudited

Hennepin County, Minnesota
Demographic and Economic Statistics
 Last Ten Years

<u>Year</u>	<u>Population</u> ¹	<u>Per Capita Income</u> ²	<u>Total Income</u>	<u>Median Age</u> ³	<u>Persons 25 years and older who are high school graduates</u> ³	<u>PK - 12 School Enrollment</u> ⁴	<u>Unemployment Rate</u> ²
2005	1,119,364	\$ 50,412	\$ 56,429,377,968	36.9	92.0 %	153,558	3.7 %
2006	1,122,093	52,905	59,364,330,165	37.2	92.0	153,449	3.5
2007	1,136,599	56,280	63,967,791,720	37.2	91.8	154,624	4.0
2008	1,140,988	56,564	64,538,845,232	37.6	92.2	155,754	4.9
2009	1,156,212	54,008	62,444,697,696	35.9	92.1	156,320	7.5
2010	1,152,425	54,949	63,324,601,325	35.9	92.1	157,170	6.6
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	35.9	92.2	162,827	4.7
2014	1,212,064	N/A ⁵	N/A ⁵	35.9	92.3	164,151	3.7

Sources:

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

Unaudited

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

	Hennepin County		Metropolitan Area ¹		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2005	674,764	3.7%	1,850,864	3.8%	2,947,198	4.0%	149,320,000	5.1%
2006	664,469	3.5	1,844,971	3.7	2,939,304	4.0	151,428,000	4.6
2007	669,389	4.0	1,848,796	4.3	2,930,553	4.6	153,124,000	4.6
2008	660,319	4.9	1,837,000	5.2	2,933,000	5.4	154,287,000	5.8
2009	661,816	7.5	1,855,914	7.8	2,967,967	8.0	154,015,250	9.3
2010	663,880	6.6	1,860,461	6.9	2,963,402	7.3	153,889,000	9.7
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2

Source: Minnesota Department Of Employment And Economic Development (12-month averages)

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

Unaudited

Hennepin County, Minnesota
Employment Information by Industry
 Last Ten Years

<u>Industry</u>	<u>Hennepin County Industry Ranking</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	4	3	3	2	2	2	2	2	2	2
Government and government enterprises	2	2	2	3	3	3	3	3	3	3
Finance and insurance	6	6	6	6	5	4	4	4	4	4
Retail trade	3	4	4	4	4	5	5	5	5	5
Manufacturing	5	5	5	5	6	6	6	6	6	6
Administrative and waste services	7	7	7	7	7	8	7	7	7	7
Accommodation and food services	8	8	8	8	8	7	8	8	8	8
Wholesale trade	9	9	9	10	9	9	9	9	9	9
Other services, except public administration	10	10	10	9	11	10	10	11	10	10
Management of companies and enterprises	13	14	13	13	12	12	12	12	12	11
Real estate	12	12	11	11	10	11	11	10	11	12
Construction	11	11	12	12	13	14	14	14	14	13
Transportation and warehousing	14	13	14	14	14	13	13	13	13	14
Arts, entertainment, and recreation	16	16	15	15	15	15	15	16	15	15
Educational services	17	17	17	17	17	16	16	15	16	16
Information	15	15	16	16	16	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	20	19	19	19	19	19	19	19	19	19
Farm	19	20	20	20	20	20	20	20	20	20

Note: 2014 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>Employer</u>	2014 ²			2005 ¹		
	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
State of Minnesota	54,000	1	1.82%	25,000	1	3.70%
United States Federal Government	45,000	2	1.52%	7,000	4	1.04%
Mayo Foundation	33,000	3	1.11%	8,000	3	1.19%
Target Corporation	31,000	4	1.04%	12,000	2	1.78%
University of Minnesota	25,000	5	0.84%			
Allina Health	24,000	6	0.81%			
Wal-Mart Stores, Inc.	21,000	7	0.71%			
Wells Fargo Bank Minnesota	20,000	8	0.67%	6,000	5	0.89%
Fairview Health Services	20,000	9	0.67%	5,000	9	0.74%
United Health Group, Inc.	18,000	10	0.61%			
Abbott Northwestern Hospital				5,000	7	0.74%
United Parcel Service of America, Inc.				5,000	6	0.80%
Cardiac Rhythm Management				5,000	8	0.74%
Medtronic Tachyarrhythmia Management				5,000	10	0.67%
	291,000		9.80%	83,000		12.29%

¹ Source for 2005: iSeek Solutions (iseek.org). Hennepin County Only.

