

## **Disclaimer**

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2015. 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, 2015.

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# 2015 Comprehensive Annual Financial Report

Year Ended December 31, 2015



**Hennepin County**  
Minnesota



**Hennepin County, Minnesota  
Financial Highlights**

	2015	2014	Percent Change
Government-wide: Assets	\$ 3,172,546,670	\$ 3,487,647,649	-9.0%
Deferred Outflows of Resources	\$ 71,471,229	\$ 13,400,417	433.4%
Liabilities	\$ (1,951,070,431)	\$ (1,665,927,637)	17.1%
Deferred Inflows of Resources	\$ (82,089,934)	\$ -	
Net Position	<u>\$ 1,210,857,534</u>	<u>\$ 1,835,120,429</u>	-34.0%
Government-wide: Program Expenses	\$ 1,513,966,075	\$ 1,507,179,896	0.5%
Program Revenues	<u>759,734,316</u>	<u>831,905,424</u>	-8.7%
Net Program Expense	(754,231,759)	(675,274,472)	
General Revenues	<u>863,174,107</u>	<u>779,956,516</u>	10.7%
Change in Net Position	<u>\$ 108,942,348</u>	<u>\$ 104,682,044</u>	
Expense Per Capita	\$ 1,237.76	\$ 1,243.48	-0.5%

Funds Available for Investment at December 31:			
General Investible Funds	\$ 1,019,975,538	\$ 1,025,376,179	-0.5%
Bond Proceeds/Non-General Investible Funds	<u>85,337,361</u>	<u>140,994,203</u>	-39.5%
Total Investible Funds	<u>\$ 1,105,312,899</u>	<u>\$ 1,166,370,382</u>	-5.2%
Annual Daily Average of General Investible Funds	\$ 1,220,865,892	\$ 1,129,963,704	8.0%
Average Investment Return for All Funds *	0.91%	1.46%	37.8%
Average Investment Yield for All Funds	1.19%	1.05%	13.1%

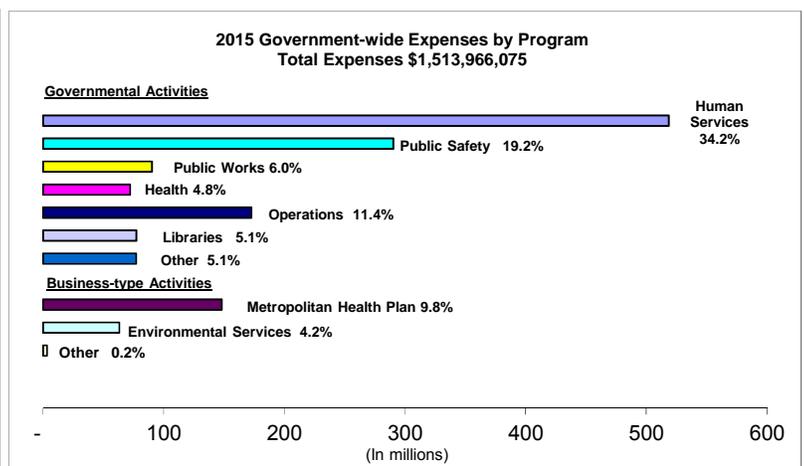
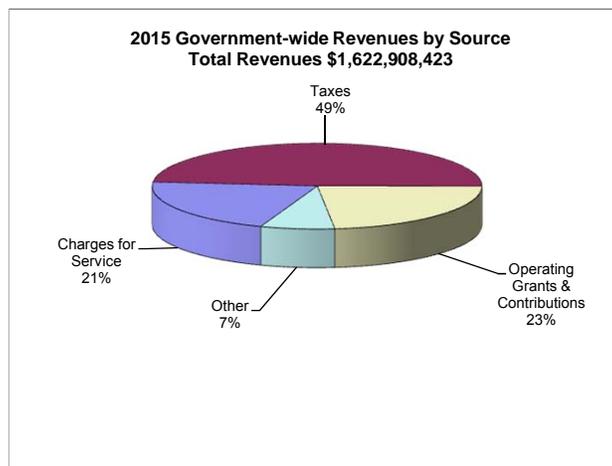
\* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2015 before recording the net change in fair value of investments was \$12,678,525 as compared to \$8,856,250 in 2014.

Total County Issued Bonds and Notes*	\$ 829,615,000	\$ 894,855,000	-7.3%
Average Interest Rate on General Obligation Debt	4.52%	4.34%	4.2%
Net General Obligation Debt Per Capita	\$ 621.00	\$ 682.78	-9.0%
Ratio of Net General Obligation Debt to Property Market Value	0.526%	0.614%	-14.4%
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*	\$ 1,489,879,943	\$ 1,367,504,155	8.9%
Tax Capacity Rates:			
City of Minneapolis	46.285%	49.527%	-6.5%
Suburban	46.437%	49.944%	-7.0%
Estimated Market Value*	\$ 134,691,712,000	\$ 124,508,068,000	8.2%

\* 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, 2015**

#### **Hennepin County Board of Commissioners**

Mike Opat, 1st District  
Linda Higgins, 2nd District  
Marion Greene, 3rd District  
Peter McLaughlin, 4th District  
Randy Johnson, 5th District  
Jan Callison, Chair, 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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2015 Comprehensive Annual Financial Report

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**STATISTICAL SECTION**

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## Hennepin County County Administration

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May 31, 2016

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, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

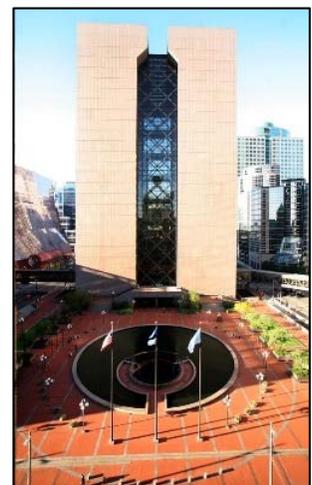
RSM US LLP, has issued an unmodified (“clean”) opinion on the County’s financial statements for the year ended December 31, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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 Mississippi River flows through Minneapolis and defines the northeastern boundary of the County.



## Profile of the Government - continued

<b>Population</b>	<b>1,223,149</b>
<b>Estimated Per Capita Income (2014)</b>	<b>\$65,033</b>
<b>Number of Cities</b>	<b>45</b>
<b>2015 Approved Budget</b>	<b>\$1.82 billion</b>
<b>Taxable Property Estimated Market Value</b>	<b>\$144.4 billion</b>

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 2015, the County had 8,389 employees providing a full range of services. The following is a brief summary of the services each program provides, including 2015 department operating indicators.

### Libraries

*Number of Employees – 760*

- Circulation – 15.8 million (books, CDs and DVDs)
- eLibrary visits – 20 million
- Annual visits to library locations – 5.6 million
- 840,000 active library card holders

Hennepin County Library (HCL) serves patrons by providing access to library buildings and resources including materials, technology and staff. Just over 64% of County residents are active library card holders, and downloadable content, including books, movies and music, is a large percentage of library circulation. HCL offers events and resources related to performing and visual arts and culture for all ages, including public art in library buildings viewable at [www.hclib.org/art](http://www.hclib.org/art). During 2015, art acquisitions for new library buildings included a dichromatic glass art piece to be installed in the clerestory windows in the Walker Library, and a mural of folded ceramic steel panels designed for the Brooklyn Park Library.



### Public Safety

*Number of Employees – 2,245*

- County Attorney – Evaluated 15,085 adult and juvenile criminal cases
- Public Defender – Opened 39,859 juveniles and adults cases
- Sheriff's Office – 33,501 jail bookings
- Community Corrections and Rehabilitation – 234,089 hours of Sentencing-to-Service and Community Work Service hours completed and 183 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, and correctional and rehabilitation services. 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 – 3,264

- The Early Childhood Scholarship program has grown substantially with the added resources allocated by the County Board. Over 300 young foster children and other children under Child Protection are now attending high quality child care in any given month. The program is supporting stable placements for young children, as well as addressing their development and providing high quality learning opportunities.
- The department took several steps in 2015 related to making changes to the child protection system. The County Board accepted State funding to increase staffing and adopt recommendations from the Governor's Task Force on the Protection of Children and the Casey Family Programs Assessment. The board identified specific tasks to be carried out related to child protection and established an oversight committee to provide oversight and direction for changes in the delivery of services.



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: HSPHD Hennepin Health, Children and Family Services, Eligibility and Child Support, Access and Case Management, Public Health, Administrative and Community-based Services, Veterans' Services, and Internal Services.



### Health

Number of Employees – 350

- NorthPoint Health & Wellness Center patient visits – 86,314
- Metropolitan Health Plan (MHP) members enrolled – 13,290
- 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 support of the Hennepin County Medical Center, a discretely presented component unit of the County.

### Public Works

Number of Employees – 457

Hennepin County's transportation system includes:

- 2,200 lane miles of road maintained
- 673 miles of bikeway
- 406 miles of sidewalk
- 146 bridges

Public Works provides maintenance and construction of County roads and bridges; management of the County's solid waste system; as well as housing, transit and workforce development. In 2015, these services were provided by six areas: Environmental & Energy; Administration; Community Works; Planning, Policy and Land Management; Management Support; and Transportation. Public Works also manages two County internal service funds; the Central Mobile Equipment Division and the Energy Center. In addition, Public Works provides staff support to the Hennepin County Housing and Redevelopment Authority (HRA) and the Hennepin County Regional Railroad Authority (RRA).



## County Services - continued

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### Operations

*Number of Employees – 1,313*

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

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<b>Board of Commissioners</b>	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
<b>County Administration</b>	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.
<b>Assessor</b>	Administers property assessments.
<b>Facility Services</b>	Operates and manages 6 million square feet of building space owned and leased by the County to provide services to citizens.
<b>Budget &amp; Finance</b>	Ensures sound credit conditions, working capital, and overall financial health within Hennepin County by supporting strategic objectives through best practices in budgeting, accounting, payroll, purchasing, leveraging technology, and effective management of financial and human resource systems and services.
<b>Examiner of Titles</b>	Performs judicial, administrative and legal adviser duties specified in the Minnesota Land Registration Act.
<b>Information Technology</b>	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.
<b>Resident and Real Estate Services</b>	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.
<b>Human Resources</b>	Provides human resource programs and support services.
<b>Public Affairs</b>	Raises the public's awareness of the County's role in enhancing the quality of life through effective communication.
<b>Internal Audit</b>	Reviews and evaluates adequacy and effectiveness of the County's internal control system.
<b>General County Purposes</b>	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.

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# Budget

## Budget Process

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. Project-length financial plans are adopted for all capital projects, as well as certain HRA and RRA projects. The budget process is described in more detail in the Notes to Required Supplementary Information on page 93.

## 2015 Original Budget Focus

The 2015 original budget was developed to address future needs in an effective manner. The budget totaled \$1.82 billion dollars, and included a net property tax levy of \$695.6 million which was \$14.3 million dollars over the 2014 budget. The 2.1% property tax levy increase supports the strong fiscal stewardship that Hennepin is known for as reflected in our AAA bond rating for over 30 years. The operating portion of this budget totaled \$1.56 billion dollars, a decrease of \$39.5 million from the adjusted 2014 budget. The capital portion of the 2015 budget totaled \$256.9 million dollars, an increase of \$58.7 million from the adjusted 2014 budget. The 2015 budget included funding for a total of 7,664.4 full time equivalent employees (FTEs), representing a 1.7% increase over 2014. Direct-line Human Services staff were added, including child-protection social workers, child support officers, and case management assistants. These new positions were targeted to address emerging needs and critical staffing shortages. The total number of FTEs represents fewer employees than employed by the County in 2008, however, since 2008 the County has experienced case load increases of up to 50% in certain areas.

## Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 81. The comparison for enterprise funds is presented in the Supplementary Information - Enterprise Funds subsection of this report, which starts on page 111.

# Major Initiatives and Achievements



The County provided support to the Hennepin County Medical Center (HCMC) component unit for a portion of the construction of the HCMC **Ambulatory Outpatient Specialty Center** in downtown Minneapolis. The new facility will be an accessible “one stop”



for healthcare that will provide a full range of primary care and specialty clinics, same day surgery, diagnostics, Cancer Center, Integrative Health, a café and a pocket park.

Construction of a new **Brooklyn Park Library** building began in April, with the grand opening slated for June 2016. The new \$23.5 million library will have a dynamic play and learn space for families, a teen-focused tech center, and flexible individual and collaborative work spaces for all ages. The new library will open with expanded hours, staffing and resources, including more computers. At just over 39,000 square feet, the new library will be more than double the size of the existing library that was built in 1976. The Wayzata and Hopkins Libraries were also renovated to include an enhanced children’s area, redesigned teen area, additional public meeting rooms, and carpet and furniture replacements.



## Major Initiatives and Achievements - continued

**The South Minneapolis Human Service Center** groundbreaking was in October. The County's newest human service center, opening in 2017, will be part of a transit village development that will make services more accessible to residents and maximize existing transit access. The Central and Northeast Minneapolis Human Service Center opened for client service in the Health Services Building in November 2015, while satellite facility construction in Richfield and North Minneapolis began in December.



A first-of-its-kind local public health website was launched at [www.healthyhennepin.org](http://www.healthyhennepin.org). The website provides biweekly real-life stories about the wide range of county-based resources available to support healthy living choices by residents. As the number of followers increases, so too will the site's impact in raising local awareness of our community's priority health issues.

## 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 2015, the County unemployment rate of 3.3% was lower than the previous year's rate of 3.7%, continuing a 5-year improvement trend. Again in 2015, the County unemployment rate remained lower than the State rate of 3.7% and the national rate of 5.3%.

### Long-term Financial Planning

The overall economic environment relating to the 2016 budget process was weaker compared to 2015 conditions. The February 2016 State of Minnesota's budget and economic forecast predicts a \$900 million surplus for the biennium ending on June 30, 2017, a reduction of \$306 million from the November 2015 forecast. The February 2016 forecast cites weaker U.S. economic growth as a factor. Less momentum at the end of 2015 contributed to a weaker U.S. economic outlook. Consumer spending and homebuilding activity were a positive force for the 2015 economy. There were three negative influences, however, a glut of business inventories, depressed oil-related investment, and the drag on global trade from the stronger dollar. Of these, only the headwind from a widening trade gap is expected to persist.

## Economic and Financial Condition - continued

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For 2016, the County budgeted \$1.94 billion to provide essential services and to make strategic investments in the future. Budget highlights include:

- The 2016 County operating budget reflects an increase of 6.4% or \$116.8 million from the 2015 adjusted operating budget. The 2016 capital budget is \$288.1 million, which is \$25 million more than the 2015 adjusted capital budget.
- Budgeted property tax revenues are \$713.3 million or 36.7% of the 2016 budgeted revenue of \$1.9 billion. This is an increase of 33.9 million or 5% from the 2015 adjusted budget.
- For 2016, other tax revenues are budgeted at \$55.8 million. The major components are \$35.9 million in Ballpark sales tax revenues to be utilized to pay debt service on the Ballpark bonds and for other uses allowed by legislation; \$10.0 million in wheelage tax revenues to be utilized primarily for preservation, efficiency, safety and modernization of roads and bridges; and \$7.7 million budgeted for tax increment financing revenues.



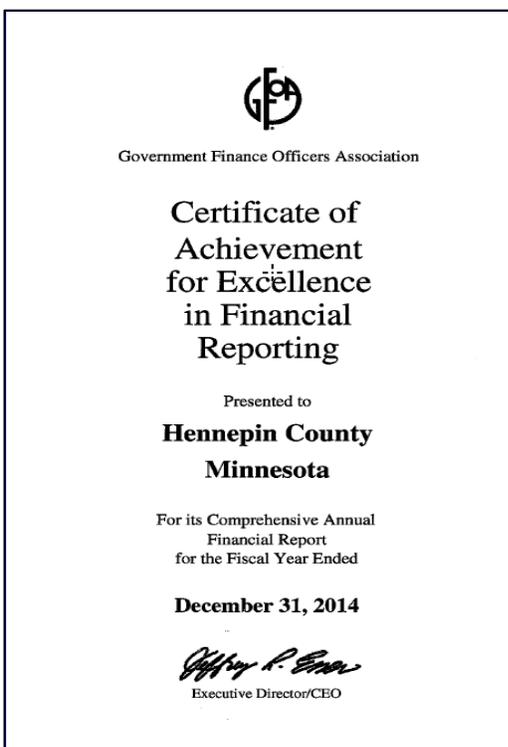
The County provides a wide range of services for which fees are charged. In 2016, the Health line of business reflects the most significant portion of this revenue, \$258.4 million, which is 65.5% of the budgeted revenue for fees and services. The majority of this revenue is generated by reimbursement/payment from third party payers, as well as State and Federal reimbursement for patient fees and services provided by NorthPoint Health and Wellness Center (pictured at left) and MHP.

- The Human Services program is projecting an estimated \$45.5 million in revenues for fees and services in 2016. The majority of this revenue relates to case management and other services for specialized populations, such as vulnerable adults and at-risk children, and is reimbursed by Federal/State Medical Assistance funding at pre-established rates for units of service.
- Another major source of fee and service revenue is the Solid Waste program, which collects fees for services associated with management of solid waste. In 2016, \$52.1 million is budgeted as revenue from tipping fees, ordinances, and solid waste fees.
- A majority of the County's budget relates to the Human Services, Health, and the Operations (including debt) programs. In 2016, these programs account for 58.9% of the appropriated expenditure budget and 59.5% of budgeted FTEs.

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

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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 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This 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.

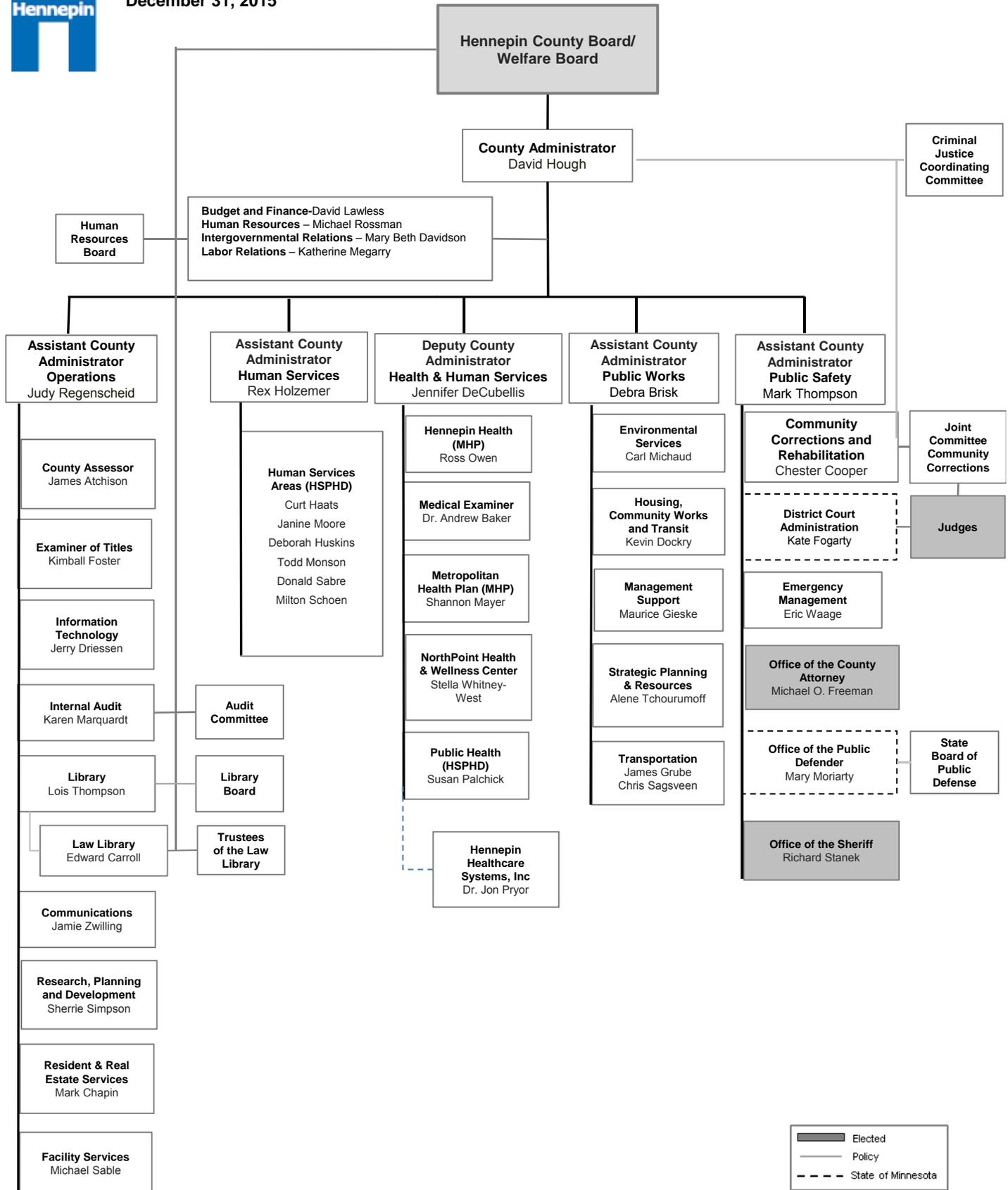
The preparation of this report could not have been accomplished without the dedicated services of the entire financial staff of the County. We would like to express appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given 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, 2015



**Commissioners:**

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

**County Administrator**

David Hough

**Deputy County Administrator – Health and Human Services**

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 Directors:

Kevin Dockry  
Maurice Gieske  
Jim Grube  
Chris Sagsveen  
Alene Tchourumoff

Public Safety:

County Attorney  
Sheriff  
Community Corrections and Rehabilitation  
Public Defender

Michael Freeman  
Richard Stanek  
Chester Cooper  
Mary Moriarty

Health:

Medical Examiner  
NorthPoint Health & Wellness Center

Andrew Baker, M.D.  
Stella Whitney-West

Libraries

Lois Langer Thompson

Human Services:

Area Director  
Area Director  
Area Director  
Area Director  
Area Director  
Veteran's Services

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

Operations:

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

James Atchison  
David Lawless  
Susan Ledray  
Michael Sable  
Michael Rossman  
Glen Gilbertson  
Jerry Driessen  
Mary Beth Davidson  
Karen Marquardt  
Katherine Megarry  
Jamie Zwilling  
Christopher Gran  
Mark Chapin

**Business-type Activities**

Metropolitan Health Plan  
Solid Waste – Environment and Energy

Shannon Mayer  
Carl Michaud

## Independent Auditor's Report

To the Board of County Commissioners  
Hennepin County, Minnesota  
Minneapolis, 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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the accompanying financial statements, the County adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which resulted in the County restating net position for recognition of the County's pension-related activity incurred prior to adoption. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***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 2015 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 2015 supplementary information is fairly stated, in all material respects, in relation to the 2015 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 2014 basic financial statements (not presented herein) and have issued our report dated June 2, 2015, 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, 2014, 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 2014 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2014 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 2014 supplementary information is fairly stated, in all material respects, in relation to the 2014 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, under separate cover, our report dated May 31, 2016, 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.

*RSM US LLP*

Minneapolis, Minnesota  
May 31, 2016



## 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, 2015. Relating to the restatements described in Note 1, 2014 information for Governmental Activities was not changed because the impact on Governmental Activities' net position was as of January 1, 2015. 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 45 to 79.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

At December 31, 2015, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.21 billion. Of this amount, \$106.3 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.24 billion.