² Statewide information from Twin Cities Business Lists and Research - Top 25 Minnesota Employers from 2013 Business Information Guide. Data specific to Hennepin County is no longer available.

Unaudited



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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Employees by Function/Program</u>				
General Government ¹	1,042	1,066	1,090	1,070
Human Services	2,957	2,993	3,029	2,910
Health ²	4,542	4,720	426	368
Public Safety	2,337	2,450	2,502	2,441
Public Works ¹	462	415	435	435
Libraries	860	864	844	832
	<u>12,200</u>	<u>12,508</u>	<u>8,326</u>	<u>8,056</u>
 Unionized Employees	 6,525	 8,184	 5,713	 5,538
 Full-Time Equivalents	 11,090	 11,189	 7,667	 7,474

¹ The Property Services department moved from General Government to Public Works in 2014. Data was not available to allow the adjustment of prior years.

² The Health function included Hennepin County Medical Center prior to 2007. In 2007, the Medical Center became a discretely presented component unit of the County.

Unaudited

Table 26

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
1,036	1,045	1,034	1,078	1,122	1,025
2,861	2,909	2,878	2,896	2,955	3,084
357	330	311	320	335	341
2,351	2,321	2,224	2,224	2,203	2,249
421	432	427	427	441	666
<u>773</u>	<u>759</u>	<u>735</u>	<u>727</u>	<u>722</u>	<u>742</u>
<u>7,799</u>	<u>7,796</u>	<u>7,609</u>	<u>7,672</u>	<u>7,778</u>	<u>8,107</u>
5,631	5,311	5,242	5,237	5,315	5,315
7,431	7,314	7,197	7,256	7,379	7,608

Hennepin County, Minnesota
Operating Indicators
 Last Ten Years

	2005	2006	2007
<u>Governmental Activities Operating Indicators by Function/Program</u>			
<u>Human Services</u>			
Annualized work participation rate for MFIP clients	N/A	N/A	N/A
Percent of cash applications processed in less than 45 days	N/A	N/A	N/A
Percent of health care applications processed in less than 60 days	N/A	N/A	N/A
Number of cases of children in open IV-D cases, born out of wedlock with paternity established	N/A	N/A	N/A
<u>Health</u>			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits	52,257	56,710	64,749
Prescriptions filled	N/A	N/A	N/A
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	N/A	N/A	N/A
Number of jail bookings	N/A	N/A	N/A
Community Corrections:			
Percent of adult client recidivism	N/A	N/A	N/A
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	47%	49%	52%
Percent of bridges with sufficiency rating less than 50	11%	10%	8%
Property Services - operating cost per square foot	\$4.27	\$4.53	\$5.15
<u>Libraries</u>			
Items circulated (millions)	15.7	15.8	16.2
eLibrary visits (millions)	7.4	10.0	12.0
Number of volunteer hours supplementing service	50,000	50,868	50,000
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Metropolitan Health Plan</u>			
Administrative Cost Ratio	N/A	20.4%	23.0%
Enrollment ^{1,2}	N/A	N/A	N/A
<u>Environmental Services</u>			
Recycling rate	N/A	N/A	N/A

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

² Effective 2013, MHP and Hennepin Health enrollments are presented as a single total.