The County has implemented GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions, and the related Statements described in Note 1. Among other requirements, these Statements require the County to report a net pension liability, as well as related deferred outflows and inflows of resources and expenses, in the government-wide financial statements. The net pension liability is the County's proportionate share of the difference between total pension liability (the present value of projected benefit payments to employees based on their past service) and the fair value of pension assets set aside in a trust run by the State of Minnesota (the State) to pay pension benefits. Although GASB 68 requires the County to report the net pension liability and related amounts, the County is not legally liable for these amounts, and the County's actual contributions to pension plans are not impacted by this change in reporting. Only Minnesota's legislature has the power to change pension contribution rates. Historically, rate increases have been for both employer and employee contributions, and the legislature has at times required special funding from the State. However, under the requirements of GASB 68, the net pension liability is measured as if only the employer would bear the burden of a potential future funding shortfall. When combined with the restated equity interest in component unit for the impact of GASB 68 on the Medical Center, government-wide year-end net position is reported approximately \$750 million lower under the requirements of GASB 68 than net position would be without those requirements, resulting in the reporting of deficit unrestricted net position. For more information on the implementation of GASB 68, please refer to the Government-wide Fund Analysis below and the pension information in Notes 1 and 18 in the Notes to the Basic Financial Statements.

#### Fund Level

As reported in the governmental fund balance sheets on pages 34 and 35, at the end of 2015 the County's governmental funds reported total ending fund balances of \$537.8 million. The \$70.9 million decrease in fund balance during 2015 was primarily due to spending on County capital projects, as well as to the County's provision of \$19.7 million to the Medical Center discretely presented component unit for various Medical Center projects, such as the \$14.2 million contributed for a portion of the construction of the Ambulatory Outpatient Specialty Center. Two of the significant County capital projects were the reconstruction project for County State Aid Highway 101 in the cities of Minnetonka, Wayzata, and Woodward, with \$25.3 million spent in 2015, and the reconstruction of the Franklin Avenue Bridge over the Mississippi River, with \$16.9 million spent during 2015.

Unassigned fund balance for the General Fund was \$138.8 million, or approximately 24.6% of total General Fund expenditures for the year ended December 31, 2015, compared to \$134.8 million and 23.4% for 2014.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include Operations, Human Services, Health, Public Safety, Public Works, Libraries, and Interest on Debt. The business-type activities of the County include the Metropolitan Health Plan (a health maintenance organization), Environmental Services, and Other Enterprises.

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

## OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

### Fund Financial Statements – continued

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 47 to 50 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.

- **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 41 to 43 of this report. Individual fund data for the nonmajor enterprise funds, as well as for the internal service funds, is provided in the form of *combining statements* in the supplementary information section of this report.

- **Fiduciary funds** are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in 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 the same as the method used for proprietary funds. The basic fiduciary fund financial statement can be found on page 44 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 45 to 79 of this report.

### Required and Supplementary Information

Required and supplementary information beginning on page 81 includes the Schedule of Funding Progress for the Retiree Health Plan, Schedule of Defined Benefit Pension Plan Contributions, Schedule of County Proportionate Share of Defined Benefit Pension Plans, 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.

## 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 its liabilities and deferred inflows by \$1.21 billion on December 31, 2015.

The largest portion of the County's net position, reflects the net investment in capital assets (e.g., land, buildings, equipment, roads, and bridges net of any related debt used to acquire those assets that is still outstanding). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$106.3 million portion of the County's net position represents resources that are subject to external restrictions on how they may be used. As noted previously, government-wide year-end net position is \$458.7 million lower under the requirements of GASB 68 than net position would be without those requirements, resulting in the reporting of \$135.6 million deficit unrestricted net position as of December 31, 2015.

#### Summary of Net Position (in millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014
Current assets	\$798.6	\$873.1	\$124.8	\$120.4	\$923.4	\$993.5
Noncurrent assets:						
Other assets	350.0	669.0	1.2	11.2	351.2	680.2
Net capital assets	1,772.0	1,695.2	126.0	119.0	1,898.0	1,814.2
<b>Total assets</b>	<b>2,920.6</b>	<b>3,237.3</b>	<b>252.0</b>	<b>250.6</b>	<b>3,172.6</b>	<b>3,487.9</b>
Deferred outflows of resources	70.3	13.4	1.2	-	71.5	13.4
Current liabilities	215.8	288.4	61.7	52.7	277.5	341.1
Noncurrent liabilities	1,660.0	1,311.3	13.6	13.8	1,673.6	1,325.1
<b>Total liabilities</b>	<b>1,875.8</b>	<b>1,599.7</b>	<b>75.3</b>	<b>66.5</b>	<b>1,951.1</b>	<b>1,666.2</b>
Deferred inflows of resources	80.6	-	1.5	-	82.1	-
Net investment in capital assets	1,115.1	1,034.2	125.1	118.0	1,240.2	1,152.2
Restricted	60.0	57.7	46.3	61.7	106.3	119.4
Unrestricted (deficit)	(140.6)	559.1	5.0	4.4	(135.6)	563.5
<b>Total Net Position</b>	<b>\$1,034.5</b>	<b>\$1,651.0</b>	<b>\$176.4</b>	<b>\$184.1</b>	<b>\$1,210.9</b>	<b>\$1,835.1</b>

## 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 \$109 million from the restated 2014 net position, a change from 2014 of 9.9%.

#### Summary of Statement of Activities (in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$140.9	\$133.5	\$198.7	\$215.6	\$339.6	\$349.1
Operating grants and contributions	338.6	349.9	5.6	6.4	344.2	356.3
Capital grants and contributions	75.9	126.5	-	-	75.9	126.5
General revenues:						
Property taxes	736.1	673.1	-	-	736.1	673.1
Sales tax	35.8	34.2	-	-	35.8	34.2
Wheelage Tax	10.0	9.3	-	-	10.0	9.3
Other taxes	3.5	3.0	3.7	2.5	7.2	5.5
Grants and contributions	32.4	32.2	-	-	32.4	32.2
Investment earnings	8.3	10.8	-	-	8.3	10.8
Change in equity interest in component unit	33.4	14.8	-	-	33.4	14.8
<b>Total Revenues</b>	<b>1,414.9</b>	<b>1,387.3</b>	<b>208.0</b>	<b>224.5</b>	<b>1,622.9</b>	<b>1,611.8</b>
Expenses:						
Operations	172.8	85.8	-	-	172.8	85.8
Human Services	518.7	486.6	-	-	518.7	486.6
Health	72.3	101.0	-	-	72.3	101.0
Public Safety	290.4	284.0	-	-	290.4	284.0
Public Works	90.2	166.6	-	-	90.2	166.6
Libraries	77.5	80.8	-	-	77.5	80.8
Housing and Redevelopment Authority	10.2	9.9	-	-	10.2	9.9
Regional Railroad Authority	23.9	29.2	-	-	23.9	29.2
Interest on long-term debt	43.2	42.7	-	-	43.2	42.7
Metropolitan Health Plan	-	-	148.1	159.6	148.1	159.6
Solid Waste Management	-	-	63.3	58.0	63.3	58.0
Other Enterprise Funds	-	-	3.3	3.0	3.3	3.0
<b>Total Expenses</b>	<b>1,299.2</b>	<b>1,286.6</b>	<b>214.7</b>	<b>220.6</b>	<b>1,513.9</b>	<b>1,507.2</b>
Increase in net position before transfers	115.7	100.7	(6.7)	3.9	109.0	104.6
Transfers	1.0	0.5	(1.0)	(0.5)	-	-
<b>Increase (decrease) in net position</b>	<b>116.7</b>	<b>101.2</b>	<b>(7.7)</b>	<b>3.4</b>	<b>109.0</b>	<b>104.6</b>
Net Position – Beginning, as restated	917.8	1,549.8	184.1	180.7	1,101.9	1,730.5
<b>Net Position – Ending</b>	<b>\$1,034.5</b>	<b>\$1,651.0</b>	<b>\$176.4</b>	<b>\$184.1</b>	<b>\$1,210.9</b>	<b>\$1,835.1</b>

## GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

### Changes in Net Position – continued

The 2015 increase in net position included \$116.7 million increase for governmental activities and a \$7.7 million decrease for business-type activities. The major contributors to these changes are described below.

#### Governmental Activities –

- During the year, \$85.3 million of debt principal was retired, including the optional payments of \$10.9 million for the early redemption of sales tax revenue bonds and \$13.9 million for the early redemption of G.O. bonds.
- The County's equity interest in its component unit increased \$33.4 million.

#### Business-type Activities –

- Metropolitan Health Plan reported a \$5 million premium deficiency reserve liability increase. That reduction in net position was offset by the contract liability write-down described in Note 1, which along with other variances resulted in a \$3.4 million reduction in MHP's net position.
- The Solid Waste Fund had budgeted for excess expenses over revenues, with the intent to draw down net position by \$4 million, which combined with higher than anticipated Environmental Response Fund (ERF) grant payments, resulted in a final decrease of \$4.9 million. ERF amounts are granted for the assessment and cleanup of certain contaminated sites, and the related cash flows are not predictable.

## 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 \$537.8 million; a decrease of \$70.9 million from the prior year's ending balances. Approximately 25.8% of total governmental fund balance, or \$138.8 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 Classified by Source  
Governmental Funds  
(in millions)**

Revenues by Source	2015		2014		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Property taxes	\$746.9	52.6%	\$712.6	49.5%	\$34.3	4.8%
Sales tax	35.8	2.5	34.3	2.4	1.5	4.4
Wheelage tax	9.9	0.7	9.3	0.7	0.6	6.4
Other taxes	3.5	0.3	3.0	0.2	0.5	16.7
Intergovernmental	445.0	31.3	502.2	34.9	(57.2)	(11.4)
Investment earnings	8.6	0.6	11.2	0.8	(2.6)	(23.2)
Charges for Services	139.7	9.8	136.7	9.5	3.0	2.2
Fines and forfeits	1.8	0.1	1.7	0.1	0.1	5.9
Licenses and permits	7.8	0.6	7.5	0.5	0.3	4.0
Other	21.8	1.5	20.3	1.4	1.5	7.4
<b>Total Revenues</b>	<b>\$1,420.8</b>	<b>100.0%</b>	<b>\$1,438.8</b>	<b>100.0%</b>	<b>\$(18.0)</b>	<b>(1.3)%</b>

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

- **Intergovernmental revenue** was \$57.2 million lower than the 2014 level, primarily because 2014 intergovernmental revenues included \$56.1 million received in support of the Interchange project that was completed in 2014.
- **Property taxes** increased by \$34.3 million due to the 2.1% increase in the tax levy, as well as higher than anticipated collections.
- Cash earnings on investments in 2015 increased 43.2% over 2014 due to \$1 million in realized gains and higher yield from a small allocation in longer bonds. However, a 2015 year-end market drop in government bond prices resulted in unrealized losses that more than offset the realized gains, producing an overall decrease in reported **investment earnings** of 23.2% when compared to 2014.

**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 2015 by \$46.5 million from 2014's total expenditures.

Function:	Expenditures by Function Governmental Funds (in millions)					
	2015		2014		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Operations	\$180.8	12.1%	\$160.0	11.1%	\$20.8	13.0%
Human Services	516.0	34.6	480.3	33.2	35.7	7.4
Health	70.7	4.7	95.9	6.6	(25.2)	(26.3)
Public Safety	266.2	17.8	259.0	17.9	7.2	2.8
Public Works	67.5	4.5	70.9	4.9	(3.4)	(4.8)
Libraries	74.9	5.0	70.4	4.9	4.5	6.4
HRA	13.0	0.9	9.3	0.6	3.7	39.8
RRA	23.8	1.6	24.0	1.6	(0.2)	(0.8)
Debt Service:						
Principal retirement	83.5	5.6	93.6	6.5	(10.1)	(10.8)
Interest and fiscal charges	47.1	3.1	47.1	3.2	-	-
Capital Projects	150.8	10.1	137.3	9.5	13.5	9.8
	<u>\$1,494.3</u>	<u>100.0%</u>	<u>\$1,447.8</u>	<u>100.0%</u>	<u>\$46.5</u>	<u>3.2%</u>

The governmental fund expenditures that changed significantly in 2015 from the prior year included those in the following functional categories:

**Operations** expenditures increased \$20.8 million from the 2014 level, primarily due to the County's provision of \$19.7 million to the Medical Center discretely presented component unit for various Medical Center projects, such as the \$14.2 million contributed for a portion of the construction of the Ambulatory Outpatient Specialty Center.

Expenditures for **Human Services** increased by \$35.7 million in 2015. Growing demand for services, along with increased expectations for service delivery resulted in a \$14.5 million increase in public aid assistance during 2015. The Early Childhood Scholarship program grew from over 100 children at the end of 2014 to over 300 children at the end of 2015. The scholarships are used in child protection, foster care, family reunification, and behavioral health treatment. Spending for Residential Treatment, supportive services for homeless youth, foster care, and the basic sliding fee program also increased significantly as more services were provided to County residents. Additionally, changes to the Child Protection system were passed during the 2015 State legislative session, and a significant increase in staffing was needed to meet new requirements.

Certain intergovernmental transfers that flowed through the County to the Medical Center in 2014 were paid directly to the Medical Center, rather than passing through the County, in 2015. This was the primary driver of the \$25.2 million decrease in **Health** expenditures.

**Capital Projects** expenditures increased by \$13.5 million due to the reconstruction project for County State Aid Highway 101 in the cities of Minnetonka, Wayzata, and Woodland.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

### ***Fund Balances***

The **General Fund** is the County's primary operating fund. At the end of 2015, the total fund balance for the General Fund was \$196.2 million and unassigned fund balance was \$138.8 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 25.8% of the total governmental fund balances and represents 24.6% of the total General Fund expenditures. In 2014, the unassigned fund balance represented 22.1% of total governmental fund balances and 23.4% of General Fund expenditures. The General Fund ended the year with a decrease of \$2.3 million in fund balance mainly due to planned use of fund balance for the purchase and preparation of land to be used for the new South Minneapolis Regional Human Services Center.

The **General Capital Project Fund** had a net fund balance decrease from 2014 of \$65.2 million. This decrease was primarily due to spending on County capital projects, as well as to the County's provision of \$19.7 million to the Medical Center discretely presented component unit for various Medical Center projects, such as the \$14.2 million contributed for a portion of the construction of the Ambulatory Outpatient Specialty Center. Two of the significant County capital projects were the reconstruction project for County State Aid Highway 101 in the cities of Minnetonka, Wayzata, and Woodward, with \$25.3 million spent in 2015, and the reconstruction of the Franklin Avenue Bridge over the Mississippi River, with \$16.9 million spent during 2015.

The **Human Service Fund** contributed \$19.9 million to the **HRA Fund** for construction and acquisition of the building and parking facility for the development of a new South Minneapolis Regional Human Services Center, resulting in the \$19.4 million decrease in fund balance in the Human Services Fund. The \$7.5 million increase in fund balance in the HRA Fund relates to the project amounts that have not yet been spent.

The **RRA Fund** \$7.6 million increase in fund balance relates to the elimination of the RRA Capital Projects Fund during 2015 by transferring all assets and liabilities to the RRA Fund. Additionally, amounts are set aside to be used for future expenditures for the Southwest Corridor and Bottineau Light Rail Transit projects, and the Orange Line Bus Rapid Transit project.

Fund balances for the Library, Ballpark and Debt Service Funds did not change significantly in 2014.

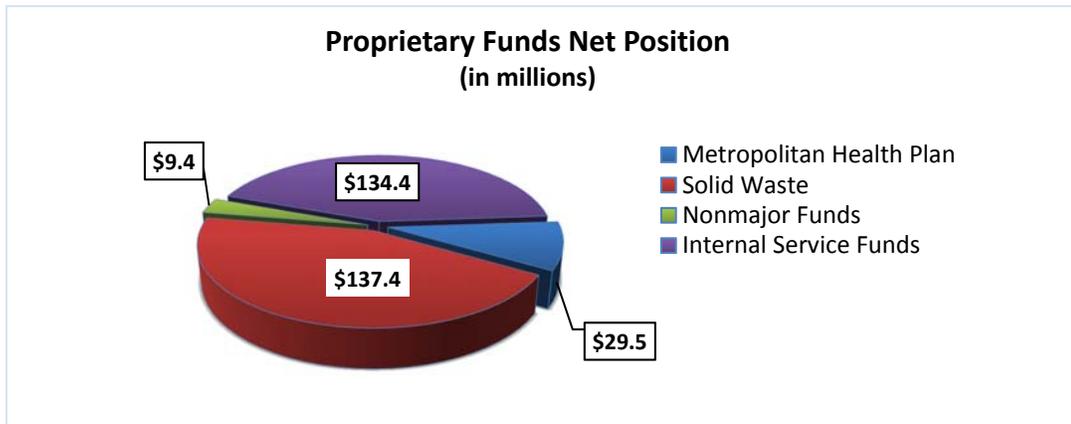
### ***General Fund Budgetary Highlights***

The General Fund 2015 budget changed significantly between the time of original approval and the time the amended budget was finalized. The revenue budget was decreased by \$5 million, and the expenditure budget was decreased by \$7.3 million. The primary General Fund revenue & expenditure budget changes related to a \$3.6 million wheelage tax budget transfer to the General Capital Projects fund for countywide pavement improvements, and \$1.7 million of expenditure budget transferred to the General Capital Projects Fund for other road construction projects.

## 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.

**Enterprise funds'** total net position decreased by \$7.8 million during 2015. As noted previously, Metropolitan Health Plan reported a \$5 million premium deficiency reserve liability increase that was offset by a contract liability write-down, which along with other variances resulted in a \$3.4 million reduction in MHP's net position. Additionally, the Solid Waste Fund had budgeted for excess expenses over revenues, with the intent to draw down net position by \$4 million, which combined with higher than anticipated ERF grant payments resulted in a \$4.9 million net position decrease.

**Internal Service Funds'** total net position increased overall by \$5.4 million. The Central Mobile Equipment Fund reported the largest internal service fund increase in net position during 2015 of \$5.4 million, as the fund continued to accumulate resources for future equipment replacements, such as the planned \$10 million of 2016 equipment 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 \$137 million, a 4.4% increase 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, 2015, totals \$1.90 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures.

Net capital assets increased \$83.8 million during 2015.

#### Governmental Activities:

- The last of the **Library Books and Materials** acquired in the 2008 merger of the Minneapolis Public Libraries with Hennepin County Libraries became fully depreciated in 2014 and were retired in 2015, resulting in the \$20.4 million decrease in that category of capital assets.
- **Construction in Progress** increased by approximately \$90 million from 2014, large road and bridge projects continued, such as the reconstruction project for County State Aid Highway 101 in the cities of Minnetonka, Wayzata, and Woodland.

#### Business-Type Activities:

- The **Equipment** additions totaling \$14.5 million in 2015 for Environmental Services' Hennepin Energy Recovery Center provide improvements in burning solid waste and producing steam and electricity, and aid compliance with Federal and State requirements for waste processing and pollution control systems.

The table below summarizes the County's change in net capital assets during 2015. Additional information on the County's capital assets can be found in Note 5 on pages 58 to 59 of this report.

	<b>Hennepin County's Capital Assets</b>					
	(in millions)					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014
Art & Historical Treasures	\$ 4.8	\$ 4.7	\$ -	\$ -	\$ 4.8	\$ 4.7
Land	107.3	107.4	9.2	9.2	116.5	116.6
Construction in progress	170.1	83.9	.7	-	170.8	83.9
Buildings	812.1	808.5	164.4	164.4	976.5	972.9
Equipment	175.8	166.2	29.1	15.0	204.9	181.2
Software	34.0	32.0	-	-	34.0	32.0
Library books and materials	46.8	67.2	-	-	46.8	67.2
Leasehold improvements	18.2	18.2	1.7	1.7	19.9	19.9
Land Improvements	34.4	34.4	1.9	1.9	36.3	36.3
Infrastructure	1,361.8	1,343.2	-	-	1,361.8	1,343.2
Total capital assets	2,765.3	2,665.7	207.0	192.2	2,972.3	2,857.9
Less: accumulated depreciation and amortization	(\$993.3)	(\$970.5)	(81.0)	(73.2)	(1,074.3)	(1,043.7)
Total capital assets, Net	<u>\$1,772.0</u>	<u>\$1,695.2</u>	<u>\$126.0</u>	<u>\$119.0</u>	<u>\$1,898.0</u>	<u>\$1,814.2</u>
<i>Percent change from prior year</i>	<i>4.5%</i>		<i>5.9%</i>		<i>4.6%</i>	

## CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

### Debt Administration

As shown in the table below, General Obligation (G.O.) bonds and notes decreased by \$90.7 million from 2014 to 2015. In addition to regularly scheduled 2015 principal payments, the County made optional payments of \$10.9 million for the early redemption of sales tax revenue bonds and \$13.9 million for the early redemption of a G.O. bonds.

State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the taxable market value of property. The County's outstanding net levy supported debt is significantly below the \$4.33 billion statutory limit.

	<b>Hennepin County's Outstanding Debt</b>					
	(in millions)					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2015	2014	2015	2014	2015	2014
General obligation bonds and notes	\$877.6	\$947.1	\$0.8	\$1.0	\$878.4	\$948.1
Revenue bonds	249.5	267.0	-	-	249.5	267.0
Certificates of participation	-	3.0	-	-	-	3.0
Notes Payable	5.4	5.9	-	-	5.4	5.9
	<u>\$1,132.5</u>	<u>\$1,223.0</u>	<u>\$0.8</u>	<u>\$1.0</u>	<u>\$1,133.3</u>	<u>\$1,224.0</u>

The County's credit ratings on long-term G.O. bonds as of December 31, 2015 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 64 to 67 of this report and on the Schedule of Changes in Long-term Debt, located on pages 108 through 109.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2016 Hennepin County governmental and enterprise fund budgets total \$1.94 billion, including a net property tax levy of \$726.8 million. The budget for 2016 increased \$116.8 million (6.4%) from the final 2015 budget. The property tax levy is an increase of \$33.9 million (5% higher) than the 2015 level. The 2016 budget includes funding for a total of 8,032.7 FTEs, representing a 3.4% increase over 2015. 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 2016 capital budget increased \$25 million compared to the 2015 final budget level. The \$288.1 million capital budget includes \$80.3 million for various road and bridge projects; \$60 million for the first phase of construction of the new Acmbulatory Outpatient Specialty Center by the Medical Center; \$28 million of various improvements at existing County facilities; \$25.6 million towards a new regional Medical Examiner's Facility; \$14 million for the continued build out of the human service hubs; and \$13.7 million for libraries.

The 2016 budget for general debt service totals \$134.7 million. The 2016 property tax requirement for debt service increased \$4 million from 2015 to \$86.9 million, an increase of 4.8%.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET – continued**

The overall economic environment relating to the 2016 budget process was weaker compared to the conditions in 2015. The February 2016 State of Minnesota's budget and economic forecast predicts a \$900 million surplus for the biennium ending on June 30, 2016, a reduction of \$306 million from the November 2015 forecast. The February 2016 forecast cites weaker U.S. economic growth as a factor. Less momentum at the end of 2015 contributed to a weaker U.S. economic outlook. Consumer spending and homebuilding activity were a positive force for the economy last year. There were three negative influences, however, a glut of business inventories, depressed oil-related investment, and the drag on global trade from the stronger dollar. Of these, only the headwind from a widening trade gap is expected to persist beyond this year. These factors have not yet affected employment in Hennepin County, as the County unemployment rate at year-end 2015 was 3.3%, better than the state and national rates of 3.7% and 5.3%, respectively.

## **REQUESTS FOR INFORMATION**

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



# **Basic Financial Statements**



Hennepin County, Minnesota  
**Statement of Net Position**  
December 31, 2015

	Primary Government			Component Unit Hennepin County Medical Center
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>Current Assets:</b>				
Cash and investments . . . . .	\$ 691,682,294	\$ 107,434,719	\$ 799,117,013	\$ 63,853,596
Receivables, net . . . . .	85,954,917	17,895,107	103,850,024	201,675,305
Internal balances . . . . .	642,085	(642,085)	-	-
Due from component unit or primary government . . . . .	2,977,505	11,583	2,989,088	6,212,731
Prepaid items . . . . .	6,543,859	75,048	6,618,907	9,786,550
Inventories . . . . .	4,260,116	5,610	4,265,726	5,001,870
Land held for resale . . . . .	6,583,789	-	6,583,789	-
<b>Total Current Assets</b>	<b>798,644,565</b>	<b>124,779,982</b>	<b>923,424,547</b>	<b>286,530,052</b>
<b>Noncurrent Assets:</b>				
Cash and investments . . . . .	130,066,043	-	130,066,043	36,044,670
Notes receivable . . . . .	116,978,381	1,172,032	118,150,413	-
Equity interest in component unit . . . . .	102,915,513	-	102,915,513	-
<b>Capital assets:</b>				
Land . . . . .	107,289,913	9,164,524	116,454,437	19,320,377
Land improvements . . . . .	34,397,660	1,893,908	36,291,568	-
Buildings . . . . .	812,088,986	164,392,139	976,481,125	376,590,220
Equipment . . . . .	175,776,103	29,107,758	204,883,861	217,274,456
Software . . . . .	33,962,183	-	33,962,183	5,221,515
Library books and other media . . . . .	46,781,668	-	46,781,668	-
Leasehold improvements . . . . .	18,243,996	1,673,332	19,917,328	16,771,389
Art and historical treasures . . . . .	4,814,782	-	4,814,782	-
Infrastructure . . . . .	1,361,813,410	-	1,361,813,410	-
Construction in progress . . . . .	170,151,693	727,095	170,878,788	23,951,365
<b>Total capital assets</b>	<b>2,765,320,394</b>	<b>206,958,756</b>	<b>2,972,279,150</b>	<b>659,129,322</b>
Less accumulated depreciation and amortization . . . . .	(993,279,739)	(81,009,257)	(1,074,288,996)	(409,803,605)
<b>Net Capital Assets</b>	<b>1,772,040,655</b>	<b>125,949,499</b>	<b>1,897,990,154</b>	<b>249,325,717</b>
<b>Total Noncurrent Assets</b>	<b>2,122,000,592</b>	<b>127,121,531</b>	<b>2,249,122,123</b>	<b>285,370,387</b>
<b>Total Assets</b>	<b>2,920,645,157</b>	<b>251,901,513</b>	<b>3,172,546,670</b>	<b>571,900,439</b>
<b>Deferred Outflows of Resources:</b>				
Pension-related . . . . .	58,138,256	1,149,581	59,287,837	63,980,926
Deferred charge on debt refunding . . . . .	12,183,392	-	12,183,392	-
<b>Total Deferred Outflows of Resources</b>	<b>70,321,648</b>	<b>1,149,581</b>	<b>71,471,229</b>	<b>63,980,926</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 2,990,966,805</b>	<b>\$ 253,051,094</b>	<b>\$ 3,244,017,899</b>	<b>\$ 635,881,365</b>

Continued on next page

Hennepin County, Minnesota  
**Statement of Net Position**  
December 31, 2015

	Primary Government			Component Unit Hennepin County Medical Center
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>Current Liabilities:</b>				
Accounts and contracts payable . . . . .	\$ 103,175,147	\$ 30,883,230	\$ 134,058,377	\$ 29,224,169
Accrued interest payable . . . . .	3,024,016	-	3,024,016	-
Accrued liabilities . . . . .	21,023,307	17,415,305	38,438,612	49,761,214
Due to component unit or primary government . . . . .	3,734,603	2,478,128	6,212,731	2,989,088
Unearned revenue . . . . .	20,933,314	10,537,806	31,471,120	-
Workers' compensation claims . . . . .	1,500,000	-	1,500,000	1,700,000
Revenue bonds . . . . .	5,830,000	-	5,830,000	-
General obligation bonds and notes . . . . .	50,180,000	155,000	50,335,000	-
Notes payable . . . . .	518,092	-	518,092	-
Compensated absences . . . . .	5,870,000	250,000	6,120,000	1,900,000
<b>Total Current Liabilities</b>	<b>215,788,479</b>	<b>61,719,469</b>	<b>277,507,948</b>	<b>85,574,471</b>
<b>Noncurrent Liabilities:</b>				
Workers' compensation claims . . . . .	12,209,236	-	12,209,236	12,060,000
Revenue bonds . . . . .	243,667,753	-	243,667,753	-
General obligation bonds and notes . . . . .	827,473,211	670,000	828,143,211	-
Notes payable . . . . .	4,862,828	-	4,862,828	-
Net pension . . . . .	426,496,139	9,377,398	435,873,537	273,054,254
Postemployment healthcare benefits . . . . .	59,960,700	2,041,461	62,002,161	39,608,323
Compensated absences . . . . .	85,342,657	1,461,100	86,803,757	36,572,914
<b>Total Noncurrent Liabilities</b>	<b>1,660,012,524</b>	<b>13,549,959</b>	<b>1,673,562,483</b>	<b>361,295,491</b>
<b>Total Liabilities</b>	<b>1,875,801,003</b>	<b>75,269,428</b>	<b>1,951,070,431</b>	<b>446,869,962</b>
<b>Deferred Inflows of Resources:</b>				
Pension-related . . . . .	80,556,311	1,533,623	82,089,934	86,095,890
<b>Net Position:</b>				
Net investment in capital assets . . . . .	1,115,088,507	125,124,499	1,240,213,006	248,662,228
Restricted for:				
Grant and donor restrictions . . . . .	711,226	7,562	718,788	43,204,681
Capital projects . . . . .	4,868,143	-	4,868,143	-
Debt service . . . . .	24,811,276	-	24,811,276	-
Statutory requirements relating to:				
Housing and redevelopment . . . . .	15,856,380	-	15,856,380	-
Metropolitan health plan . . . . .	-	29,437,821	29,437,821	-
Solid waste management . . . . .	-	16,750,255	16,750,255	-
Youth sports . . . . .	4,580,482	-	4,580,482	-
County Recorder technology and other . . . . .	9,246,344	-	9,246,344	-
Unrestricted (deficit) . . . . .	(140,552,867)	4,927,906	(135,624,961)	(188,951,396)
<b>Total Net Position</b>	<b>1,034,609,491</b>	<b>176,248,043</b>	<b>1,210,857,534</b>	<b>102,915,513</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 2,990,966,805</b>	<b>\$ 253,051,094</b>	<b>\$ 3,244,017,899</b>	<b>\$ 635,881,365</b>

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, 2015

FUNCTIONS/PROGRAMS	Program Expenses			
	All Other Direct Expenses	Direct Depreciation Expenses	Total Direct Expenses	Indirect Expenses
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Operations .....	\$ 191,210,602	\$ 11,702,838	\$ 202,913,440	\$ (30,117,448)
Human Services .....	500,763,318	6,661,945	507,425,263	11,329,067
Health .....	70,466,746	805,350	71,272,096	994,238
Public Safety .....	271,467,808	7,674,335	279,142,143	11,277,448
Public Works .....	63,267,380	24,443,720	87,711,100	2,527,002
Libraries .....	58,491,166	15,109,265	73,600,431	3,857,740
Housing and Redevelopment Authority .....	9,503,978	632,729	10,136,707	33,466
Regional Railroad Authority .....	23,768,353	41,804	23,810,157	98,487
Interest on Long-term Debt .....	43,205,097	-	43,205,097	-
Total Governmental Activities	1,232,144,448	67,071,986	1,299,216,434	-
<b>Business-type Activities:</b>				
Metropolitan Health Plan .....	148,124,869	-	148,124,869	-
Environmental Services .....	56,035,271	7,250,287	63,285,558	-
Other Enterprises .....	2,323,943	1,015,271	3,339,214	-
Total Business-type Activities	206,484,083	8,265,558	214,749,641	-
Total Primary Government	\$ 1,438,628,531	\$ 75,337,544	\$ 1,513,966,075	\$ -
<b>Component Unit:</b>				
Hennepin County Medical Center .....	\$ 880,799,757	\$ 33,248,179	\$ 914,047,936	\$ -

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		
\$ 34,555,322	\$ 10,108,001	\$ -	\$ (128,132,669)	\$ -	\$ (128,132,669)	\$ -
47,429,213	231,181,982	-	(240,143,135)	-	(240,143,135)	-
25,494,025	18,457,242	-	(28,315,067)	-	(28,315,067)	-
18,144,638	38,879,424	-	(233,395,529)	-	(233,395,529)	-
8,377,004	33,079,477	73,188,288	24,406,667	-	24,406,667	-
3,942,894	3,642,525	-	(69,872,752)	-	(69,872,752)	-
2,269,562	1,917,439	-	(5,983,172)	-	(5,983,172)	-
685,494	1,392,038	2,720,825	(19,110,287)	-	(19,110,287)	-
-	-	-	(43,205,097)	-	(43,205,097)	-
<u>140,898,152</u>	<u>338,658,128</u>	<u>75,909,113</u>	<u>(743,751,041)</u>	<u>-</u>	<u>(743,751,041)</u>	<u>-</u>
144,120,318	562,550	-	-	(3,442,001)	(3,442,001)	-
50,713,519	5,030,232	-	-	(7,541,807)	(7,541,807)	-
3,842,304	-	-	-	503,090	503,090	-
<u>198,676,141</u>	<u>5,592,782</u>	<u>-</u>	<u>-</u>	<u>(10,480,718)</u>	<u>(10,480,718)</u>	<u>-</u>
<u>\$ 339,574,293</u>	<u>\$ 344,250,910</u>	<u>\$ 75,909,113</u>	<u>(743,751,041)</u>	<u>(10,480,718)</u>	<u>(754,231,759)</u>	<u>-</u>
<u>\$ 876,601,657</u>	<u>\$ 57,400,354</u>	<u>\$ 12,209,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,163,409</u>
General Revenues:						
Property taxes			736,107,711	-	736,107,711	-
Sales tax			35,769,164	-	35,769,164	-
Wheelage tax			9,965,015	-	9,965,015	-
Other taxes			3,470,495	3,677,095	7,147,590	-
Grants & contributions not restricted to specific programs			32,451,058	-	32,451,058	-
Unrestricted investment earnings			8,350,369	-	8,350,369	1,219,791
Change in equity interest in component unit			33,383,200	-	33,383,200	-
Transfers			1,043,430	(1,043,430)	-	-
Total General Revenues and Transfers			<u>860,540,442</u>	<u>2,633,665</u>	<u>863,174,107</u>	<u>1,219,791</u>
Change in Net Position			116,789,401	(7,847,053)	108,942,348	33,383,200
Net Position - Beginning, as restated			<u>917,820,090</u>	<u>184,095,096</u>	<u>1,101,915,186</u>	<u>69,532,313</u>
Net Position - Ending			<u>\$ 1,034,609,491</u>	<u>\$ 176,248,043</u>	<u>\$ 1,210,857,534</u>	<u>\$ 102,915,513</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**Governmental Funds**  
December 31, 2015  
With Comparative Totals for December 31, 2014

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority (HRA)
<b>ASSETS</b>					
Cash and investments . . . . .	\$ 255,315,941	\$ 158,825,969	\$ 41,421,600	\$ -	\$ 8,564,272
Due from component unit . . . . .	1,247,451	51,409	-	-	-
Delinquent taxes receivable, net . . . . .	5,395,363	2,068,528	531,278	-	-
Due from other governmental agencies . . . . .	10,832,262	38,582,754	11,298	5,791,473	23,663
Accrued investment interest . . . . .	3,537,388	-	-	-	-
Interfund receivable . . . . .	356,962	285,123	-	-	-
Other receivable . . . . .	5,885,809	475,658	82,808	-	17,726
Prepaid items . . . . .	399,088	185,955	787,691	-	269,343
Inventories . . . . .	3,387,492	-	-	-	-
Land held for resale . . . . .	-	-	-	-	6,583,789
Note receivable . . . . .	111,136	-	-	-	16,212,245
Restricted cash and investments . . . . .	-	-	5,972,823	4,023,953	743,085
	<u>\$ 286,468,892</u>	<u>\$ 200,475,396</u>	<u>\$ 48,807,498</u>	<u>\$ 9,815,426</u>	<u>\$ 32,414,123</u>
Total Assets					
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and contracts payable . . . . .	\$ 27,264,927	\$ 27,119,559	\$ 1,262,641	\$ 77,553	\$ 770,490
Accrued liabilities . . . . .	10,318,365	3,460,924	529,592	-	-
Interfund payable . . . . .	45,423,159	26,840,176	4,156,015	-	13,198,051
Due to component unit . . . . .	1,321,540	-	-	-	-
Unearned revenue . . . . .	252,885	5,493,434	-	-	-
	<u>84,580,876</u>	<u>62,914,093</u>	<u>5,948,248</u>	<u>77,553</u>	<u>13,968,541</u>
Total Liabilities					
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes . . . . .	4,382,663	1,751,728	444,178	-	-
Unavailable revenue - intergovernmental . . . . .	1,274,825	1,968,065	-	-	-
	<u>5,657,488</u>	<u>3,719,793</u>	<u>444,178</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources					
<b>Fund Balances:</b>					
Nonspendable . . . . .	3,786,580	185,955	2,768,404	-	6,853,132
Restricted . . . . .	14,538,052	-	6,068,978	9,737,873	11,592,450
Committed . . . . .	-	133,655,555	33,577,690	-	-
Assigned . . . . .	39,060,573	-	-	-	-
Unassigned . . . . .	138,845,323	-	-	-	-
	<u>196,230,528</u>	<u>133,841,510</u>	<u>42,415,072</u>	<u>9,737,873</u>	<u>18,445,582</u>
Total Fund Balances					
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 286,468,892</u>	<u>\$ 200,475,396</u>	<u>\$ 48,807,498</u>	<u>\$ 9,815,426</u>	<u>\$ 32,414,123</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	
					2015	2014
\$ 40,453,288	\$ 305,488	\$ -	\$ 14,867,554	\$ 111,765,703	\$ 631,519,815	\$ 698,465,826
-	-	-	-	-	1,298,860	58,945,462
217,799	-	-	705,245	30,737	8,948,950	10,038,500
-	-	-	-	10,340,855	65,582,305	72,712,543
-	-	-	-	12,334	3,549,722	2,390,060
-	-	-	-	13,198,051	13,840,136	15,476,267
159,631	-	-	-	104,000	6,725,632	10,557,237
-	-	-	-	-	1,642,077	1,913,929
-	-	-	-	-	3,387,492	3,140,775
-	-	-	-	-	6,583,789	-
-	-	-	100,655,000	-	116,978,381	120,331,082
-	-	-	3,127,298	-	13,867,159	13,710,940
<u>\$ 40,830,718</u>	<u>\$ 305,488</u>	<u>\$ -</u>	<u>\$ 119,355,097</u>	<u>\$ 135,451,680</u>	<u>\$ 873,924,318</u>	<u>\$ 1,007,682,621</u>
\$ 5,740,247	\$ -	\$ -	\$ 714,303	\$ 31,211,543	\$ 94,161,263	\$ 147,829,576
-	-	-	-	-	14,308,881	27,064,304
-	-	-	-	-	89,617,401	80,603,055
-	-	-	-	2,413,063	3,734,603	2,461,300
-	-	-	-	15,186,995	20,933,314	17,742,245
<u>5,740,247</u>	<u>-</u>	<u>-</u>	<u>714,303</u>	<u>48,811,601</u>	<u>222,755,462</u>	<u>275,700,480</u>
-	-	-	588,845	27,337	7,194,751	9,063,527
-	-	-	100,655,000	2,316,305	106,214,195	114,222,287
-	-	-	101,243,845	2,343,642	113,408,946	123,285,814
-	-	-	-	13,672,058	27,266,129	21,429,687
35,090,471	305,488	-	17,396,949	70,624,379	165,354,640	221,231,427
-	-	-	-	-	167,233,245	194,971,038
-	-	-	-	-	39,060,573	36,308,948
-	-	-	-	-	138,845,323	134,755,227
<u>35,090,471</u>	<u>305,488</u>	<u>-</u>	<u>17,396,949</u>	<u>84,296,437</u>	<u>537,759,910</u>	<u>608,696,327</u>
<u>\$ 40,830,718</u>	<u>\$ 305,488</u>	<u>\$ -</u>	<u>\$ 119,355,097</u>	<u>\$ 135,451,680</u>	<u>\$ 873,924,318</u>	<u>\$ 1,007,682,621</u>

Hennepin County, Minnesota  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
December 31, 2015

Total governmental fund balances (page 35) \$ 537,759,910

Amounts reported for governmental activities in the statement of net position are different because:

**Capital assets** used in governmental activities are not financial resources and, therefore, are not reported in the funds. (The capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.) 1,704,352,139

**The equity interest in component unit** is not a current financial resource and, therefore, is not reported in the governmental fund statements. 102,915,513

**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. 113,408,946

**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. 148,459,685

**Net pension liabilities** and related deferred inflows and deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period. (448,914,194)

**Long-term liabilities** and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period. (1,123,372,508)

Net position of governmental activities (page 30) \$ 1,034,609,491

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, 2015  
With Comparative Totals for the Year Ended December 31, 2014

	General	Human Services	Library	Ballpark Sales Tax	Housing and Redevelopment Authority
<b>REVENUES</b>					
Property taxes .....	\$ 336,741,628	\$ 226,668,669	\$ 62,335,145	\$ -	\$ 7,102,953
Sales tax .....	-	-	-	35,769,164	-
Wheelage tax .....	9,965,015	-	-	-	-
Other taxes .....	3,167,184	168,298	46,316	-	5,053
Intergovernmental .....	106,454,390	239,249,639	6,378,441	-	1,399,347
Investment earnings (losses) .....	8,031,331	-	47,029	776	64,845
Charges for services .....	92,501,332	43,391,968	1,200,023	-	1,851,347
Fines and forfeits .....	410,499	-	1,356,516	-	-
Licenses and permits .....	6,210,338	1,606,611	-	-	-
Other .....	16,249,898	2,430,613	1,377,913	-	418,215
<b>Total Revenues</b>	<b>579,731,615</b>	<b>513,515,798</b>	<b>72,741,383</b>	<b>35,769,940</b>	<b>10,841,760</b>
<b>EXPENDITURES</b>					
Current:					
Operations .....	158,841,478	-	-	2,284,555	-
Human services .....	-	515,973,604	-	-	-
Health .....	70,720,068	-	-	-	-
Public safety .....	266,219,052	-	-	-	-
Public works .....	67,495,212	-	-	-	-
Libraries .....	-	-	74,876,993	-	-
Housing and Redevelopment Authority .....	-	-	-	-	13,003,451
Regional Railroad Authority .....	-	-	-	-	-
Debt service:					
Principal retirement .....	-	-	-	-	-
Interest and fiscal charges .....	-	-	-	-	-
Capital projects .....	-	-	-	-	-
<b>Total Expenditures</b>	<b>563,275,810</b>	<b>515,973,604</b>	<b>74,876,993</b>	<b>2,284,555</b>	<b>13,003,451</b>
Excess (Deficiency) of Revenues Over Expenditures	16,455,805	(2,457,806)	(2,135,610)	33,485,385	(2,161,691)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt .....	-	-	-	-	-
Payment to refunded bond escrow agent .....	-	-	-	-	-
Transfers in .....	3,208,396	2,936,302	2,300,000	-	10,522,033
Transfers out .....	(21,923,774)	(19,900,000)	-	(33,406,886)	(861,302)
Sale of capital assets .....	-	-	-	-	-
Debt premiums .....	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(18,715,378)</b>	<b>(16,963,698)</b>	<b>2,300,000</b>	<b>(33,406,886)</b>	<b>9,660,731</b>
Net Change in Fund Balances	(2,259,573)	(19,421,504)	164,390	78,499	7,499,040
Fund Balances - Beginning	198,490,101	153,263,014	42,250,682	9,659,374	10,946,542
Fund Balances - Ending	<u>\$ 196,230,528</u>	<u>\$ 133,841,510</u>	<u>\$ 42,415,072</u>	<u>\$ 9,737,873</u>	<u>\$ 18,445,582</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	
						2015	2014
\$	24,240,598	\$ 2,864,686	\$ -	\$ 84,475,901	\$ 2,514,194	\$ 746,943,774	\$ 712,632,987
	-	-	-	-	-	35,769,164	34,254,757
	-	-	-	-	-	9,965,015	9,296,105
	18,642	1,810	-	61,354	1,838	3,470,495	2,974,387
	3,831,818	-	-	14,497,404	73,188,288	444,999,327	502,234,132
	281,045	-	-	441	205,947	8,631,414	11,188,951
	662,779	-	-	-	-	139,607,449	136,680,039
	-	-	-	-	-	1,767,015	1,662,357
	-	-	-	-	-	7,816,949	7,549,567
	22,715	-	-	-	1,312,843	21,812,197	20,333,357
	<u>29,057,597</u>	<u>2,866,496</u>	<u>-</u>	<u>99,035,100</u>	<u>77,223,110</u>	<u>1,420,782,799</u>	<u>1,438,806,639</u>
	-	-	-	-	19,682,833	180,808,866	159,957,491
	-	-	-	-	-	515,973,604	480,331,430
	-	-	-	-	-	70,720,068	95,889,084
	-	-	-	-	-	266,219,052	259,029,720
	-	-	-	-	-	67,495,212	70,920,557
	-	-	-	-	-	74,876,993	70,435,923
	-	-	-	-	-	13,003,451	9,264,852
	23,768,353	-	-	-	-	23,768,353	24,025,579
	-	1,510,000	-	82,057,824	-	83,567,824	93,594,868
	-	1,369,700	-	45,703,571	-	47,073,271	47,070,712
	-	-	-	-	150,822,026	150,822,026	137,325,079
	<u>23,768,353</u>	<u>2,879,700</u>	<u>-</u>	<u>127,761,395</u>	<u>170,504,859</u>	<u>1,494,328,720</u>	<u>1,447,845,295</u>
	<u>5,289,244</u>	<u>(13,204)</u>	<u>-</u>	<u>(28,726,295)</u>	<u>(93,281,749)</u>	<u>(73,545,921)</u>	<u>(9,038,656)</u>
	-	-	-	-	-	-	180,615,000
	-	-	-	-	-	-	(80,381,994)
	2,436,320	-	-	31,844,087	38,265,100	91,512,238	53,779,062
	(153,982)	-	(2,436,320)	-	(11,704,078)	(90,386,342)	(53,303,623)
	-	-	-	-	1,483,608	1,483,608	475,802
	-	-	-	-	-	-	31,239,950
	<u>2,282,338</u>	<u>-</u>	<u>(2,436,320)</u>	<u>31,844,087</u>	<u>28,044,630</u>	<u>2,609,504</u>	<u>132,424,197</u>
	7,571,582	(13,204)	(2,436,320)	3,117,792	(65,237,119)	(70,936,417)	123,385,541
	27,518,889	318,692	2,436,320	14,279,157	149,533,556	608,696,327	485,310,786
\$	<u>35,090,471</u>	<u>305,488</u>	<u>-</u>	<u>17,396,949</u>	<u>84,296,437</u>	<u>537,759,910</u>	<u>608,696,327</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, 2015