Sources: Various County departments

Unaudited

Table 27

2008	2009	2010	2011	2012	2013	2014 Estimate
N/A	N/A	N/A	38%	38%	37%	38%
N/A	N/A	N/A	87%	82%	79%	86%
N/A	N/A	N/A	79%	78%	76%	65%
N/A	N/A	N/A	N/A	N/A	43,150	43,442
64,198	77,873	77,072	77,026	84,412	82,069	85,358
102,649	123,499	130,788	132,142	135,000	131,400	128,000
N/A	5,657	5,985	4,957	4,132	2,596	1,752
N/A	36,500	35,413	34,503	35,857	35,910	34,116
N/A	20.4%	21.0%	23.4%	23.5%	28.8%	22.9%
48%	47%	54%	53%	61%	62%	59%
9%	8%	7%	7%	8%	8%	8%
\$5.24	\$6.38	\$5.33	\$5.94	\$5.37	\$5.25	\$5.14
16.5	16.7	17.5	18.4	16.6	15.8	16.0
16.0	15.0	19.9	21.5	21.1	19.5	20.0
53,813	86,766	91,779	99,862	101,924	92,773	86,587
20.0%	17.8%	14.5%	13.6%	15.4%	11.7%	11.9%
N/A	18,662	18,113	19,009	3,981	10,344	13,765
N/A	N/A	N/A	N/A	N/A	41.0%	41.0%

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

	2005	2006	2007
<u>General Government</u> ^{2,4}			
Building square footage occupied by General Government	286,227	301,547	297,825
<u>Human Services</u> ²			
Building square footage occupied by Human Services	664,656	666,386	687,616
<u>Health</u> ²			
Building square footage - NorthPoint Health & Wellness	63,057	63,057	63,057
Building square footage - Medical Examiner	37,170	37,170	37,178
<u>Public Safety</u> ²			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	457,564	460,213	429,559
Building square footage occupied by the Corrections Department	570,777	679,488	657,170
Building square footage occupied by the Sheriff's Office (w/o Jail)	293,062	293,435	170,412
<u>Public Works</u>			
County roads and highways (miles)	562	561	561
Number of bridges	137	137	132
<u>Libraries</u> ¹			
Building square footage occupied by the Libraries ²	547,256	546,176	546,127
Size of Library collection (copies)	1,985,790	1,930,773	1,941,712
Size of Library collection (titles)	306,830	307,041	307,255
<u>Regional Railroad Authority</u> ³			
Rail miles	12	12	12
Light rail stations	17	17	17
<u>Metropolitan Health Plan (MHP)</u>			
Building square footage occupied by MHP	59,749	58,939	59,106

¹ Reflects combined Hennepin County and former Minneapolis Public Library (MPL) collections starting in 2008. Data relating to MPL not available prior to 2008.

² For 2008 and before, square footage is represented by rentable space, which includes common building areas. For 2009 and after, usable square footage excludes common areas.

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

⁴ The Property Services department moved from General Government to Public Works in 2014, and 2013 was adjusted for comparison purposes, but data was not available for prior years.

Sources: Various County departments

Unaudited

Table 28

2008	2009	2010	2011	2012	2013	2014
295,982	228,114	233,053	232,709	233,053	187,821	190,343
638,781	452,095	452,108	452,108	452,108	452,108	422,338
59,724	39,964	39,964	39,964	39,964	39,964	39,964
37,175	29,430	29,430	29,430	29,430	29,430	29,430
429,559	360,510	360,510	360,510	359,083	359,083	359,083
669,849	606,382	605,225	605,225	605,225	562,480	571,792
170,452	152,366	152,621	152,621	152,621	153,437	174,229
561	567	572	570	570	570	570
130	130	130	130	130	130	130
1,329,621	993,939	997,735	997,735	1,006,021	1,005,367	1,017,502
4,997,402	4,770,977	5,030,570	4,910,846	4,910,846	4,670,388	4,815,158
1,552,628	1,358,502	2,143,174	1,451,121	1,451,121	1,545,709	1,596,626
12	52	52	52	52	52	62
17	23	23	23	23	23	43
59,106	59,106	59,106	59,106	32,957	32,957	32,957