Net change in governmental fund balances (page 39) \$ (70,936,417)

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. 72,461,363

The net effect of **capital asset disposals, sales, and donations** is to decrease net position in the Statement of Activities. These amounts are not reported in the governmental funds because they do not affect current financial resources. Governmental funds only report proceeds from the sale of capital assets. (2,146,382)

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. 33,383,200

**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. (2,914,378)

**Revenues** in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (9,876,868)

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. 85,552,470

**Expenses** reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds (i.e. interest on long-term debt, the amortization of long-term debt discount, and certain pension expenses). 7,071,217

The net revenue of certain activities of **internal service funds** is reported with governmental activities. 4,195,196

Change in net position of governmental activities (page 33) \$ 116,789,401

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

Hennepin County, Minnesota  
**Statements of Net Position**  
**Proprietary Funds**  
December 31, 2015  
With Comparative Totals for December 31, 2014

	Business-type Activities - Enterprise Funds			Totals		2015 Internal Service Funds
	Metropolitan Health Plan	Solid Waste	Total Nonmajor	2015	2014	
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>						
<b>Current Assets:</b>						
Cash	\$ 81,093,393	\$ 13,673,529	\$ 4,920,036	\$ 99,686,958	\$ 99,801,049	\$ 176,361,363
Delinquent taxes receivable	-	-	-	-	148	-
Interfund receivable	-	-	-	-	-	76,419,350
Due from component unit	-	-	11,583	11,583	10,873	1,678,645
Other receivable	12,290,642	5,566,965	37,500	17,895,107	20,561,618	1,148,308
Inventories	-	-	5,610	5,610	4,130	872,624
Prepaid items	73,578	-	1,470	75,048	45,486	4,901,782
<b>Total Current Assets</b>	<b>93,457,613</b>	<b>19,240,494</b>	<b>4,976,199</b>	<b>117,674,306</b>	<b>120,423,304</b>	<b>261,382,072</b>
<b>Noncurrent Assets:</b>						
Notes receivable	-	1,172,032	-	1,172,032	1,287,889	-
Restricted cash and investments	500,000	7,247,761	-	7,747,761	9,931,005	-
<b>Capital assets:</b>						
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	164,392,139	37,296,844
Equipment	364,940	19,944,843	8,797,975	29,107,758	15,000,294	109,413,411
Software	-	-	-	-	-	16,867,618
Leasehold improvements	1,673,332	-	-	1,673,332	1,673,332	-
Construction in progress	41,070	686,025	-	727,095	-	296,849
<b>Total capital assets</b>	<b>2,079,342</b>	<b>192,359,272</b>	<b>12,520,142</b>	<b>206,958,756</b>	<b>192,124,197</b>	<b>164,915,322</b>
Less accumulated depreciation and amortization	2,038,272	71,751,399	7,219,586	81,009,257	73,159,224	97,226,806
<b>Net Capital Assets</b>	<b>41,070</b>	<b>120,607,873</b>	<b>5,300,556</b>	<b>125,949,499</b>	<b>118,964,973</b>	<b>67,688,516</b>
<b>Total Noncurrent Assets</b>	<b>541,070</b>	<b>129,027,666</b>	<b>5,300,556</b>	<b>134,869,292</b>	<b>130,183,867</b>	<b>67,688,516</b>
<b>Total Assets</b>	<b>93,998,683</b>	<b>148,268,160</b>	<b>10,276,755</b>	<b>252,543,598</b>	<b>250,607,171</b>	<b>329,070,588</b>
<b>Deferred Outflows of Resources:</b>						
Pension-related	632,175	517,406	-	1,149,581	-	-
<b>Total Assets and Deferred Outflows</b>	<b>\$ 94,630,858</b>	<b>\$ 148,785,566</b>	<b>\$ 10,276,755</b>	<b>\$ 253,693,179</b>	<b>\$ 250,607,171</b>	<b>\$ 329,070,588</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
<b>Current Liabilities:</b>						
Interfund payable	\$ 642,085	\$ -	\$ -	\$ 642,085	\$ 313,732	\$ -
Accounts and contracts payable	26,380,810	4,454,127	48,293	30,883,230	22,449,912	9,013,884
Accrued interest payable	-	-	-	-	-	-
Accrued expenses	17,326,467	88,838	-	17,415,305	17,354,746	6,714,426
Due to component unit	2,478,128	-	-	2,478,128	459,772	-
Unearned revenue	10,537,806	-	-	10,537,806	11,634,396	-
<b>Current portion of:</b>						
Workers' compensation claims	-	-	-	-	-	1,500,000
Lease revenue certificates of participation	-	-	-	-	-	-
General obligation bonds and notes	-	-	155,000	155,000	150,000	1,520,444
Notes payable	-	-	-	-	-	-
Compensated absences	200,000	50,000	-	250,000	350,000	5,870,000
<b>Total Current Liabilities</b>	<b>57,565,296</b>	<b>4,592,965</b>	<b>203,293</b>	<b>62,361,554</b>	<b>52,712,558</b>	<b>24,618,754</b>
<b>Noncurrent Liabilities, Net of Current Portion:</b>						
Workers' compensation claims	-	-	-	-	-	12,209,236
General obligation bonds and notes	-	-	670,000	670,000	825,000	12,504,446
Net pension	5,156,800	4,220,598	-	9,377,398	9,750,997	-
Postemployment healthcare benefits	1,135,938	905,523	-	2,041,461	1,921,855	59,960,700
Compensated absences	450,566	1,010,534	-	1,461,100	1,301,665	85,342,657
<b>Total Noncurrent Liabilities</b>	<b>6,743,304</b>	<b>6,136,655</b>	<b>670,000</b>	<b>13,549,959</b>	<b>13,799,517</b>	<b>170,017,039</b>
<b>Total Liabilities</b>	<b>64,308,600</b>	<b>10,729,620</b>	<b>873,293</b>	<b>75,911,513</b>	<b>66,512,075</b>	<b>194,635,793</b>
<b>Deferred Inflows of Resources:</b>						
Pension-related	843,367	690,256	-	1,533,623	-	-
<b>Net Position:</b>						
Net investment in capital assets	41,070	120,607,873	4,475,556	125,124,499	117,989,973	53,663,626
<b>Restricted for:</b>						
<b>Statutory requirements relating to:</b>						
Metropolitan health plan	29,437,821	-	-	29,437,821	32,889,322	-
Solid waste management	-	16,750,255	-	16,750,255	27,148,401	-
Brownfield assessment and cleanup	-	7,562	-	7,562	1,707,250	-
Unrestricted	-	-	4,927,906	4,927,906	4,360,150	80,771,169
<b>Total Net Position</b>	<b>29,478,891</b>	<b>137,365,690</b>	<b>9,403,462</b>	<b>176,248,043</b>	<b>184,095,096</b>	<b>134,434,795</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 94,630,858</b>	<b>\$ 148,785,566</b>	<b>\$ 10,276,755</b>	<b>\$ 253,693,179</b>	<b>\$ 250,607,171</b>	<b>\$ 329,070,588</b>

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, 2015  
With Comparative Totals for the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					
	Metropolitan Health Plan	Solid Waste	Total Nonmajor	Total		2015 Internal Service Funds
				2015	2014	
<b>OPERATING REVENUES</b>						
Net charges for services.....	\$ 144,120,318	\$ 50,713,519	\$ 3,842,304	\$ 198,676,141	\$ 215,622,684	\$ 226,754,838
<b>OPERATING EXPENSES</b>						
Personal services.....	8,236,646	6,803,290	1,567,820	16,607,756	16,724,154	161,119,858
Commodities.....	25,863	618,303	223,923	868,089	845,584	18,449,462
Contractual services.....	129,496,969	39,128,163	446,494	169,071,626	182,864,926	26,225,452
Depreciation and amortization.....	-	7,250,287	1,015,271	8,265,558	7,363,819	16,116,672
Other.....	10,258,172	966,724	59,987	11,284,883	7,292,098	2,520,898
<b>Total Operating Expenses</b>	<b>148,017,650</b>	<b>54,766,767</b>	<b>3,313,495</b>	<b>206,097,912</b>	<b>215,090,581</b>	<b>224,432,342</b>
Operating Income (Loss)	(3,897,332)	(4,053,248)	528,809	(7,421,771)	532,103	2,322,496
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Other taxes.....	-	-	-	-	52,757	-
Intergovernmental.....	-	4,767,541	-	4,767,541	4,969,213	-
Investment earnings (losses).....	562,550	262,691	-	825,241	1,402,535	-
Interest expense.....	(107,219)	-	(19,500)	(126,719)	(385,811)	(439,335)
Gain (Loss) on capital asset disposal.....	-	-	(6,219)	(6,219)	(14,058)	1,474,930
Other.....	-	3,677,095	-	3,677,095	2,483,289	-
Environmental grants awarded.....	-	(8,518,791)	-	(8,518,791)	(5,136,581)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>455,331</b>	<b>188,536</b>	<b>(25,719)</b>	<b>618,148</b>	<b>3,371,344</b>	<b>1,035,595</b>
Income (Loss) Before Contributions and Transfers	(3,442,001)	(3,864,712)	503,090	(6,803,623)	3,903,447	3,358,091
Capital contributions.....	31,570	-	-	31,570	-	2,104,047
Transfers out.....	-	(1,075,000)	-	(1,075,000)	(475,439)	(50,896)
<b>Net Contributions and Transfers</b>	<b>31,570</b>	<b>(1,075,000)</b>	<b>-</b>	<b>(1,043,430)</b>	<b>(475,439)</b>	<b>2,053,151</b>
Change in Net Position	(3,410,431)	(4,939,712)	503,090	(7,847,053)	3,428,008	5,411,242
Total Net Position - Beginning	32,889,322	142,305,402	8,900,372	184,095,096	180,667,088	129,023,553
<b>Total Net Position - Ending</b>	<b>\$ 29,478,891</b>	<b>\$ 137,365,690</b>	<b>\$ 9,403,462</b>	<b>\$ 176,248,043</b>	<b>\$ 184,095,096</b>	<b>\$ 134,434,795</b>

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, 2015

	Business-type Activities - Enterprise Funds				
	Metropolitan Health Plan	Solid Waste	Nonmajor Funds	Totals	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users.....	\$ 144,332,323	\$ 52,134,433	\$ 3,839,155	\$ 200,305,911	\$ 211,041,475
Payments to suppliers for goods and services.....	(119,728,016)	(39,096,737)	(694,334)	(159,519,087)	(47,597,704)
Payments to employees for services.....	(8,187,610)	(6,662,838)	(1,567,820)	(16,418,268)	(152,584,952)
Other operating disbursements.....	(10,258,172)	(966,724)	(59,987)	(11,284,883)	(2,520,898)
Net Cash Provided by Operating Activities	<u>6,158,525</u>	<u>5,408,134</u>	<u>1,517,014</u>	<u>13,083,673</u>	<u>8,337,921</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Other taxes.....	-	148	-	148	-
Net grants and contributions.....	-	41,702	-	41,702	-
Transfers out.....	-	(1,075,000)	-	(1,075,000)	(50,896)
Interfund loan.....	328,353	-	-	328,353	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>328,353</u>	<u>(1,033,150)</u>	<u>-</u>	<u>(704,797)</u>	<u>(50,896)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets.....	(9,500)	(14,408,409)	(806,824)	(15,224,733)	(19,007,633)
Interest paid.....	(107,219)	-	(19,500)	(126,719)	(439,644)
Proceeds from issuance of debt.....	-	-	-	-	250,510
Debt issuance cost and principal payments.....	-	-	(150,000)	(150,000)	(1,537,396)
Net Cash Used by Capital and Related Financing Activities	<u>(116,719)</u>	<u>(14,408,409)</u>	<u>(976,324)</u>	<u>(15,501,452)</u>	<u>(20,734,163)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income.....	562,550	262,691	-	825,241	-
Net Cash Provided By Investing Activities	<u>562,550</u>	<u>262,691</u>	<u>-</u>	<u>825,241</u>	<u>-</u>
Net Increase (Decrease) In Cash	6,932,709	(9,770,734)	540,690	(2,297,335)	(12,447,138)
Cash at Beginning of Year	74,660,684	30,692,024	4,379,346	109,732,054	188,808,501
Cash at End of Year	<u>\$ 81,593,393</u>	<u>\$ 20,921,290</u>	<u>\$ 4,920,036</u>	<u>\$ 107,434,719</u>	<u>\$ 176,361,363</u>
<b>CASH COMPONENTS:</b>					
Cash.....	\$ 81,093,393	\$ 13,673,529	\$ 4,920,036	\$ 99,686,958	\$ 176,361,363
Restricted cash.....	500,000	7,247,761	-	7,747,761	-
Cash at End of Year	<u>\$ 81,593,393</u>	<u>\$ 20,921,290</u>	<u>\$ 4,920,036</u>	<u>\$ 107,434,719</u>	<u>\$ 176,361,363</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss).....	\$ (3,897,332)	\$ (4,053,248)	\$ 528,809	\$ (7,421,771)	\$ 2,322,496
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization.....	-	7,250,287	1,015,271	8,265,558	16,116,672
(Increase) decrease in:					
Receivables and prepaid items.....	1,007,534	1,632,554	(3,139)	2,636,949	(11,995,855)
Due from component unit.....	-	-	(710)	(710)	(303,973)
Inventories.....	-	-	(1,480)	(1,480)	(45,171)
Increase (decrease) in:					
Accounts payable and accrued expenses.....	8,126,557	578,541	(21,737)	8,683,361	5,862,551
Due to component unit.....	2,018,356	-	-	2,018,356	-
Unearned revenue.....	(1,096,590)	-	-	(1,096,590)	(3,618,799)
Net Cash Provided by Operating Activities	<u>\$ 6,158,525</u>	<u>\$ 5,408,134</u>	<u>\$ 1,517,014</u>	<u>\$ 13,083,673</u>	<u>\$ 8,337,921</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Contributions of capital assets.....	\$ 31,570	\$ -	\$ -	\$ 31,570	\$ 2,104,047
Loss on disposal of capital assets.....	-	-	(6,219)	(6,219)	(33,624)
Decrease in fair value of investments.....	(227,656)	(86,328)	-	(313,984)	-

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, 2015

	Agency
<b>ASSETS</b>	
Cash and investments .....	\$ 105,494,177
Delinquent taxes receivable .....	31,538,953
Total Assets	\$ 137,033,130
<b>LIABILITIES</b>	
Amounts due as agent	\$ 137,033,130

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

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Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Financial Reporting Entity**

Hennepin County (the County) was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member Hennepin County Board of Commissioners (County Board) elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units (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, 2015

**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, 2015

**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, 2015

**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 Authority Capital Projects Fund*. The RRA Capital Projects Fund was consolidated into the RRA Fund at the beginning of 2015.

**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, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

**Proprietary Funds – continued.** The County reports the following proprietary funds:

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

- The *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 and dental benefit plans.
- The *Other Employee Benefits Fund* is used to account for earned and unused compensated absences and other postemployment benefit obligations for governmental funds.

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**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, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

**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.

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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

**Fund Balance and Net Position.** In the governmental fund financial statements, fund balance is reported in the following classifications that are based on the spending constraints placed on the resources:

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

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

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

**D. Comparative Data, Reclassifications, and Use of Estimates**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of certain changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been 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, 2014, 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, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**E. Restatement of Beginning Net Position**

The County adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*; and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* in the current year to record the County’s proportionate share of the net pension liability, as well as certain deferred outflows and deferred inflows of resources associated with pension expense. As a result of the Medical Center’s adoption of the above standards and their merger with the MN Visiting Nurses Association, the County’s equity interest in component unit was also restated.

Payments from the MN Department of Human Services (DHS) for Special Needs Basic Care Medicaid membership were subject to a risk-sharing arrangement for 2012 through 2014. MHP had determined that the contract resulted in a net gain in each of the three years and, accordingly, estimated it owed DHS \$11.1 million as of December 31, 2014 for the estimated liability for each year in aggregate health policy reserves under the assumption that a final settlement with DHS would eventually occur. During 2015, MHP determined that based on the dates contained in the contract, the amounts owed for each contract year should have been extinguished by July 31 of the following year when no response was received from DHS. Accordingly, MHP determined that the liability amounts for 2012, 2013 and 2014 were extinguished in 2013, 2014 and 2015, respectively.

Because the County includes summary comparative totals for 2014 proprietary fund financial statements, MHP and Solid Waste Fund net positions were restated as of January 1, 2014 as follows:

	MHP	Solid Waste
Net position previously reported	\$ 29,943,500	\$ 145,407,430
Recognize net pension liability	(5,362,249)	(4,388,748)
Remove health policy reserve liability	5,923,308	-
Net position, as restated	\$ 30,504,559	\$ 141,018,682

The Governmental Activities’ and Business-Type Activities’ net position were restated as of January 1, 2015 as follows:

	Governmental Activities	Business-type Activities
Net position previously reported	\$ 1,651,025,333	\$ 185,248,044
Restate equity interest in component unit for pension-related changes and merger	(281,088,006)	-
Recognize pension-related activity	(452,117,237)	(9,750,997)
Remove health policy reserve liability	-	8,598,049
Net position, as restated	\$ 917,820,090	\$ 184,095,096

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**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.) .....	\$ 2,600,405,072
Accumulated depreciation related to governmental activities .....	<u>(896,052,933)</u>
Total Capital Assets Reconciliation Item	<u>\$ 1,704,352,139</u>

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

General obligation (G.O.) bonds and notes payable .....	\$ (828,790,000)
Net G.O. premiums and discounts (to be amortized as interest expense) .....	(48,863,211)
Revenue bonds .....	(242,530,000)
Revenue bond premiums (to be amortized as interest expense) .....	(6,967,753)
Notes payable .....	(5,380,920)
Accrued interest payable .....	(3,024,016)
Deferred charge on debt refunding .....	<u>12,183,392</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,123,372,508)</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 .....	\$ 123,416,677
Less depreciation expense .....	<u>(50,955,314)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 72,461,363</u>

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

Principal repayments – G.O. debt .....	\$ 65,090,000
Principal repayments – Ballpark revenue bonds .....	17,030,000
Principal repayments – note payable .....	518,092
Principal repayments – lease revenue certificate of participation .....	<u>2,914,378</u>
Total Long-term Debt Reconciliation Item	<u>\$ 85,552,470</u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**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 \$32,227,386. 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 \$16,040,065. County, fiduciary, and discretely presented component unit cash and investments are pooled.

**Management of Investment Risk.** At December 31, 2015, 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	\$ 940,261,431	1.99
Commercial paper	25,000,000	0.01
Repurchase agreements	104,428,294	0.03
Money market funds	<u>7,151,251</u>	0.07
Total fair value	<u>\$ 1,076,840,976</u>	
Effective duration		1.74

**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 (S&P) and Aaa to A by Moody's Investors Service (Moody's), with the exception of \$29,553,542 of unrated U.S. government and agency issues. The County's investments in money market funds were rated AAA by S&P and Aaa by Moody's. Commercial paper was rated P-1 by Moody's and A-1+ by S&P. The County's general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of bankers acceptances and shares of investment companies.

**Concentration of Credit Risk.** The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County's total investments is in each of the following: Federal Home Loan Mortgage Corporation (44%), Federal Farm Credit Banks Funding Corporation (15%), Federal National Mortgage Association (13%), and Federal Home Loan Bank (11%).

**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, 2015

**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 2015 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Decrease in the Fair Value of Investments	Total Investment Earnings
<u>Governmental Funds:</u>			
General	\$ 10,777,677	\$ (2,746,346)	\$ 8,031,331
<u>Special Revenue:</u>			
Library	64,807	(17,778)	47,029
Ballpark Sales Tax	776	-	776
Housing and Redevelopment	93,005	(28,160)	64,845
Regional Railroad	396,646	(115,601)	281,045
Debt Service	441	-	441
Capital Projects	205,947	-	205,947
	<u>11,539,299</u>	<u>(2,907,885)</u>	<u>8,631,414</u>
<u>Proprietary Funds:</u>			
<u>Enterprise:</u>			
Metropolitan Health Plan	790,206	(227,656)	562,550
Solid Waste	349,020	(86,329)	262,691
	<u>1,139,226</u>	<u>(313,985)</u>	<u>825,241</u>
Total	<u>\$ 12,678,525</u>	<u>\$ (3,221,870)</u>	<u>\$ 9,456,655</u>

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

	2015	2014
Investment income and realized gains and losses	\$ 12,678,525	\$ 8,856,250
Net annual increase (decrease) in the fair value of investments	(3,221,870)	3,735,236
Total Investment Earnings (Losses)	<u>\$ 9,456,655</u>	<u>\$ 12,591,486</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
- \$7,247,761 Solid Waste Fund Environmental Response Program cash and investments restricted for purposes specified by Minnesota statutes, section 383B.81.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2015
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 4,732,065	\$ 82,717	\$ -	\$ 4,814,782
Land	107,368,975	1,773,503	(1,852,565)	107,289,913
Construction in progress	83,918,912	111,067,916	(24,835,135)	170,151,693
<i>Total capital assets not being depreciated</i>	<u>196,019,952</u>	<u>112,924,136</u>	<u>(26,687,700)</u>	<u>282,256,388</u>
<i>Capital assets being depreciated:</i>				
Buildings	808,521,249	3,567,737	-	812,088,986
Equipment	166,165,773	25,007,710	(15,397,380)	175,776,103
Software	32,010,126	2,773,225	(821,168)	33,962,183
Library books and materials	67,228,866	6,811,454	(27,258,652)	46,781,668
Leasehold improvements	18,208,215	35,781	-	18,243,996
Land improvements	34,397,660	-	-	34,397,660
Infrastructure	1,343,211,238	19,866,502	(1,264,330)	1,361,813,410
<i>Total capital assets being depreciated</i>	<u>2,469,743,127</u>	<u>58,062,409</u>	<u>(44,741,530)</u>	<u>2,483,064,006</u>
<i>Less accumulated depreciation for:</i>				
Buildings	362,172,152	18,128,561	-	380,300,713
Equipment	117,565,635	16,999,488	(15,177,498)	119,387,625
Software	11,910,755	4,578,163	(821,168)	15,667,750
Library books and materials	46,419,726	6,040,061	(27,258,652)	25,201,135
Leasehold improvements	10,404,065	1,799,973	-	12,204,038
Land improvements	12,651,345	1,548,904	-	14,200,249
Infrastructure	409,383,665	17,976,836	(1,042,272)	426,318,229
<i>Total accumulated depreciation</i>	<u>970,507,343</u>	<u>67,071,986</u>	<u>(44,299,590)</u>	<u>993,279,739</u>
Total capital assets being depreciated, net	<u>1,499,235,784</u>	<u>(9,009,577)</u>	<u>(441,940)</u>	<u>1,489,784,267</u>
Governmental activities capital assets, net	<u>1,695,255,736</u>	<u>103,914,559</u>	<u>(27,129,640)</u>	<u>1,772,040,655</u>
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	9,164,524	-	-	9,164,524
Construction in progress	-	727,095	-	727,095
<i>Total capital assets not being depreciated</i>	<u>9,164,524</u>	<u>727,095</u>	<u>-</u>	<u>9,891,619</u>
<i>Capital assets being depreciated:</i>				
Buildings	164,392,139	-	-	164,392,139
Equipment	15,000,294	14,529,208	(421,744)	29,107,758
Leasehold improvements	1,673,332	-	-	1,673,332
Land improvements	1,893,908	-	-	1,893,908
<i>Total capital assets being depreciated</i>	<u>182,959,673</u>	<u>14,529,208</u>	<u>(421,744)</u>	<u>197,067,137</u>
<i>Less accumulated depreciation for:</i>				
Buildings	61,122,066	6,700,390	-	67,822,456
Equipment	9,000,212	1,489,412	(415,525)	10,074,099
Leasehold improvements	1,673,332	-	-	1,673,332
Land improvements	1,363,614	75,756	-	1,439,370
<i>Total accumulation depreciation</i>	<u>73,159,224</u>	<u>8,265,558</u>	<u>(415,525)</u>	<u>81,009,257</u>
Total capital assets being depreciated, net	<u>109,800,449</u>	<u>6,263,650</u>	<u>(6,219)</u>	<u>116,057,880</u>
Business-type activities capital assets, net	<u>118,964,973</u>	<u>6,990,745</u>	<u>(6,219)</u>	<u>125,949,499</u>
Total Capital Assets, Net	<u>\$ 1,814,220,709</u>	<u>\$ 110,905,304</u>	<u>\$ (27,135,859)</u>	<u>\$ 1,897,990,154</u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**5. CAPITAL ASSETS – CONTINUED**

As shown in the Statement of Activities, depreciation was charged to the functions/programs of the governmental activities of the primary government in the amount of \$11,702,838 for Operations, \$6,661,945 for Human Services, \$805,350 for Health, \$7,674,335 for Public Safety, \$24,443,720 for Public Works, \$15,109,265 for Libraries, \$632,729 for HRA, and \$41,804 for RRA.

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, 2015 was as follows:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
<b>RRA:</b>				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 39,250,512	\$ -	\$ (1,852,565)	\$ 37,397,947
<i>Capital assets being depreciated:</i>				
Buildings	1,790,681	-	-	1,790,681
Less accumulated depreciation	1,321,039	41,804	-	1,362,843
	469,642	(41,804)	-	427,838
RRA Capital Assets, Net	\$ 39,720,154	\$ (41,804)	\$ (1,852,565)	\$ 37,825,785
<b>HRA:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ 1,423,503	\$ -	\$ 1,423,503
Construction in progress	-	2,075,970	-	2,075,970
Total capital assets not being depreciated	-	3,499,473	-	3,499,473
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	-	-	12,654,573
Less accumulated depreciation	5,475,225	632,729	-	6,107,954
Total capital assets being depreciated, net	7,179,348	(632,729)	-	6,546,619
HRA Capital Assets, Net	\$ 7,179,348	\$ 2,866,774	\$ -	\$ 10,046,092

**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
<b>Fund:</b>						
General	\$6,543,082	\$ 10,832,262	\$ 3,537,388	\$ 5,885,809	\$ (1,147,719)	\$ 25,650,822
Human Services	2,837,400	38,582,754	-	475,658	(768,872)	41,126,940
Library	726,629	11,298	-	82,808	(195,351)	625,384
Ballpark Sales Tax	-	5,791,473	-	-	-	5,791,473
HRA	-	23,663	-	17,726	-	41,389
RRA	302,752	-	-	159,631	(84,953)	377,430
General Debt Service	966,756	-	-	-	(261,511)	705,245
Capital Projects	40,834	10,340,855	12,334	104,000	(10,097)	10,487,926
MHP	-	-	-	12,388,373	(97,731)	12,290,642
Solid Waste	-	-	-	5,566,965	-	5,566,965
Nonmajor Enterprise	-	-	-	37,500	-	37,500
Internal Service	-	-	-	1,148,308	-	1,148,308
Total	\$11,417,453	\$ 65,582,305	\$ 3,549,722	\$ 25,866,778	\$ (2,566,234)	\$103,850,024

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**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 \$2,468,503 in the governmental funds.

**Notes Receivable.** In addition to the receivables detailed in the preceding table, the County reports notes receivable totaling \$100,655,000 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 \$87,755,000 balance from sales tax revenues equal to the bond debt service paid by the County. The remaining \$12,900,000 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 \$16,212,245 of notes receivable in the HRA Fund. In 2011, the County Board authorized participation in a project to construct the Northwest Family Service Center. The County's participation in this transaction allowed the County and partners to benefit from New Market Tax Credits. The 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 \$4,018,926 notes receivable net of \$1,004,732 allowance for uncollectibles for net TOD notes receivable of \$3,014,194.

**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, 2015 there are 170 AHIF deferred loans outstanding, with original terms ranging from 10 to 45 years. Loans totaling \$23,317,075 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 \$27,721,305 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 \$11,199,584 is outstanding at year-end for 594 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 5 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

Hennepin County, Minnesota  
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**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, 2015 there are 441 HOME deferred loans totaling \$33,052,346 outstanding, with original terms ranging from 5 to 40 years. Loans are structured with various terms, including those with principal and interest deferred until the end of the loan term and expected to be repaid or refinanced with extended terms at that date; forgivable loan agreements placed through Habitat for Humanity; forgivable loans providing funding to the West Hennepin Affordable Housing Land Trust; loans to low-income homebuyers in the form of deferred, zero interest loans that are payable at the end of their 30-year term; and other loan structures. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

**7. COMMITMENTS**

**Light Rail Transit.** The RRA has committed to expend up to \$29,537,132 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 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, and up to \$12,790,000 for the Orange Line Bus Rapid Transit project. At year-end, payments toward these commitments totaled \$40,532,125.

**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 \$20,162,000 annually in 2016 through 2024.

**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 2015, County Board budget approvals for County support of Medical Center capital improvements that had not yet been completed totaled \$34,413,095 with \$19,682,833 already expended, resulting in a remaining commitment of \$14,730,262. 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 that excess amount.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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## 7. COMMITMENTS – CONTINUED

**Counties Transit Improvement Board – Joint Venture (non-equity interest).** In 2008, the County Board authorized the County to join 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. Year-end remaining principal and interest payments total \$124,336,069. At December 31, 2015, the unaudited CTIB assets totaled \$245,544,745 and liabilities totaled \$93,548,940, resulting in a net position of \$151,995,805. Separately issued financial statements can be obtained from CTIB.

## 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 \$2,914,378 from the Medical Center under a capital lease agreement.
- The County provided \$18,500,004 to the Medical Center in support of uncompensated care provided to Hennepin County citizens.
- The County contributed \$19,682,833 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 2015, MHP purchased Medical Center services totaling \$47,843,529.

## 9. INTERFUND BALANCES AND ACTIVITY

**Interfund Balances** at December 31 consisted of the following:

- \$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 (see also Note 6). This is not expected to be repaid until approximately 2019.
- \$356,962 due from the Metropolitan Health Plan Fund to the General Fund relating to a risk-share arrangement with NorthPoint Health and Wellness Center.
- \$285,123 due from the Metropolitan Health Plan Fund to the Human Services Fund relating to a risk-share arrangement.
- \$45,423,159 due from the General Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$44,000,000 is not expected to be repaid within one year.
- \$26,840,176 due from the Human Services Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$26,000,000 is not expected to be repaid within one year.
- \$4,156,015 due from the Library Fund to an Internal Service Fund for future postemployment healthcare benefits. Approximately \$4,000,000 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 2015:**

Fund Transferred From	Fund Transferred To	Purpose	Amount
<b><i>Between Funds Within Governmental Activities:</i></b>			
General	Human Services	Support programs for children in foster care	\$ 1,358,000
General	Human Services	Support program to reduce teen pregnancy	288,000
General	Human Services	Support child protection services	429,000
General	General Capital Projects	Contributions for land acquisition, building projects, and transportation projects	8,136,118
General	General Capital Projects	Acquisition and development of property for South Minneapolis Human Services Center	9,000,000
General	General Debt Service	Wheelage tax support of debt service	2,000,000
General	General Debt Service	Central Library Parking Facility debt service	712,656
Human Services	General Capital Projects	Construction of parking facility for South Minneapolis Human Services Center	19,900,000
Ballpark Sales Tax	General	Sales tax support of youth sports	2,175,000
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,300,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	28,931,886
HRA	Human Services	Support Northwest Family Service Center location	861,302
RRA Capital Projects	RRA	Close the RRA Capital Projects Fund	2,436,320
RRA	General Capital Projects	Historic bridge study	153,982
General Capital Projects	General	Return of excess contributions to Interchange Project	982,500
General Capital Projects	HRA	Construction of South Minneapolis Human Services Center	10,265,801
General Capital Projects	HRA	Transit-oriented development	256,232
General Capital Projects	General Debt Service	Augsburg debt service	199,545
Internal Service Fund	General	Partial withdrawal from print program	50,896
			<u>\$ 90,437,238</u>
<b><i>Between a Fund Within Business-type Activities and a Fund Within Governmental Activities:</i></b>			
Solid Waste Enterprise Fund	General Capital Projects	Interchange Project	1,075,000
			<u>\$ 91,512,238</u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**10. LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended December 31, 2015 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Governmental Activities:</u></b>					
G.O. bonds – County-wide Limited Authority G.O. bonds RRA	\$ 739,070,000	\$ -	\$ (55,800,000)	\$ 683,270,000	\$40,580,000
G.O. bonds – non-levy supported	36,205,000	-	(1,510,000)	34,695,000	1,550,000
G.O. revenue bonds – CTIB	14,215,000	-	(775,000)	13,440,000	795,000
G.O. Capital Notes	91,745,000	-	(3,990,000)	87,755,000	4,150,000
Unamortized premiums	12,645,000	-	(3,015,000)	9,630,000	3,105,000
	53,275,842	-	(4,412,631)	48,863,211	-
Total G.O. bonds & notes	947,155,842	-	(69,502,631)	877,653,211	50,180,000
Sales tax revenue bonds	259,560,000	-	(17,030,000)	242,530,000	5,830,000
Unamortized premiums	7,339,972	-	(372,219)	6,967,753	-
Total revenue bonds and notes	266,899,972	-	(17,402,219)	249,497,753	5,830,000
Total G.O. & revenue bonds and notes	1,214,055,814	-	(86,904,850)	1,127,150,964	56,010,000
Lease revenue certificates of participation (COPS)	2,985,000	-	(2,985,000)	-	-
Unamortized premiums	219	-	(219)	-	-
Total COPS	2,985,219	-	(2,985,219)	-	-
Notes payable	5,899,012	-	(518,092)	5,380,920	518,092
Compensated absences	89,070,076	14,522,741	(12,380,160)	91,212,657	5,870,000
Postemployment healthcare	53,799,274	16,713,426	(10,552,000)	59,960,700	-
Governmental Activities Total	1,365,809,395	31,236,167	(113,340,321)	1,283,705,241	62,398,092
<b><u>Business-type Activities:</u></b>					
G.O. bonds	975,000	-	(150,000)	825,000	155,000
Compensated absences	1,651,665	251,002	(191,567)	1,711,100	250,000
Postemployment healthcare	1,921,855	214,606	(95,000)	2,041,461	-
Business-type Activities Total	4,548,520	465,608	(436,567)	4,577,561	405,000
Government-wide Total	1,370,357,915	31,701,775	(113,776,888)	1,288,282,802	62,803,092

The Schedule of Changes in Long-term Debt (page 108) 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**  
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**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.

**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 year-end, \$383,076,309 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 \$17,688,476 and \$35,294,545, respectively. In addition, the County made optional principal payments of \$10,900,000 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.

**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):

	<u>G.O. Bonds &amp; Capital Notes</u>		<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
<b>Governmental Activities:</b>					
2016	\$ 45,860,000	\$ 28,527,583	\$ 5,830,000	\$ 11,322,099	\$ 91,539,682
2017	47,705,000	26,650,144	6,355,000	11,057,599	91,767,743
2018	48,665,000	24,776,884	6,945,000	10,763,249	91,150,133
2019	50,035,000	22,726,478	7,540,000	10,441,299	90,742,777
2020	49,450,000	20,667,954	8,125,000	10,064,298	88,307,252
2021-25	224,005,000	76,569,869	54,570,000	43,600,295	398,745,164
2026-30	172,950,000	38,967,502	76,765,000	27,819,595	316,502,097
2031-35	75,635,000	15,583,406	50,850,000	13,637,250	155,705,656
2036-40	26,190,000	3,353,750	25,550,000	1,840,625	56,934,375
	<u>740,495,000</u>	<u>257,823,570</u>	<u>242,530,000</u>	<u>140,546,309</u>	<u>1,381,394,879</u>
<b>Business-type Activities:</b>					
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
	<u>825,000</u>	<u>50,500</u>	<u>-</u>	<u>-</u>	<u>875,500</u>
	<u>\$ 741,320,000</u>	<u>\$ 257,874,070</u>	<u>\$ 242,530,000</u>	<u>\$ 140,546,309</u>	<u>\$ 1,382,270,379</u>

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

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

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

The liquidity facility that supports the 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 \$13,355,000 rather than the \$6,355,000 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 \$116,985,000, rather than the \$48,665,000 shown in the table above for the year 2018.

**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:

	<b>G.O. Revenue Bonds</b>		Total
	Principal	Interest	
<b>Governmental Activities:</b>			
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	5,040,000	3,247,694	8,287,694
2021-2025	28,910,000	12,534,443	41,444,443
2026-2030	35,930,000	5,519,656	41,449,656
	\$ 88,295,000	\$ 36,634,968	\$ 124,929,968

Hennepin County, Minnesota  
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**11. DEBT SERVICE REQUIREMENTS – CONTINUED**

**Notes Payable** annual debt service requirements are as follows:

	<b>Notes Payable</b>		Total
	Principal	Interest	
<b>Governmental Activities:</b>			
2016	\$ 518,092	\$ -	\$ 518,092
2017	518,092	-	518,092
2018	518,092	-	518,092
2019	518,092	-	518,092
2020	518,092	-	518,092
2021-2025	2,790,460	-	2,790,460
	\$ 5,380,920	\$ -	\$ 5,380,920

**Taxable commercial paper** was issued in a par amount of \$75,000,000 on February 27, 2015, at an interest rate of 0.15% and a maturity date of May 8, 2015, pursuant to the authorized \$200,000,000 commercial paper program. That issuance was repaid on May 8, 2015. 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, 2014	Balance December 31, 2015
Opportunity Partners, Inc., September 2008	\$ 2,940,022	\$ 1,723,918	\$ 1,498,580
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	14,280,671	14,385,000
A-Mill Artist Lofts October 2013	55,000,000	55,000,000	55,000,000
A-Mill Artist Lofts November 2015	5,000,000	-	5,000,000
	\$ 116,310,022	\$ 108,374,589	\$ 113,253,580

Hennepin County, Minnesota  
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**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, 2015</u>				
<u>Fund and Purpose</u>	<u>Nonspendable</u>	<u>Restricted For</u>	<u>Committed For</u>	<u>Assigned For</u>
<b><u>General Fund</u></b>				
Inventories	\$ 3,387,492			
Prepays	399,088			
Grant requirements		\$ 711,226		
Statutory requirements - primarily relating to youth sports & County Recorder technology		13,826,826		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 39,060,573
<b><u>Human Services Fund</u></b>				
Prepays	185,955			
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 133,655,555	
<b><u>Library Fund</u></b>				
Endowments	1,980,712			
Prepays	787,692			
Donor requirements specific to media category or library location		4,510,662		
Extended Library hours		1,558,316		
Print/electronic collection and technology improvements			33,577,690	
<b><u>Ballpark Sales Tax Fund</u></b>				
Debt service & statutory requirements		9,737,873		
<b><u>HRA Fund</u></b>				
Inventories	6,583,789			
Prepays	269,343			
HRA general expenditures		11,592,450		
<b><u>RRA Fund</u></b>				
RRA general expenditures		35,090,471		
<b><u>RRA Debt Service Fund</u></b>				
Debt service		305,488		
<b><u>General Debt Service Fund</u></b>				
Debt service		17,396,949		
<b><u>General Capital Projects Fund</u></b>				
Long-term portion of receivables	13,672,058			
Bond requirements relating to capital projects		70,624,379		

Hennepin County, Minnesota  
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**14. RISK MANAGEMENT**

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

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

Outstanding and incurred but not reported (IBNR) tort claims are evaluated through a combination of case-by-case reviews and application of historical experience. The balance of the estimated tort liability in the Self Insurance fund at December 31, 2015 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:

	2015	2014
Estimated liability at beginning of year	\$ 500,000	\$ 500,000
Estimated incurred claims (including IBNR)	414,272	579,947
Claim payments	(414,272)	(579,947)
Estimated liability at end of year	\$ 500,000	\$ 500,000

**Workers' Compensation Claims.** The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$1,960,000 per occurrence. During 2015, \$4,188,127 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The balance in the liability account at December 31, 2015 was \$13,709,236. 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:

	2015	2014
Estimated liability at beginning of year	\$ 13,459,236	\$ 11,459,236
Estimated incurred claims (including IBNR)	4,438,127	4,489,467
Claim Payments and expenses	(4,188,127)	(2,489,467)
Estimated liability at end of year	\$ 13,709,236	\$ 13,459,236

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**15. SELF-INSURED EMPLOYEE HEALTH PLAN**

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

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

	2015	2014
Estimated liability at beginning of year	\$ 5,886,897	\$ 5,925,043
Estimated incurred claims (including IBNR)	94,644,993	83,357,353
Claim payments and expenses	(94,306,565)	(83,395,499)
Estimated liability at end of year	\$ 6,225,325	\$ 5,886,897

**16. CONTINGENCIES**

The County is involved in disputes and litigation, which normally occur in governmental operations and often involve claims for money damages. These pending cases are not considered unusual in number or amount and, based on past experiences in similar litigation, should not have a material adverse effect on the financial position of the County; however, they could be material to an individual period.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally Federal and State governments. Disallowed claims, if any, which could include amounts already received, may result in a liability for the applicable funds. The County does not believe such amounts will have a material effect on its financial position.

**17. OTHER EMPLOYEE BENEFITS**

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 \$12,571,727 in 2015. 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 \$92,923,757. At the government-wide level, \$1,711,100 is reported in business-type activities. The remaining amount of \$91,212,657 is reported in governmental activities, of which \$45,767,173 is funded in the Other Employee Benefits internal service fund.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**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, except for former employees of the Minneapolis Public Library who became county employees on January 1, 2008. Additionally, this benefit is not available to employees who traded their eligibility for the retiree healthcare benefit for participation in a Health Care Savings Program (HCSP) through a one-time opt-out offered to organized employees hired prior to January 1, 2008. The HCSP is funded by contributions of 1% of salary by the employee and \$500-\$700 per year by the County, beginning in January 2009. The County's contributions to the HCSP for the years ending December 31, 2015 and 2014 were \$504,700 and \$487,900, 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**  
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**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 \$23,297,054 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 2015, 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 \$16,928,032 AOC in 2015 consists of the \$9,575,846 normal cost, the \$7,120,015 amortization of UAL, and net interest and adjustments of \$232,171. During 2015, 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	\$ 16,695,861
Interest on net OPEB obligation	2,089,542
Adjustments to ARC	<u>(1,857,371)</u>
AOC (expense)	16,928,032
Contributions made	<u>(10,647,000)</u>
Increase in net OPEB obligation	6,281,032
Net OPEB obligation - beginning of year	<u>55,721,129</u>
Net OPEB obligation - end of year	<u>\$ 62,002,161</u>

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

Year Ended December 31:	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2013	\$16,755,296	68%	\$49,187,104
2014	\$16,308,025	60%	\$55,721,129
2015	\$16,928,032	63%	\$62,002,161

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2015

**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

**Funded Status and Funding Progress.** The actuarial accrued liability for benefits as of January 1, 2015 per the most recent actuarial valuation on January 1, 2014 was \$205,879,946. This liability will be phased in over 30 years until the adoption of GASB 75, which is further discussed in Note 19. Contributions in relation to the \$16,928,032 AOC during 2015 totaled \$10,647,000. No plan assets exist under the GASB 45 definition of plan assets; therefore the unfunded actuarial accrued liability (UAAL) at December 31, 2015 remained \$205,879,946. The annual payroll of active employees covered by the plan was \$545,433,758. The ratio of the UAAL to the covered payroll was 37.7%.

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 81.

**18. EMPLOYEE RETIREMENT SYSTEMS**

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

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

*General Employees Retirement Fund (GERF).* All full-time and certain part-time employees of the County are covered by the GERF. 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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

*The Public Employees Police and Fire Fund (PEPFF)*, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

*The Public Employees Correctional Fund (PECF)*, also known as the Local Government Correctional Fund, was established for correctional officers serving in county and regional corrections facilities. Eligible participants must be responsible for the security, custody, and control of the facilities and their inmates.

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

*GERF 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% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

*PEPFF Benefits* for members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

*PECF Benefits* for members first hired after June 30, 2010, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. For PECF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

*GERF Contributions.* Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in calendar year 2015. The County was required to contribute 11.78% of pay for Basic Plan members and 7.5% for Coordinated Plan members in calendar year 2015. The County's contributions to the GERF for the year ended December 31, 2015, were \$36,164,980. The County's contributions were equal to the required contributions as set by state statute.

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

**Contributions- continued.** *PEPFF Contributions.* Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The County was required to contribute 16.2% of pay for PEPFF members in calendar year 2015. The County's contributions to the PEPFF for the year ended December 31, 2015, were \$4,246,683. The County's contributions were equal to the required contributions as set by state statute.

*PECF Contributions.* In calendar year 2015 plan members were required to contribute 5.83% of their annual covered salary. The County was required to contribute 8.75% of pay for PECF members in calendar year 2015. The County's contributions to the PECF for the year ended December 31, 2015, were \$2,530,932. The County's contributions were equal to the required contributions as set by state statute.

**Pension Costs**

*GERF Pension Costs.* At December 31, 2015, the County reported a liability of \$400,520,863 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 7.7283%, which was a decrease of 0.1982% from its proportion measured as of June 30, 2014. For the year ended December 31, 2015, the County recognized pension expense of \$36,611,011 for its proportionate share of the GERF's pension expense, including both contributions and the net expense relating to the County's proportionate share of the GERF net pension liability.

At December 31, 2015, the County reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,809,628	\$ (20,193,063)
Changes in actuarial assumptions	25,582,785	-
Difference between projected and actual investment earnings	-	(38,327,139)
Changes in proportion	-	(6,982,839)
Contributions paid to PERA subsequent to the measurement date	19,707,714	-
	\$ 49,100,127	\$ (65,503,041)

The \$19,707,714 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in 2016 through 2019 pension expense as follows:

Year Ended June 30	Pension Expense Amount
2016	\$ (10,297,758)
2017	(10,297,758)
2018	(24,993,964)
2019	9,478,852

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

**Pension Costs – continued**

*PEPFF Pension Costs.* At December 31, 2015, the County reported a liability of \$32,905,325 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 2.896%, which was an increase of 0.03% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of \$3,460,959 for its proportionate share of the PEPFF's pension expense, including both contributions and the net contra expense relating to the County's proportionate share of the PEPFF net pension liability. The County also recognized \$260,640 for the year ended December 31, 2015, as pension expense (and intergovernmental revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in PERA's fiscal year 2014.