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

	2005	2006	2007	2008
PROPERTY TAX LEVY				
County ¹	\$ 495	512	535	556
% Change	8.9	3.4	4.5	3.9
County and other ²	\$ 1,731	1,707	1,932	2,039
% Change	5.2	(1.4)	13.2	5.5
REVENUES				
Total governmental funds ³	\$ 965	1,013	1,053	1,079
% Change	8.2	5.0	3.9	2.5
Intergovernmental	\$ 388	385	356	367
% Change	17.2	(0.7)	(7.7)	3.2
EXPENSES³				
Total governmental funds	\$ 996	1,055	1,247	1,362
% Change	6.0	5.9	18.2	9.2
Capital projects	\$ 133	133	109	120
% Change	24.5	0.1	(18.2)	10.4
GENERAL OBLIGATION DEBT				
Net direct ⁴	\$ 316	349	380	467
% Change	5.2	10.4	8.8	23.1
Net direct, overlapping, and underlying G.O.	\$ 2,612	2,596	2,497	2,469
% Change	11.6	(0.6)	(3.8)	(1.1)
PROPERTY ESTIMATED MARKET VALUE	\$ 115,230	125,032	130,382	129,455
% Change	10.3	8.5	4.3	(0.7)
EMPLOYEES PER 10,000 CAPITA ⁵	109.0	111.5	73.3	66.9
% Change	2.7	2.3	(34.3)	(8.7)

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

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

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

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

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

Unaudited

Table 29

2009	2010	2011	2012	2013	2014
592	630	622	595	596	608
6.5	6.4	(1.3)	(4.3)	0.1	2.0
2,151	2,173	2,207	2,154	2,171	2,221
5.5	1.0	1.6	(2.4)	0.8	2.3
1,065	1,103	1,106	1,077	1,100	1,187
(1.3)	3.6	0.3	(2.6)	2.1	7.9
327	345	341	317	339	414
(10.9)	5.5	(1.2)	(7.0)	7.0	22.2
1,101	1,299	1,149	1,099	1,188	1,195
(19.2)	18.0	(11.5)	(4.4)	8.1	0.5
135	114	125	88	121	113
12.5	(15.6)	9.6	(29.6)	37.0	(6.4)
563	658	664	619	656	683
20.3	16.9	1.0	(6.7)	5.9	4.1
2,412	2,474	2,397	2,179	2,157	2,238
(2.3)	2.6	(3.1)	(9.1)	(1.0)	3.7
122,688	114,910	109,641	104,347	103,862	111,126
(5.2)	(6.3)	(4.6)	(4.8)	(0.5)	7.0
64.3	63.5	62.5	61.3	61.6	62.8
(3.9)	(1.2)	(1.6)	(1.9)	0.4	1.9

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt service expenditures for property tax supported bonds to: ¹				
County property tax levy	8.8 %	9.4 %	14.1 %	15.2 %
Governmental fund expenditures	4.4	4.8	6.1	6.2
Net general obligation debt to:				
Property taxable market value	0.29	0.29	0.30	0.36
Legal debt margin	17.5	17.2	17.6	22.4
Direct, overlapping, and underlying net G.O. debt	13.7	16.5	16.6	19.9
Governmental fund revenues	32.8	34.5	36.1	43.3
General obligation debt due within ten years				
To total general obligation debt	64.2	68.3	68.4	55.4
Unassigned General Fund fund balance ²				
To general fund expenditures	32.6	27.6	16.5	15.6

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 30

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
8.8 %	9.4 %	10.5 %	11.1 %	11.8 %	11.2 %
4.7	4.6	5.7	6.0	5.9	5.7
0.46	0.57	0.63	0.62	0.66	0.64
29.9	23.6	26.6	25.9	28.2	27.0
23.6	23.1	27.6	27.9	30.4	30.5
52.8	59.6	60.9	57.5	59.6	57.5
54.5	63.0	56.5	58.5	59.3	58.5
22.9	13.3	20.3	32.8	25.8	23.4