At December 31, 2015, the County reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,643	\$ (5,336,169)
Changes in actuarial assumptions	6,189,506	-
Difference between projected and actual investment earnings	-	(5,722,109)
Changes in proportion	270,010	-
Contributions paid to PERA subsequent to the measurement date	2,280,493	-
	<u>\$ 8,774,652</u>	<u>\$ (11,058,278)</u>

The \$2,280,493, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in 2016 through 2020 pension expense as follows:

Year Ended June 30	Pension Expense Amount
2016	\$ (1,842,331)
2017	(1,842,331)
2018	(1,842,331)
2019	1,976,105
2020	(1,013,231)

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

**Pension Costs – continued**

*PECF Pension Costs.* At December 31, 2015, the County reported a liability of \$2,447,349 for its proportionate share of the PECF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the County's proportion was 15.83%, which was an increase of 0.63% from its proportion measured as of June 30, 2014. For the year ended December 31, 2015, the County recognized pension contra expense of \$61,337 for its proportionate share of the PECF's pension expense, including both contributions and the net contra expense relating to the County's proportionate share of the PECF net pension liability.

At December 31, 2015, the County reported its proportionate share of the PECF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (1,341,790)
Changes in actuarial assumptions	-	(2,596,768)
Difference between projected and actual investment earnings	-	(1,590,057)
Changes in proportion	35,645	-
Contributions paid to PERA subsequent to the measurement date	1,377,413	-
	<u>\$ 1,413,058</u>	<u>\$ (5,528,615)</u>

The \$1,377,413, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in 2016 through 2019 pension expense as follows:

Year Ended June 30	Pension Expense Amount
2016	\$ (2,501,257)
2017	(2,501,257)
2018	(1,000,467)
2019	510,011

**Actuarial Assumptions** The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1<sup>st</sup> until 2034, then 2.5% for GERF and PEPFF, and 2.5% for all years (PECF).

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

**Actuarial Assumptions – continued.** Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for the PECF, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%
	100%	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension Liability Sensitivity.** The following presents the County's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
<u>County's proportionate share of:</u>			
GERF net pension liability	\$ 629,760,739	\$ 400,520,863	\$ 211,203,429
PEPFF net pension liability	64,132,847	32,905,325	7,105,973
PECF net pension liability	17,043,528	2,447,349	(9,235,537)

**Pension Plan Fiduciary Net Position.** Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

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

**B. Supplemental Retirement Defined Contribution Plan**

The County administers a defined contribution plan that provides additional pension benefits for eligible employees through a nonelective deferred compensation plan "grandfathered" under Section 6064(d)(3) of the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). The plan is established and administered in accordance with Minnesota Statutes, Chapter 383B. Employees have the option to participate after five years of continuous service, although the plan has been discontinued for employees hired after April 13, 1982. State legislation requires that both the employee and the employer contribute an amount equal to 1% of the employee's gross salary. Contributions (and interest allocated to the employee's account) are fully vested immediately. The County's contributions to the Supplemental Retirement Plan for the years ending December 31, 2015, 2014, and 2013 were \$150,462, \$173,262, and \$207,278, respectively.

**19. NEW ACCOUNTING PRONOUNCEMENTS**

**Accounting Standards Not Yet Adopted.**

GASB Statement No. 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.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, revised and established new financial reporting requirements for governments that provide their employees with benefits such as postemployment healthcare benefits. Among other requirements, Statement No. 75 required the recognition of the full actuarially-determined liability, rather than continuing to allow recognition over a period not-to-exceed 30 years. Therefore, upon implementation, the County will recognize as a liability the difference between the unfunded actuarial accrued liability for postemployment healthcare benefits and the net OPEB obligation already reported. This statement will be effective for the County on January 1, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures* will be effective for the County on January 1, 2016. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement will be effective for the County on January 1, 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, will be effective for the County on January 1, 2016. This Statement requires blending of certain component units incorporated as not-for-profit corporations in which the primary government is the sole corporate member. This statement will be effective for the County on January 1, 2017.

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

**20. SUBSEQUENT EVENTS**

In April 2016, the County Board approved a resolution authorizing the sale of approximately \$104,285,000 (principal amount) of G.O. bonds for the County's capital improvement plan.



## **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
<b>Results of Actuarial Valuation</b>			
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 %
<b>Factors that Significantly Affect Identification of Trends</b>			
	12/31/2010	12/31/2012	12/31/2014
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
<b>Demographics</b>			
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  
**Schedule of Defined Benefit Pension Plan Contributions**

	Statutorily Required Contribution (a)	Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (b/d)
<u>GERF Contributions for the Year Ended:</u>					
December 31, 2015	\$ 36,164,980	\$ 36,164,980	\$ -	\$ 482,199,730	7.50%
<u>PEPFF Contributions for the Year Ended:</u>					
December 31, 2015	\$ 4,246,683	\$ 4,246,683	\$ -	\$ 26,214,091	16.20%
<u>PECF Contributions for the Year Ended:</u>					
December 31, 2015	\$ 2,530,932	\$ 2,530,932	\$ -	\$ 28,924,934	8.75%

Note 18 in the Notes to the Basic Financial Statements presents additional information relating to pension plans

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedule of County Proportionate Share of Defined Benefit Pension Plans**

	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered- Employee Payroll (b)	Proportionate Share of Net Pension Liability as a Percentage of Covered- Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
<u>GERF Proportionate Share as of Measurement Date:</u>					
June 30, 2015	7.7283%	\$ 400,520,863	\$ 454,517,827	88.1%	78.2%
<u>PEPFF Proportionate Share as of Measurement Date:</u>					
June 30, 2015	2.896%	\$ 32,905,325	\$ 26,595,916	123.7%	86.6%
<u>PECF Proportionate Share as of Measurement Date:</u>					
June 30, 2015	15.83%	\$ 2,447,349	\$ 28,428,994	8.6%	97.0%

Note 18 in the Notes to the Basic Financial Statements presents additional information relating to pension plans

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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2014 Actual
<b>REVENUES</b>					
Property taxes	\$ 314,125,442	\$ 315,990,322	\$ 336,741,628	\$ 20,751,306	\$ 321,431,010
Wheelage tax	9,276,000	5,655,329	9,965,015	4,309,686	9,296,105
Other taxes	7,422,582	1,767,253	3,167,184	1,399,931	2,680,890
Intergovernmental	136,682,355	137,272,817	106,454,390	(30,818,427)	131,922,853
Investment earnings (losses)	7,750,000	7,750,000	8,031,331	281,331	10,561,990
Charges for services	95,624,259	95,902,382	92,501,332	(3,401,050)	87,973,824
Fines and forfeits	223,000	310,691	410,499	99,808	306,721
Licenses and permits	6,271,894	6,271,894	6,210,338	(61,556)	6,001,247
Other	14,818,740	16,256,395	16,249,898	(6,497)	14,557,947
<b>Total Revenues</b>	<b>592,194,272</b>	<b>587,177,083</b>	<b>579,731,615</b>	<b>(7,445,468)</b>	<b>584,732,587</b>
<b>EXPENDITURES - CURRENT</b>					
<b>Operations</b>					
County Board:					
Personal services	2,558,682	2,555,682	2,357,078	198,604	2,249,235
Commodities	43,620	38,866	24,925	13,941	44,011
Contractual services	113,942	190,642	84,072	106,570	93,668
Capital outlay	2,550	2,550	-	2,550	25
Other charges	181,961	184,561	96,012	88,549	62,735
	<u>2,900,755</u>	<u>2,972,301</u>	<u>2,562,087</u>	<u>410,214</u>	<u>2,449,674</u>
County Administration:					
Personal services	1,765,968	1,765,968	1,673,739	92,229	2,163,843
Commodities	23,550	18,216	11,405	6,811	14,554
Contractual services	920,316	919,616	764,911	154,705	659,907
Capital outlay	4,000	4,000	-	4,000	-
Other charges	36,900	36,900	42,996	(6,096)	48,468
	<u>2,750,734</u>	<u>2,744,700</u>	<u>2,493,051</u>	<u>251,649</u>	<u>2,886,772</u>
Assessor:					
Personal services	5,315,708	5,322,708	4,647,190	675,518	3,914,123
Commodities	27,033	10,263	49,686	(39,423)	36,577
Contractual services	595,336	600,336	570,040	30,296	460,372
Capital outlay	-	-	-	-	-
Other charges	66,750	66,750	55,807	10,943	55,250
	<u>6,004,827</u>	<u>6,000,057</u>	<u>5,322,723</u>	<u>677,334</u>	<u>4,466,322</u>
Budget & Finance:					
Personal services	10,277,162	10,277,162	9,510,722	766,440	8,703,359
Commodities	34,950	33,939	163,393	(129,454)	95,240
Contractual services	4,183,755	3,733,718	3,696,167	37,551	4,439,757
Capital outlay	2,000	2,000	-	2,000	499,645
Other charges	368,960	368,960	198,237	170,723	188,583
	<u>14,866,827</u>	<u>14,415,779</u>	<u>13,568,519</u>	<u>847,260</u>	<u>13,926,584</u>
Examiner of Titles:					
Personal services	1,083,761	1,083,761	903,632	180,129	879,417
Commodities	1,550	1,535	6,784	(5,249)	1,395
Contractual services	52,776	51,976	52,565	(589)	51,048
Capital outlay	1,000	1,000	-	1,000	-
Other charges	14,000	14,000	5,572	8,428	10,737
	<u>1,153,087</u>	<u>1,152,272</u>	<u>968,553</u>	<u>183,719</u>	<u>942,597</u>
Facility Services:					
Personal services	20,058,289	20,058,293	19,160,795	897,498	18,406,684
Commodities	1,567,316	1,785,367	1,833,547	(48,180)	1,498,412
Contractual services	30,719,550	30,549,644	29,799,180	750,464	29,693,055
Capital outlay	-	(62,001)	237,447	(299,448)	52,747
Other charges	800,624	778,429	737,864	40,565	686,081
	<u>53,145,779</u>	<u>53,109,732</u>	<u>51,768,833</u>	<u>1,340,899</u>	<u>50,336,979</u>
Information Technology:					
Personal services	5,009,821	5,009,821	4,731,749	278,072	4,479,724
Commodities	11,674	6,917	72,496	(65,579)	38,752
Contractual services	3,813,780	2,972,268	2,194,905	777,363	3,516,904
Capital outlay	-	-	985,198	(985,198)	-
Other charges	68,649	68,649	30,465	38,184	24,119
	<u>8,903,924</u>	<u>8,057,655</u>	<u>8,014,813</u>	<u>42,842</u>	<u>8,059,499</u>
Resident & Real Estate Services:					
Personal services	22,526,189	22,526,189	21,146,245	1,379,944	20,089,893
Commodities	148,000	28,694	196,442	(167,748)	613,826
Contractual services	11,399,103	11,400,360	7,054,928	4,345,432	7,365,972
Capital outlay	22,000	22,000	45,462	(23,462)	355,984
Other charges	192,259	130,620	1,905,828	(1,775,208)	145,172
	<u>34,287,551</u>	<u>34,107,863</u>	<u>30,348,905</u>	<u>3,758,958</u>	<u>28,570,847</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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2014 Actual
<b>EXPENDITURES - CURRENT, continued</b>					
<b>Operations, continued</b>					
Human Resources:					
Personal services	6,197,607	6,269,608	6,267,548	2,060	5,882,735
Commodities	77,006	140,384	56,323	84,061	144,698
Contractual services	1,102,171	1,082,790	1,118,609	(35,819)	944,643
Capital outlay	300	300	-	300	-
Other charges	228,259	253,859	303,551	(49,692)	224,499
	<u>7,605,343</u>	<u>7,746,941</u>	<u>7,746,031</u>	<u>910</u>	<u>7,196,575</u>
Public Affairs:					
Personal services	1,518,370	1,743,370	1,734,765	8,605	1,617,174
Commodities	65,650	66,168	23,647	42,521	25,458
Contractual services	365,325	379,394	440,943	(61,549)	443,850
Capital outlay	-	-	-	-	-
Other charges	96,500	96,500	84,322	12,178	91,866
	<u>2,045,845</u>	<u>2,285,432</u>	<u>2,283,677</u>	<u>1,755</u>	<u>2,178,348</u>
Internal Audit:					
Personal services	2,808,569	2,808,569	2,621,997	186,572	2,358,468
Commodities	32,450	33,408	22,337	11,071	29,360
Contractual services	836,865	837,816	606,475	231,341	521,789
Capital outlay	-	-	2,606	(2,606)	-
Other charges	71,425	71,425	55,763	15,662	65,193
	<u>3,749,309</u>	<u>3,751,218</u>	<u>3,309,178</u>	<u>442,040</u>	<u>2,974,810</u>
General County Purposes & Other General <sup>1</sup> :					
Personal services	7,287,414	7,325,757	13,535,792	(6,210,035)	11,596,946
Commodities	570,835	543,503	554,586	(11,083)	369,561
Contractual services	13,397,188	13,732,755	12,765,578	967,177	11,713,678
Capital outlay	119,900	119,900	65,160	54,740	32,819
Other charges	15,785,316	12,160,316	3,533,992	8,626,324	1,947,317
	<u>37,160,653</u>	<u>33,882,231</u>	<u>30,455,108</u>	<u>3,427,123</u>	<u>25,660,321</u>
<b>Total Operations:</b>					
Personal services	86,407,540	86,746,888	88,291,252	(1,544,364)	82,341,601
Commodities	2,603,634	2,707,260	3,015,571	(308,311)	2,911,844
Contractual services	67,500,107	66,451,315	59,148,373	7,302,942	59,904,643
Capital outlay	151,750	89,749	1,335,873	(1,246,124)	941,220
Other charges	17,911,603	14,230,969	7,050,409	7,180,560	3,550,020
	<u>174,574,634</u>	<u>170,226,181</u>	<u>158,841,478</u>	<u>11,384,703</u>	<u>149,649,328</u>
<b>Health</b>					
Health Administration:					
Personal services	423,870	423,870	276,241	147,629	-
Commodities	2,013	2,013	786	1,227	-
Contractual services	17,000	17,000	30,016	(13,016)	-
Capital outlay	-	-	-	-	-
Other charges	5,000	5,000	75	4,925	-
	<u>447,883</u>	<u>447,883</u>	<u>307,118</u>	<u>140,765</u>	<u>-</u>
NorthPoint Health & Wellness Center:					
Personal services	25,038,282	25,348,423	25,369,258	(20,835)	22,479,527
Commodities	2,088,481	2,039,696	2,351,938	(312,242)	2,015,995
Contractual services	4,978,162	4,924,018	5,024,528	(100,510)	4,826,819
Capital outlay	391,000	391,000	40,627	350,373	288,158
Other charges	736,373	736,373	643,758	92,615	612,827
	<u>33,232,298</u>	<u>33,439,510</u>	<u>33,430,109</u>	<u>9,401</u>	<u>30,223,326</u>
Medical Examiner:					
Personal services	4,346,693	4,346,693	4,407,719	(61,026)	4,242,348
Commodities	101,001	115,926	97,499	18,427	83,203
Contractual services	1,162,322	1,217,073	1,012,451	204,622	884,192
Capital outlay	-	-	-	-	27,131
Other charges	111,200	161,200	35,309	125,891	74,651
	<u>5,721,216</u>	<u>5,840,892</u>	<u>5,552,978</u>	<u>287,914</u>	<u>5,311,525</u>
Uncompensated Care:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	18,500,000	18,500,000	18,500,004	(4)	20,000,000
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>18,500,000</u>	<u>18,500,000</u>	<u>18,500,004</u>	<u>(4)</u>	<u>20,000,000</u>
HCMC Intergovernmental Transfers:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	40,983,700	40,983,700	12,929,859	28,053,841	40,354,233
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>40,983,700</u>	<u>40,983,700</u>	<u>12,929,859</u>	<u>28,053,841</u>	<u>40,354,233</u>
<b>Total Health:</b>					
Personal services	29,808,845	30,118,986	30,053,218	65,768	26,721,875
Commodities	2,191,495	2,157,635	2,450,223	(292,588)	2,099,198
Contractual services	65,641,184	65,641,791	37,496,858	28,144,933	66,065,244
Capital outlay	391,000	391,000	40,627	350,373	315,289
Other charges	852,573	902,573	679,142	223,431	687,478
	<u>98,885,097</u>	<u>99,211,985</u>	<u>70,720,068</u>	<u>28,491,917</u>	<u>95,889,084</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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				2014 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
<b>EXPENDITURES - CURRENT, continued</b>					
<b>Public Safety</b>					
County Attorney:					
Personal services	39,659,992	40,188,733	40,334,634	(145,901)	38,384,415
Commodities	292,703	281,197	227,693	53,504	193,688
Contractual services	6,759,788	7,249,886	6,584,001	665,885	7,207,481
Capital outlay	-	-	-	-	-
Other charges	129,423	125,931	145,263	(19,332)	149,355
	<u>46,841,906</u>	<u>47,845,747</u>	<u>47,291,591</u>	<u>554,156</u>	<u>45,934,919</u>
Court Functions:					
Personal services	-	-	-	-	-
Commodities	-	-	-	-	-
Contractual services	2,192,000	2,197,756	2,047,315	150,441	1,803,472
Capital outlay	-	-	-	-	-
Other charges	-	-	-	-	-
	<u>2,192,000</u>	<u>2,197,756</u>	<u>2,047,315</u>	<u>150,441</u>	<u>1,803,472</u>
Law Library:					
Personal services	-	-	-	-	567,166
Commodities	-	-	-	-	4,248
Contractual services	-	-	-	-	222,340
Capital outlay	-	-	-	-	678,731
Other charges	-	-	-	-	13,977
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,486,462</u>
Public Defender:					
Personal services	10,537,307	10,537,307	9,484,174	1,053,133	10,296,607
Commodities	478,550	(171,557)	81,797	(253,354)	176,022
Contractual services	4,946,897	4,946,897	4,415,883	531,014	4,580,154
Capital outlay	10,000	(240,000)	-	(240,000)	381
Other charges	44,000	44,000	81,715	(37,715)	24,655
	<u>16,016,754</u>	<u>15,116,647</u>	<u>14,063,569</u>	<u>1,053,078</u>	<u>15,077,819</u>
Sheriff:					
Personal services	75,911,620	76,442,740	77,913,158	(1,470,418)	74,725,098
Commodities	4,612,299	4,746,532	3,968,388	778,144	4,285,049
Contractual services	13,028,063	13,177,538	12,433,631	743,907	11,962,012
Capital outlay	228,500	233,107	302,778	(69,671)	101,165
Other charges	1,107,460	1,164,452	1,129,331	35,121	1,015,900
	<u>94,887,942</u>	<u>95,764,369</u>	<u>95,747,286</u>	<u>17,083</u>	<u>92,089,224</u>
Community Corrections and Rehabilitation:					
Personal services	84,667,612	84,801,525	83,731,416	1,070,109	78,293,659
Commodities	2,948,567	3,044,184	3,281,077	(236,893)	3,499,120
Contractual services	20,508,656	21,072,194	19,369,210	1,702,984	19,509,087
Capital outlay	123,530	277,958	301,700	(23,742)	841,280
Other charges	359,481	365,143	385,888	(20,745)	494,678
	<u>108,607,846</u>	<u>109,561,004</u>	<u>107,069,291</u>	<u>2,491,713</u>	<u>102,637,824</u>
<b>Total Public Safety</b>					
Personal services	210,776,531	211,970,305	211,463,382	506,923	202,266,945
Commodities	8,332,119	7,900,356	7,558,955	341,401	8,158,107
Contractual services	47,435,404	48,644,271	44,850,040	3,794,231	45,284,546
Capital outlay	362,030	271,065	604,478	(333,413)	1,621,557
Other charges	1,640,364	1,699,526	1,742,197	(42,671)	1,698,565
	<u>268,546,448</u>	<u>270,485,523</u>	<u>266,219,052</u>	<u>4,266,471</u>	<u>259,029,720</u>
<b>Total Public Works:</b>					
Personal services	34,090,458	34,302,711	32,960,537	1,342,174	30,374,219
Commodities	8,415,625	8,492,020	7,715,333	776,687	6,993,981
Contractual services	32,710,680	28,073,982	26,182,495	1,891,487	31,819,908
Capital outlay	362,718	(556,164)	249,130	(805,294)	920,194
Other charges	418,403	418,403	387,717	30,686	812,255
	<u>75,997,884</u>	<u>70,730,952</u>	<u>67,495,212</u>	<u>3,235,740</u>	<u>70,920,557</u>
<b>TOTAL EXPENDITURES - CURRENT:</b>					
Personal services	361,083,374	363,138,890	362,768,389	370,501	341,704,640
Commodities	21,542,873	21,257,271	20,740,082	517,189	20,163,130
Contractual services	213,287,375	208,811,359	167,677,766	41,133,593	203,074,341
Capital outlay	1,267,498	195,650	2,230,108	(2,034,458)	3,798,260
Other charges	20,822,943	17,251,471	9,859,465	7,392,006	6,748,318
	<u>\$ 618,004,063</u>	<u>\$ 610,654,641</u>	<u>\$ 563,275,810</u>	<u>\$ 47,378,831</u>	<u>\$ 575,488,689</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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				2014 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
<b>EXPENDITURES - CURRENT, continued</b>					
<b>TOTAL EXPENDITURES - CURRENT:</b>					
Personal services .....	361,083,374	363,138,890	362,768,389	370,501	341,704,640
Commodities .....	21,542,873	21,257,271	20,740,082	517,189	20,163,130
Contractual services .....	213,287,375	208,811,359	167,677,766	41,133,593	203,074,341
Capital outlay .....	1,267,498	195,650	2,230,108	(2,034,458)	3,798,260
Other charges .....	20,822,943	17,251,471	9,859,465	7,392,006	6,748,318
Total Expenditures	\$ 618,004,063	\$ 610,654,641	\$ 563,275,810	\$ 47,378,831	\$ 575,488,689
Excess (Deficiency) of Revenues Over Expenditures	(25,809,791)	(23,477,558)	16,455,805	39,933,363	9,243,898
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in .....	-	-	3,208,396	3,208,396	2,450,439
Transfers out .....	-	(1,487,657)	(21,923,774)	(20,436,117)	(4,910,319)
Total Other Financing Sources (Uses)	-	(1,487,657)	(18,715,378)	(17,227,721)	(2,459,880)
Net Change in Fund Balance	(25,809,791)	(24,965,215)	(2,259,573)	\$ 22,705,642	6,784,018
Fund Balance - Beginning	198,490,101	198,490,101	198,490,101		191,706,083
Fund Balance - Ending	\$ 172,680,310	\$ 173,524,886	\$ 196,230,528		\$ 198,490,101

<sup>1</sup> The General County Purposes program in Operations included functions such as the Center for Innovation & Excellence, 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, the Business Information Office, Diversity & Inclusion, Workforce Development, Countywide Tuition, 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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015					2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes .....	\$ 219,634,791	\$ 221,709,791	\$ 226,668,669	\$ 4,958,878	\$ 218,039,094	
Other taxes .....	-	-	168,298	168,298	158,604	
Intergovernmental .....	227,530,315	237,245,997	239,249,639	2,003,642	223,852,256	
Charges for services .....	45,179,757	45,179,757	43,391,968	(1,787,789)	45,708,002	
Licenses and permits .....	1,529,000	1,529,000	1,606,611	77,611	1,548,320	
Other .....	1,569,000	6,269,000	2,430,613	(3,838,387)	1,430,918	
<b>Total Revenues</b>	<u>495,442,863</u>	<u>511,933,545</u>	<u>513,515,798</u>	<u>1,582,253</u>	<u>490,737,194</u>	
<b>EXPENDITURES</b>						
<b>Human Services:</b>						
Personal services .....	254,279,209	258,156,495	260,799,084	(2,642,589)	240,131,185	
Commodities .....	2,262,000	2,262,000	2,841,203	(579,203)	1,915,234	
Contractual services .....	47,404,354	51,444,350	44,285,551	7,158,799	43,045,274	
Public aid assistance .....	182,429,000	191,002,400	191,261,017	(258,617)	176,629,038	
Capital outlay .....	50,000	50,000	-	50,000	40,166	
Other .....	13,079,300	13,079,300	16,786,749	(3,707,449)	18,570,533	
<b>Total Expenditures</b>	<u>499,503,863</u>	<u>515,994,545</u>	<u>515,973,604</u>	<u>20,941</u>	<u>480,331,430</u>	
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(4,061,000)</u>	<u>(4,061,000)</u>	<u>(2,457,806)</u>	<u>1,603,194</u>	<u>10,405,764</u>	
<b>OTHER FINANCING SOURCES</b>						
Transfers in .....	861,000	861,000	2,936,302	2,075,302	2,461,302	
Transfers out .....	-	-	(19,900,000)	(19,900,000)	-	
<b>Total Other Financing Sources (Uses)</b>	<u>861,000</u>	<u>861,000</u>	<u>(16,963,698)</u>	<u>(17,824,698)</u>	<u>3,662,211</u>	
<b>Net Change in Fund Balance</b>	<u>(3,200,000)</u>	<u>(3,200,000)</u>	<u>(19,421,504)</u>	<u>\$ (16,221,504)</u>	<u>12,867,066</u>	
<b>Fund Balance - Beginning</b>	<u>153,263,014</u>	<u>153,263,014</u>	<u>153,263,014</u>		<u>140,395,948</u>	
<b>Fund Balance - Ending</b>	<u>\$ 150,063,014</u>	<u>\$ 150,063,014</u>	<u>\$ 133,841,510</u>		<u>\$ 153,263,014</u>	

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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015					2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 63,132,495	\$ 63,132,495	\$ 62,335,145	\$ (797,350)		\$ 57,742,760
Other taxes . . . . .	-	-	46,316	46,316		41,994
Intergovernmental . . . . .	3,523,131	3,523,131	6,378,441	2,855,310		7,019,845
Investment earnings (losses) . . . . .	75,000	75,000	47,029	(27,971)		79,082
Charges for services . . . . .	1,208,000	1,208,000	1,200,023	(7,977)		150,975
Fines and forfeits . . . . .	1,310,750	1,310,750	1,356,516	45,766		1,355,636
Other . . . . .	1,233,300	1,233,300	1,377,913	144,613		1,385,142
<b>Total Revenues</b>	<u>70,482,676</u>	<u>70,482,676</u>	<u>72,741,383</u>	<u>2,258,707</u>		<u>67,775,434</u>
<b>EXPENDITURES</b>						
<b>Libraries:</b>						
Personal services . . . . .	44,424,714	44,424,714	42,294,367	2,130,347		40,112,701
Commodities . . . . .	1,709,125	1,761,687	1,313,857	447,830		1,149,102
Contractual services . . . . .	24,406,151	23,968,294	24,012,756	(44,462)		22,844,446
Capital outlay . . . . .	6,275,337	6,467,191	6,747,210	(280,019)		5,864,710
Other . . . . .	967,349	967,890	508,803	459,087		464,964
<b>Total Expenditures</b>	<u>77,782,676</u>	<u>77,589,776</u>	<u>74,876,993</u>	<u>2,712,783</u>		<u>70,435,923</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(7,300,000)	(7,107,100)	(2,135,610)	4,971,490		(2,660,489)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in . . . . .	2,300,000	2,300,000	2,300,000	-		2,160,000
<b>Net Change in Fund Balance</b>	(5,000,000)	(4,807,100)	164,390	\$ <u>4,971,490</u>		(500,489)
Fund Balance - Beginning	42,250,682	42,250,682	42,250,682			42,751,171
<b>Fund Balance - Ending</b>	<u>\$ 37,250,682</u>	<u>\$ 37,443,582</u>	<u>\$ 42,415,072</u>			<u>\$ 42,250,682</u>

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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				
	Budgeted Amounts		Actual	Variance with Final Budget	2014 Actual
	Original	Final			
<b>REVENUES</b>					
Sales tax . . . . .	\$ 35,175,000	\$ 35,175,000	\$ 35,769,164	\$ 594,164	\$ 34,254,757
Investment Earnings . . . . .	-	-	776	776	786
<b>Total Revenues</b>	<u>35,175,000</u>	<u>35,175,000</u>	<u>35,769,940</u>	<u>594,940</u>	<u>34,255,543</u>
<b>EXPENDITURES</b>					
<b>Operations</b>					
Contractual services . . . . .	500,000	500,000	474,619	25,381	483,238
Grants . . . . .	2,033,000	2,033,000	1,809,936	223,064	1,785,371
<b>Total Expenditures</b>	<u>2,533,000</u>	<u>2,533,000</u>	<u>2,284,555</u>	<u>248,445</u>	<u>2,268,609</u>
<b>Excess of Revenues Over Expenditures</b>	<u>32,642,000</u>	<u>32,642,000</u>	<u>33,485,385</u>	<u>843,385</u>	<u>31,986,934</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out . . . . .	(38,712,160)	(38,712,160)	(33,406,886)	5,305,274	(33,016,123)
<b>Net Change in Fund Balance</b>	(6,070,160)	(6,070,160)	78,499	<u>\$ 6,148,659</u>	(1,029,189)
Fund Balance - Beginning	<u>9,659,374</u>	<u>9,659,374</u>	<u>9,659,374</u>		<u>10,688,563</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,589,214</u>	<u>\$ 3,589,214</u>	<u>\$ 9,737,873</u>		<u>\$ 9,659,374</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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015					2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 7,066,307	\$ 7,066,307	\$ 7,102,953	\$ 36,646		\$ 6,894,206
Other taxes . . . . .	-	-	5,053	5,053		4,951
Intergovernmental . . . . .	3,082,800	3,082,800	1,399,347	(1,683,453)		834,293
Investment earnings (losses) . . . . .	106,900	106,900	64,845	(42,055)		90,878
Charges for services . . . . .	715,000	1,040,000	1,851,347	811,347		2,151,998
Other . . . . .	-	360,714	418,215	57,501		320,524
<b>Total Revenues</b>	<b>10,971,007</b>	<b>11,656,721</b>	<b>10,841,760</b>	<b>(814,961)</b>		<b>10,296,850</b>
<b>EXPENDITURES</b>						
<b>Housing and Redevelopment Authority:</b>						
Commodities . . . . .	31,250	31,250	120	31,130		-
Contractual services . . . . .	3,535,662	61,710,245	4,547,187	57,163,058		3,558,379
Capital outlay . . . . .	-	-	3,499,473	(3,499,473)		-
Other . . . . .	2,368,617	1,277,284	242,536	1,034,748		91,404
Grants and contributions . . . . .	16,397,646	16,919,186	4,714,135	12,205,051		5,615,069
<b>Total Expenditures</b>	<b>22,333,175</b>	<b>79,937,965</b>	<b>13,003,451</b>	<b>66,934,514</b>		<b>9,264,852</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(11,362,168)</b>	<b>(68,281,244)</b>	<b>(2,161,691)</b>	<b>66,119,553</b>		<b>1,031,998</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in . . . . .	78,142,014	68,166,252	10,522,033	(57,644,219)		2,649,363
Transfers out . . . . .	-	-	(861,302)	(861,302)		(861,302)
<b>Total Other Financing Sources (Uses)</b>	<b>78,142,014</b>	<b>68,166,252</b>	<b>9,660,731</b>	<b>(58,505,521)</b>		<b>1,788,061</b>
<b>Net Change in Fund Balance</b>	<b>66,779,846</b>	<b>(114,992)</b>	<b>7,499,040</b>	<b>\$ 7,614,032</b>		<b>2,820,059</b>
<b>Fund Balance - Beginning</b>	<b>11,362,168</b>	<b>10,946,542</b>	<b>10,946,542</b>			<b>8,126,483</b>
<b>Fund Balance - Ending</b>	<b>\$ 78,142,014</b>	<b>\$ 10,831,550</b>	<b>\$ 18,445,582</b>			<b>\$ 10,946,542</b>

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, 2015  
With Comparative Actual Amounts for Year Ended December 31, 2014

	2015				
	Budgeted Amounts		Actual	Variance with Final Budget	2014 Actual
	Original	Final			
<b>REVENUES</b>					
Property taxes .....	\$ 24,120,300	\$ 24,120,300	\$ 24,240,598	\$ 120,298	\$ 20,882,272
Other taxes .....	-	-	18,642	18,642	25,777
Intergovernmental .....	-	-	3,831,818	3,831,818	3,172,720
Investment earnings (losses) .....	-	-	281,045	281,045	341,421
Charges for services .....	800,000	800,000	662,779	(137,221)	695,240
Other .....	-	-	22,715	22,715	93,521
<b>Total Revenues</b>	<b>24,920,300</b>	<b>24,920,300</b>	<b>29,057,597</b>	<b>4,137,297</b>	<b>25,210,951</b>
<b>EXPENDITURES</b>					
<b>Regional Railroad Authority:</b>					
Commodities .....	13,750	13,750	170,276	(156,526)	161,445
Contractual services .....	38,244,179	38,258,453	23,530,845	14,727,608	11,901,522
Capital outlay .....	1,590,000	1,592,800	-	1,592,800	-
Other .....	379,100	379,100	67,232	311,868	52,612
<b>Total Expenditures</b>	<b>40,227,029</b>	<b>40,244,103</b>	<b>23,768,353</b>	<b>16,475,750</b>	<b>12,115,579</b>
Excess (Deficiency) of Revenues Over Expenditures	(15,306,729)	(15,323,803)	5,289,244	20,613,047	13,095,372
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in .....	-	-	2,436,320	2,436,320	
Transfers out .....	-	-	(153,982)	(153,982)	(9,900,000)
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>2,282,338</b>	<b>2,282,338</b>	<b>(10,800,000)</b>
Net Change in Fund Balance	(15,306,729)	(15,323,803)	7,571,582	\$ 20,459,065	3,195,372
Fund Balance - Beginning	27,518,889	27,518,889	27,518,889		24,323,517
Fund Balance - Ending	\$ 12,212,160	\$ 12,195,086	\$ 35,090,471		\$ 27,518,889

See notes to required supplementary information.

Hennepin County, Minnesota  
**Notes to Required Supplementary Information**  
 December 31, 2015

**STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
<u>HRA:</u>			
2014	\$ 4,900,000	\$ 4,187,128	\$ 712,872
2015	<u>71,679,846</u>	<u>8,722,578</u>	<u>62,957,268</u>
Total	<u><u>76,579,846</u></u>	<u><u>12,909,706</u></u>	<u><u>63,670,140</u></u>
<u>RRA:</u>			
2015	<u>31,800,000</u>	<u>18,405,391</u>	<u>13,394,609</u>
Total	<u><u>\$ 31,800,000</u></u>	<u><u>\$ 18,405,391</u></u>	<u><u>\$ 13,394,609</u></u>

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

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

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

The County Administrator may adjust budgets between accounts within a department. The 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, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash and Investments . . . . .	\$ 255,315,941	\$ 250,856,387
Due from component unit . . . . .	1,247,451	58,883,889
Delinquent taxes receivable . . . . .	5,395,363	6,161,737
Due from other governmental agencies . . . . .	10,832,262	16,568,814
Accrued investment interest . . . . .	3,537,388	2,368,115
Interfund receivable . . . . .	356,962	225,608
Other receivable . . . . .	5,885,809	8,983,000
Prepaid items . . . . .	399,088	154,301
Inventories . . . . .	3,387,492	3,140,775
Note receivable . . . . .	111,136	111,136
Total Assets	\$ 286,468,892	\$ 347,453,762
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable . . . . .	\$ 27,264,927	\$ 86,857,765
Accrued liabilities . . . . .	10,318,365	13,474,668
Interfund payable . . . . .	45,423,159	38,559,608
Due to component unit . . . . .	1,321,540	1,443,637
Unearned revenue . . . . .	252,885	257,920
Total Liabilities	84,580,876	140,593,598
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes . . . . .	4,382,663	5,548,437
Unavailable revenue - intergovernmental . . . . .	1,274,825	2,821,626
Total Deferred Inflows of Resources	5,657,488	8,370,063
<b>Fund Balances:</b>		
Nonspendable . . . . .	3,786,580	3,295,076
Restricted . . . . .	14,538,052	15,130,850
Committed . . . . .	-	9,000,000
Assigned . . . . .	39,060,573	36,308,948
Unassigned . . . . .	138,845,323	134,755,227
Total Fund Balances	196,230,528	198,490,101
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 286,468,892	\$ 347,453,762

Hennepin County, Minnesota  
**Balance Sheets**  
**Special Revenue Funds**  
December 31, 2015 and 2014

	Human Services		Library	
	2015	2014	2015	2014
<b>ASSETS</b>				
Cash and investments	\$ 158,825,969	\$ 172,455,287	\$ 41,421,600	\$ 41,803,554
Due from component unit	51,409	61,573	-	-
Delinquent taxes receivable	2,068,528	2,284,237	531,278	575,820
Due from other governmental agencies	38,582,754	40,127,549	11,298	9,682
Interfund receivable	285,123	88,124	-	-
Other receivables	475,658	528,185	82,808	118,002
Prepaid items	185,955	58,578	787,691	1,426,318
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	5,972,823	6,034,032
	<u>\$ 200,475,396</u>	<u>\$ 215,603,533</u>	<u>\$ 48,807,498</u>	<u>\$ 49,967,408</u>
<b>Total Assets</b>				
	<u>\$ 200,475,396</u>	<u>\$ 215,603,533</u>	<u>\$ 48,807,498</u>	<u>\$ 49,967,408</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$ 27,119,559	\$ 21,974,496	\$ 1,262,641	\$ 1,364,346
Accrued liabilities	3,460,924	11,683,678	529,592	1,905,958
Interfund payable	26,840,176	22,978,510	4,156,015	3,902,402
Due to component unit	-	165,173	-	-
Unearned revenue	5,493,434	321,021	-	-
	<u>62,914,093</u>	<u>57,122,878</u>	<u>5,948,248</u>	<u>7,172,706</u>
<b>Total Liabilities</b>				
	<u>62,914,093</u>	<u>57,122,878</u>	<u>5,948,248</u>	<u>7,172,706</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	1,751,728	2,196,837	444,178	544,020
Unavailable revenue - intergovernmental	1,968,065	3,020,804	-	-
	<u>3,719,793</u>	<u>5,217,641</u>	<u>444,178</u>	<u>544,020</u>
<b>Total Deferred Inflows of Resources</b>				
	<u>3,719,793</u>	<u>5,217,641</u>	<u>444,178</u>	<u>544,020</u>
<b>Fund Balances:</b>				
Nonspendable	185,955	58,578	2,768,404	3,406,350
Restricted	-	-	6,068,978	6,077,730
Committed	133,655,555	153,204,436	33,577,690	32,766,602
	<u>133,841,510</u>	<u>153,263,014</u>	<u>42,415,072</u>	<u>42,250,682</u>
<b>Total Fund Balances</b>				
	<u>133,841,510</u>	<u>153,263,014</u>	<u>42,415,072</u>	<u>42,250,682</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
	<u>\$ 200,475,396</u>	<u>\$ 215,603,533</u>	<u>\$ 48,807,498</u>	<u>\$ 49,967,408</u>

Ballpark Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2015	2014	2015	2014	2015	2014
\$ -	\$ -	\$ 8,564,272	\$ 9,387,794	\$ 40,453,288	\$ 28,764,875
-	-	-	-	-	-
-	-	-	-	217,799	217,373
5,791,473	5,617,026	23,663	65,995	-	64,075
-	-	-	-	-	-
-	-	17,726	12,728	159,631	88,422
-	-	269,343	274,732	-	-
-	-	6,583,789	-	-	-
-	-	16,212,245	14,964,946	-	-
4,023,953	4,123,365	743,085	676,159	-	-
<u>\$ 9,815,426</u>	<u>\$ 9,740,391</u>	<u>\$ 32,414,123</u>	<u>\$ 25,382,354</u>	<u>\$ 40,830,718</u>	<u>\$ 29,134,745</u>
\$ 77,553	\$ 81,017	\$ 770,490	\$ 1,233,359	\$ 5,740,247	\$ 1,615,856
-	-	-	-	-	-
-	-	13,198,051	13,198,051	-	-
-	-	-	-	-	-
-	-	-	4,402	-	-
<u>77,553</u>	<u>81,017</u>	<u>13,968,541</u>	<u>14,435,812</u>	<u>5,740,247</u>	<u>1,615,856</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,853,132	274,732	-	-
9,737,873	9,659,374	11,592,450	10,671,810	35,090,471	27,518,889
-	-	-	-	-	-
<u>9,737,873</u>	<u>9,659,374</u>	<u>18,445,582</u>	<u>10,946,542</u>	<u>35,090,471</u>	<u>27,518,889</u>
<u>\$ 9,815,426</u>	<u>\$ 9,740,391</u>	<u>\$ 32,414,123</u>	<u>\$ 25,382,354</u>	<u>\$ 40,830,718</u>	<u>\$ 29,134,745</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**Debt Service Fund - Regional Railroad Authority Debt**  
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and Investments .....	\$ <u>305,488</u>	\$ <u>318,692</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Fund Balances:</b>		
Restricted .....	<u>305,488</u>	\$ <u>318,692</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>305,488</u>	\$ <u>318,692</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**Capital Projects Fund - Regional Railroad Authority Capital Projects**  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash and Investments . . . . .	\$ -	\$ 4,628,115
Due from other governmental agencies . . . . .	-	2,147,173
	-	2,147,173
Total Assets	\$ -	\$ 6,775,288
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable . . . . .	\$ -	\$ 410,000
Interfund payable . . . . .	-	1,964,484
	-	1,964,484
Total Liabilities	-	2,374,484
 <b>Deferred Inflows of Resources:</b>		
Unavailable revenue - intergovernmental . . . . .	-	1,964,484
	-	1,964,484
 <b>Fund Balances:</b>		
Restricted . . . . .	-	2,436,320
	-	2,436,320
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 6,775,288

Hennepin County, Minnesota  
**Balance Sheets**  
**Debt Service Fund - General Debt**  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash and Investments . . . . .	\$ 14,867,554	\$ 12,362,345
Delinquent taxes receivable . . . . .	705,245	756,443
Note receivable . . . . .	100,655,000	105,255,000
Restricted cash and investments . . . . .	3,127,298	2,877,384
Total Assets	\$ 119,355,097	\$ 121,251,172
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable . . . . .	\$ 714,303	\$ 983,672
Total Liabilities	714,303	983,672
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes . . . . .	588,845	733,343
Unavailable revenue - intergovernmental . . . . .	100,655,000	105,255,000
Total Deferred Inflows of Resources	101,243,845	105,988,343
<b>Fund Balances:</b>		
Restricted . . . . .	17,396,949	14,279,157
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 119,355,097	\$ 121,251,172

Hennepin County, Minnesota  
**Balance Sheets**  
**Capital Projects Fund - General Capital Projects**  
December 31, 2015 and 2014

	2015	2014
<b>ASSETS</b>		
Cash and investments . . . . .	\$ 111,765,703	\$ 177,888,777
Delinquent taxes receivable . . . . .	30,737	42,890
Due from other governmental agencies . . . . .	10,340,855	8,112,229
Accrued investment interest . . . . .	12,334	21,945
Interfund receivable . . . . .	13,198,051	15,162,535
Other receivable . . . . .	104,000	826,900
Total Assets	\$ 135,451,680	\$ 202,055,276
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable . . . . .	\$ 31,211,543	\$ 33,309,065
Due to component unit . . . . .	2,413,063	852,490
Unearned revenue . . . . .	15,186,995	17,158,902
Total Liabilities	48,811,601	51,320,457
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes . . . . .	27,337	40,890
Unavailable revenue - intergovernmental . . . . .	2,316,305	1,160,373
Total Deferred Inflows of Resources	2,343,642	1,201,263
<b>Fund Balances:</b>		
Nonspendable . . . . .	13,672,058	14,394,951
Restricted . . . . .	70,624,379	135,138,605
Total Fund Balances	84,296,437	149,533,556
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 135,451,680	\$ 202,055,276

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
For the Years Ended December 31, 2015 and 2014

	2015					2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 314,125,442	\$ 315,990,322	\$ 336,741,628	\$ 20,751,306	\$	321,431,010
Wheelage tax . . . . .	9,276,000	5,655,329	9,965,015	4,309,686		9,296,105
Other taxes . . . . .	7,422,582	1,767,253	3,167,184	1,399,931		2,680,890
Intergovernmental . . . . .	136,682,355	137,272,817	106,454,390	(30,818,427)		131,922,853
Investment earnings (losses) . . . . .	7,750,000	7,750,000	8,031,331	281,331		10,561,990
Charges for services . . . . .	95,624,259	95,902,382	92,501,332	(3,401,050)		87,973,824
Fines and forfeits . . . . .	223,000	310,691	410,499	99,808		306,721
Licenses and permits . . . . .	6,271,894	6,271,894	6,210,338	(61,556)		6,001,247
Other . . . . .	14,818,740	16,256,395	16,249,898	(6,497)		14,557,947
<b>Total Revenues</b>	<b>592,194,272</b>	<b>587,177,083</b>	<b>579,731,615</b>	<b>(7,445,468)</b>		<b>584,732,587</b>
<b>EXPENDITURES</b>						
Operations . . . . .	174,574,634	170,226,181	158,841,478	11,384,703		99,312,349
Health . . . . .	98,885,097	99,211,985	70,720,068	28,491,917		95,889,084
Public safety . . . . .	268,546,448	270,485,523	266,219,052	4,266,471		259,029,720
Public works . . . . .	75,997,884	70,730,952	67,495,212	3,235,740		121,257,536
<b>Total Expenditures</b>	<b>618,004,063</b>	<b>610,654,641</b>	<b>563,275,810</b>	<b>47,378,831</b>		<b>575,488,689</b>
Excess (Deficiency) of Revenues Over Expenditures	(25,809,791)	(23,477,558)	16,455,805	39,933,363		9,243,898
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in . . . . .	-	-	3,208,396	3,208,396		2,450,439
Transfers out . . . . .	-	(1,487,657)	(21,923,774)	(20,436,117)		(4,910,319)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(1,487,657)</b>	<b>(18,715,378)</b>	<b>(17,227,721)</b>		<b>(2,459,880)</b>
<b>Net Change in Fund Balance</b>	<b>(25,809,791)</b>	<b>(24,965,215)</b>	<b>(2,259,573)</b>	<b>\$ 22,705,642</b>		<b>6,784,018</b>
Fund Balance - Beginning	198,490,101	198,490,101	198,490,101			191,706,083
Fund Balance - Ending	\$ <u>172,680,310</u>	\$ <u>173,524,886</u>	\$ <u>196,230,528</u>		\$	<u>198,490,101</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, 2015 and 2014

	2015				
	Budgeted Amounts		Actual	Variance with Final Budget	2014 Actual
	Original	Final			
<b>REVENUES</b>					
Property taxes .....	\$ 2,879,700	\$ 2,879,700	\$ 2,864,686	\$ (15,014)	\$ 2,844,406
Other taxes .....	-	-	1,810	1,810	1,771
Total Revenues	<u>2,879,700</u>	<u>2,879,700</u>	<u>2,866,496</u>	<u>(13,204)</u>	<u>2,846,177</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal retirement .....	1,510,000	1,510,000	1,510,000	-	1,470,000
Interest and fiscal charges .....	<u>1,369,700</u>	<u>1,369,700</u>	<u>1,369,700</u>	<u>-</u>	<u>1,399,100</u>
Total Expenditures	<u>2,879,700</u>	<u>2,879,700</u>	<u>2,879,700</u>	<u>-</u>	<u>2,869,100</u>
Net Change in Fund Balance	-	-	(13,204)	<u>\$ (13,204)</u>	(22,923)
Fund Balance - Beginning	<u>318,692</u>	<u>318,692</u>	<u>318,692</u>		<u>341,615</u>
Fund Balance - Ending	<u>\$ 318,692</u>	<u>\$ 318,692</u>	<u>\$ 305,488</u>		<u>\$ 318,692</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, 2015 and 2014

	2015				2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
<b>REVENUES</b>					
Intergovernmental . . . . .	\$ -	\$ -	\$ -	\$ -	\$ 39,365,189
Investment earnings . . . . .	-	-	-	-	26,523
Total Revenues	-	-	-	-	39,391,712
<b>EXPENDITURES</b>					
Regional Railroad Authority . . . . .	-	-	-	-	11,910,000
Capital projects . . . . .	-	-	-	-	5,030,861
Total Expenditures	-	-	-	-	16,940,861
Excess of Revenues Over Expenditures	-	-	-	-	22,450,851
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in . . . . .	-	-	-	-	9,900,000
Transfers out . . . . .	-	-	(2,436,320)	(2,436,320)	(1,964,484)
Total Other Financing Sources (Uses)	-	-	(2,436,320)	(2,436,320)	7,935,516
Net Change in Fund Balance	-	-	(2,436,320)	(2,436,320)	30,386,367
Fund Balance - Beginning	2,436,320	2,436,320	2,436,320		(27,950,047)
Fund Balance - Ending	\$ 2,436,320	\$ 2,436,320	\$ -		\$ 2,436,320

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, 2015 and 2014

	2015					2014 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 82,900,000	\$ 82,900,000	\$ 84,475,901	\$ 1,575,901		\$ 80,182,884
Other taxes . . . . .	-	-	61,354	61,354		56,852
Intergovernmental . . . . .	14,477,545	14,477,545	14,497,404	19,859		14,441,921
Investment earnings . . . . .	-	-	441	441		424
<b>Total Revenues</b>	<b>97,377,545</b>	<b>97,377,545</b>	<b>99,035,100</b>	<b>1,657,555</b>		<b>94,682,081</b>
<b>EXPENDITURES</b>						
Debt Service:						
Principal retirement . . . . .	75,769,916	75,769,916	82,057,824	(6,287,908)		92,124,868
Interest and fiscal charges . . . . .	60,125,437	60,125,437	45,703,571	14,421,866		45,671,612
<b>Total Expenditures</b>	<b>135,895,353</b>	<b>135,895,353</b>	<b>127,761,395</b>	<b>8,133,958</b>		<b>137,796,480</b>
<b>Excess (Deficiency) of Revenues</b>	<b>(38,517,808)</b>	<b>(38,517,808)</b>	<b>(28,726,295)</b>	<b>9,791,513</b>		<b>(43,114,399)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt . . . . .	-	-	-	-		80,615,000
Payment to refunded bond escrow agent . . . . .	-	-	-	-		(80,381,994)
Transfers in . . . . .	38,517,808	38,517,808	31,844,087	(6,673,721)		31,458,709
Debt premiums . . . . .	-	-	-	-		12,955,219
<b>Total Other Financing Sources (Uses)</b>	<b>38,517,808</b>	<b>38,517,808</b>	<b>31,844,087</b>	<b>(6,673,721)</b>		<b>44,646,934</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>3,117,792</b>	<b>\$ 3,117,792</b>		<b>1,532,535</b>
<b>Fund Balance - Beginning</b>	<b>14,279,157</b>	<b>14,279,157</b>	<b>14,279,157</b>			<b>12,746,622</b>
<b>Fund Balance - Ending</b>	<b>\$ 14,279,157</b>	<b>\$ 14,279,157</b>	<b>\$ 17,396,949</b>			<b>\$ 14,279,157</b>

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, 2015 and 2014

	2015				
	Budgeted Amounts		Actual	Variance with Final Budget	2014 Actual
	Original	Final			
<b>REVENUES</b>					
Property taxes . . . . .	\$ 7,261,000	\$ 9,251,446	\$ 2,514,194	\$ (6,737,252)	\$ 4,616,355
Other taxes . . . . .	-	-	1,838	1,838	3,548
Intergovernmental . . . . .	82,169,270	96,365,446	73,188,288	(23,177,158)	81,625,055
Investment earnings . . . . .	-	-	205,947	205,947	87,847
Other . . . . .	14,014,000	15,138,000	1,312,843	(13,825,157)	2,545,305
<b>Total Revenues</b>	<b>103,444,270</b>	<b>120,754,892</b>	<b>77,223,110</b>	<b>(43,531,782)</b>	<b>88,878,110</b>
<b>EXPENDITURES</b>					
Operations . . . . .	19,682,833	19,682,833	19,682,833	-	8,039,554
Capital projects . . . . .	237,265,437	262,346,730	150,822,026	111,524,704	132,294,218
<b>Total Expenditures</b>	<b>256,948,270</b>	<b>282,029,563</b>	<b>170,504,859</b>	<b>111,524,704</b>	<b>140,333,772</b>
<b>Excess (Deficiency) of Revenues</b>	<b>(153,504,000)</b>	<b>(161,274,671)</b>	<b>(93,281,749)</b>	<b>67,992,922</b>	<b>(51,455,662)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt . . . . .	124,604,000	124,604,000	-	(124,604,000)	100,000,000
Transfers in . . . . .	28,900,000	36,670,671	38,265,100	1,594,429	2,699,249
Transfers out . . . . .	-	-	(11,704,078)	(11,704,078)	(2,651,395)
Sale of capital assets and other . . . . .	-	-	1,483,608	1,483,608	475,802
Debt premiums . . . . .	-	-	-	-	18,284,731
<b>Total Other Financing Sources (Uses)</b>	<b>153,504,000</b>	<b>161,274,671</b>	<b>28,044,630</b>	<b>(133,230,041)</b>	<b>118,808,387</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(65,237,119)</b>	<b>\$ (65,237,119)</b>	<b>67,352,725</b>
Fund Balance - Beginning	149,533,556	149,533,556	149,533,556		82,180,831
<b>Fund Balance - Ending</b>	<b>\$ 149,533,556</b>	<b>\$ 149,533,556</b>	<b>\$ 84,296,437</b>		<b>\$ 149,533,556</b>



Hennepin County, Minnesota  
**Schedule of Changes in Long-term Debt**  
For the Year Ended December 31, 2015

	Repayment Terms	Interest Rates	Amount of Original Issue
<b>General Obligation - Levy Supported Bonds and Notes</b>			
November 10, 2008 Series D	\$3,400,000 in 2016, \$3,475,000 in 2017 and \$3,550,000 in 2018 and \$31,100,000 in various increments from 2019 through 2028	4.0 to 5.0%	\$ 63,335,000
October 22, 2008 Series E, Capital Notes	\$2,090,000 in 2016 and \$2,160,000 in 2017	4.5%	15,000,000
April 14, 2009 Series A	\$2,925,000 in 2016, \$3,015,000 in 2017, \$3,115,000 in 2018 and \$38,945,000 in various increments from 2019 through 2028	3.0 to 4.375%	60,000,000
December 1, 2009 Series B	\$9,100,000 in 2016, \$9,215,000 in 2017, \$9,425,000 in 2018 and \$34,900,000 in various increments from 2019 through 2023	4.0 to 5.0%	108,530,000
December 1, 2009 Series C	\$3,420,000 in 2016, \$3,590,000 in 2017 and \$3,770,000 in 2018	4.0 to 5.0%	27,980,000
December 1, 2009 Series D, <sup>1</sup> Taxable	\$3,960,000 in 2019, \$4,135,000 in 2020, \$4,270,000 in 2021 and \$39,655,000 in various increments from 2022 through 2029	4.35 to 5.4%	52,020,000
May 4, 2010 Series A	\$430,000 in 2016, \$470,000 in 2017, \$515,000 in 2018 and \$6,720,000 in various increments from 2019 through 2028	3.125 to 4.0%	10,215,000
September 15, 2010 Series B	\$3,560,000 in 2016, \$3,670,000 in 2017, \$3,780,000 in 2018, \$3,890,000 in 2019 and \$3,970,000 in 2020	2.0 to 4.0%	34,250,000
September 15, 2010 Series B, Capital Notes	\$1,015,000 in 2016, \$1,045,000 in 2017, \$1,080,000 in 2018, \$1,110,000 in 2019 and \$1,130,000 in 2020	2.0 to 4.0%	10,000,000
September 15, 2010 Series C, <sup>1</sup> Taxable	\$4,130,000 in 2021, \$4,220,000 in 2022, \$4,320,000 in 2023 and \$28,390,000 in various increments from 2024 to 2029	3.50 to 4.5%	41,060,000
September 15, 2010 Series D, <sup>2</sup> Recovery Zone Econ Development	\$5,665,000 in 2030, \$5,950,000 in 2031 and \$6,145,000 in 2032 and \$19,615,000 in various increments from 2033 to 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,280,000 in 2016, \$2,370,000 in 2017, \$2,465,000 in 2018 and \$41,625,000 in various increments from 2019 to 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	\$2,110,000 in 2016, \$2,075,000 in 2017, \$2,035,000 in 2018 and \$9,525,000 in various increments from 2019 to 2023	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	\$3,845,000 in 2016, \$3,320,000 in 2017, \$3,275,000 in 2018 and \$21,240,000 in various increments from 2019 to 2025	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$4,450,000 in 2016, \$2,130,000 in 2017, \$4,000,000 in 2018, 2019, 2020, and 2021	3.0 to 5.0%	40,000,000
December 03, 2013 Series C	\$2,195,000 in 2017, \$515,000 in 2018, \$735,000 in 2019 and \$67,585,000 in various increments from 2020 through 2032	Variable - Est 0.0315%	85,000,000
November 04, 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 2039	5.0%	100,000,000
November 04, 2014, Series B	\$4,035,000 in 2016, \$5,700,000 in 2017, \$6,470,000 in 2018 and \$57,710,000 in various increments from 2019 through 2027	4.0 to 5.0%	80,615,000
<b>G.O. Non-Levy Supported Bonds</b>			
December 1, 1998 Augsburg Financing	\$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	\$140,000 in 2016, \$145,000 for 2017 and 2018, and 2,145,000 in various increments from 2019 through 2030	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$190,000 in 2016, \$195,000 in 2017, \$205,000 in 2018 and \$3,460,000 in various increments from 2019 through 2031	3.0 to 4.0%	4,715,000
January 01, 2013 Series B, Watershed District	\$295,000 in 2016, \$305,000 in 2017, \$315,000 in 2018 and \$5,360,000 in various increments from 2019 through 2032	2.0 to 3.0%	7,075,000
December 22, 2010 CTIB Bonds	\$4,150,000 in 2016, \$4,355,000 in 2017, \$4,570,000 in 2018 and	4.0 to 5.0%	102,810,000
<b>Sales Tax Revenue Bonds</b>			
Ballpark: May 15, 2007 Series A	\$1,550,000 in 2016, \$1,700,000 in 2017, \$1,900,000 in 2018 and \$137,450,000 in various increments from 2019 through 2037	4.75 to 5.0%	150,000,000
Ballpark: April 10, 2008 Series B	\$4,280,000 in 2016, \$4,655,000 in 2017, \$5,045,000 in 2018 and \$78,950,000 in various increments from 2019 through 2029	4.0 to 5.0%	116,775,000
Ballpark: June 26, 2008 Series C	\$7,000,000 in 2030	Variable - Est 0.0357%	75,000,000
<b>Limited Tax Bonds</b>			
<b>Regional Railroad Authority (RRA):</b>			
March 17, 2010 Series A	\$1,550,000 in 2016, \$1,610,000 in 2017, \$1,670,000 in 2018 and \$29,865,000 in various increments from 2019 to 2031	3.0 to 4.0%	42,595,000
<b>Lease Revenue Certificates of Participation</b>			
December 15, 2008 Series F	Retired 2015	3.5%	18,935,000

<sup>1</sup> 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.

<sup>2</sup> 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, 2014	Additions	Payments	Balance Dec. 31, 2015	Due Within One Year	Total	Due Within One Year	
<b>General Obligation - Levy Supported Bonds and Notes</b>								
November 10, 2008 Series D	\$ 44,855,000	\$ -	\$ 3,330,000	\$ 41,525,000	\$ 3,400,000	\$ 14,121,201	\$ 1,940,444	
October 22, 2008 Series E, Capital Notes	6,280,000	-	2,030,000	4,250,000	2,090,000	288,450	191,250	
April 14, 2009 Series A	50,830,000	-	2,830,000	48,000,000	2,925,000	14,528,194	1,828,406	
December 1, 2009 Series B	72,615,000	-	9,975,000	62,640,000	9,100,000	10,707,250	2,878,350	
December 1, 2009 Series C	14,040,000	-	3,260,000	10,780,000	3,420,000	989,500	468,900	
December 1, 2009 Series D, <sup>1</sup> Taxable	52,020,000	-	-	52,020,000	-	24,519,132	2,564,858	
May 4, 2010 Series A	8,535,000	-	400,000	8,135,000	430,000	2,364,075	302,656	
September 15, 2010 Series B	22,330,000	-	3,460,000	18,870,000	3,560,000	1,772,400	566,900	
September 15, 2010 Series B, Capital Notes	6,365,000	-	985,000	5,380,000	1,015,000	505,150	161,600	
September 15, 2010 Series C, <sup>1</sup>	41,060,000	-	-	41,060,000	-	17,203,530	1,656,155	
September 15, 2010 Series D, <sup>2</sup> Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	31,330,206	1,780,009	
November 15, 2011 Series A	50,930,000	-	2,190,000	48,740,000	2,280,000	16,475,275	1,797,618	
January 25, 2012 Series A	17,915,000	-	2,170,000	15,745,000	2,110,000	1,717,550	421,188	
March 08, 2012 Series B	34,970,000	-	3,290,000	31,680,000	3,845,000	4,036,000	823,300	
January 29, 2013 Series A	26,955,000	-	4,375,000	22,580,000	4,450,000	3,155,500	969,000	
December 03, 2013 Series C	85,000,000	-	13,970,000	71,030,000	-	253,670	22,379	
November 04, 2014, Series A	100,000,000	-	-	100,000,000	1,180,000	75,270,000	5,000,000	
November 04, 2014, Series B	80,615,000	-	6,700,000	73,915,000	4,035,000	22,017,849	3,438,000	
	<b>752,690,000</b>	<b>-</b>	<b>58,965,000</b>	<b>693,725,000</b>	<b>43,840,000</b>	<b>241,254,932</b>	<b>26,811,013</b>	
<b>G.O. Levy Supported</b>								
<b>G.O. Non-Levy Supported Bonds</b>								
December 1, 1998 Augsburg Financing	705,000	-	165,000	540,000	170,000	53,900	26,460	
September 15, 2010 Series B, Watershed District	2,710,000	-	135,000	2,575,000	140,000	691,925	79,362	
November 15, 2011 Series A, Watershed District	4,235,000	-	185,000	4,050,000	190,000	1,368,925	149,369	
January 01, 2013 Series B, Watershed District	6,565,000	-	290,000	6,275,000	295,000	1,575,088	164,838	
December 22, 2010 CTIB Bonds	91,745,000	-	3,990,000	87,755,000	4,150,000	36,581,068	4,141,444	
	<b>105,960,000</b>	<b>-</b>	<b>4,765,000</b>	<b>101,195,000</b>	<b>4,945,000</b>	<b>40,270,906</b>	<b>4,561,473</b>	
<b>G.O. Non-Levy Supported Bonds</b>								
<b>Sales Tax Revenue Bonds</b>								
Ballpark: May 15, 2007 Series A	144,000,000	-	1,400,000	142,600,000	1,550,000	102,765,375	6,864,875	
Ballpark: April 10, 2008 Series B	96,860,000	-	3,930,000	92,930,000	4,280,000	37,743,450	4,454,725	
Ballpark: June 26, 2008 Series C	18,700,000	-	11,700,000	7,000,000	-	37,484	2,499	
	<b>259,560,000</b>	<b>-</b>	<b>17,030,000</b>	<b>242,530,000</b>	<b>5,830,000</b>	<b>140,546,309</b>	<b>11,322,099</b>	
<b>Debt Payable by Sales Tax</b>								
<b>Limited Tax Bonds</b>								
<b>Regional Railroad Authority (RRA):</b>								
March 17, 2010 Series A	36,205,000	-	1,510,000	34,695,000	1,550,000	12,983,200	1,339,500	
	<b>1,154,415,000</b>	<b>-</b>	<b>82,270,000</b>	<b>1,072,145,000</b>	<b>56,165,000</b>	<b>435,055,347</b>	<b>44,034,085</b>	
<b>Total Bonds and Notes</b>								
<b>Lease Revenue Certificates of Participation</b>								
December 15, 2008 Series F	2,985,000	-	2,985,000	-	-	-	-	
	<b>\$ 1,157,400,000</b>	<b>\$ -</b>	<b>\$ 85,255,000</b>	<b>\$ 1,072,145,000</b>	<b>\$ 56,165,000</b>	<b>\$ 435,055,347</b>	<b>\$ 44,034,085</b>	
	<b>Total Long-Term Debt</b>							



Hennepin County, Minnesota  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
December 31, 2015  
With Comparative Totals for December 31, 2014

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
			2015	2014
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash. ....	\$ 70,737	\$ 4,849,299	\$ 4,920,036	\$ 4,379,346
Due from component unit. ....	-	11,583	11,583	10,873
Other receivables. ....	-	37,500	37,500	35,061
Inventories. ....	5,610	-	5,610	4,130
Prepaid items. ....	1,470	-	1,470	770
	<u>77,817</u>	<u>4,898,382</u>	<u>4,976,199</u>	<u>4,430,180</u>
<b>Noncurrent Capital Assets:</b>				
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	8,792,678	8,797,975	8,412,895
Total capital assets	<u>3,727,464</u>	<u>8,792,678</u>	<u>12,520,142</u>	<u>12,135,062</u>
Less accumulated depreciation. ....	<u>2,155,385</u>	<u>5,064,201</u>	<u>7,219,586</u>	<u>6,619,840</u>
Net Capital Assets	<u>1,572,079</u>	<u>3,728,477</u>	<u>5,300,556</u>	<u>5,515,222</u>
	<u>77,817</u>	<u>4,898,382</u>	<u>4,976,199</u>	<u>4,430,180</u>
Total Assets	<u>\$ 1,649,896</u>	<u>\$ 8,626,859</u>	<u>\$ 10,276,755</u>	<u>\$ 9,945,402</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts and contracts payable. ....	\$ 11,704	\$ 36,589	\$ 48,293	\$ 70,030
General obligation bonds. ....	155,000	-	155,000	150,000
	<u>166,704</u>	<u>36,589</u>	<u>203,293</u>	<u>220,030</u>
Total Current Liabilities	<u>166,704</u>	<u>36,589</u>	<u>203,293</u>	<u>220,030</u>
<b>Noncurrent Liabilities, Net of Current Portion:</b>				
General obligation bonds. ....	<u>670,000</u>	<u>-</u>	<u>670,000</u>	<u>825,000</u>
Total Liabilities	<u>836,704</u>	<u>36,589</u>	<u>873,293</u>	<u>1,045,030</u>
<b>NET POSITION</b>				
Net investment in capital assets	747,079	3,728,477	4,475,556	4,540,222
Unrestricted	<u>66,113</u>	<u>4,861,793</u>	<u>4,927,906</u>	<u>4,360,150</u>
Total Net Position	<u>813,192</u>	<u>8,590,270</u>	<u>9,403,462</u>	<u>8,900,372</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,649,896</u>	<u>\$ 8,626,859</u>	<u>\$ 10,276,755</u>	<u>\$ 9,945,402</u>

Hennepin County, Minnesota  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
For the Year Ended December 31, 2015  
With Comparative Totals for December 31, 2014

	Glen Lake Golf Course	Radio Communications	Totals	
			2015	2014
<b>OPERATING REVENUES</b>				
Charges for services. . . . .	\$ 988,968	\$ 2,853,336	\$ 3,842,304	\$ 3,191,407
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	492,321	1,075,499	1,567,820	1,431,276
Commodities. . . . .	106,355	117,568	223,923	209,643
Contractual services. . . . .	130,259	316,235	446,494	461,293
Depreciation. . . . .	87,851	927,420	1,015,271	772,569
Other. . . . .	24,646	35,341	59,987	48,204
Total Operating Expenses	<u>841,432</u>	<u>2,472,063</u>	<u>3,313,495</u>	<u>2,922,985</u>
Operating Income (Loss)	<u>147,536</u>	<u>381,273</u>	<u>528,809</u>	<u>268,422</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense. . . . .	(19,500)	-	(19,500)	(22,400)
Gain (Loss) on capital asset disposal. . . . .	-	(6,219)	(6,219)	(14,058)
Total Nonoperating Revenues (Expenses)	<u>(19,500)</u>	<u>(6,219)</u>	<u>(25,719)</u>	<u>(36,458)</u>
Income (Loss) Before Transfers	<u>128,036</u>	<u>375,054</u>	<u>503,090</u>	<u>231,964</u>
Transfers out. . . . .	-	-	-	(475,439)
Change in Net Position	128,036	375,054	503,090	(243,475)
Total Net Position - Beginning	<u>685,156</u>	<u>8,215,216</u>	<u>8,900,372</u>	<u>9,143,847</u>
Total Net Position-Ending	<u>\$ 813,192</u>	<u>\$ 8,590,270</u>	<u>\$ 9,403,462</u>	<u>\$ 8,900,372</u>

Hennepin County, Minnesota  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended December 31, 2015

	Glen Lake Golf Course	Radio Communications	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users. . . . .	\$ 988,968	\$ 2,850,187	\$ 3,839,155
Payments to suppliers for goods and services. . . . .	(236,382)	(457,952)	(694,334)
Payments to employees for services. . . . .	(492,321)	(1,075,499)	(1,567,820)
Other operating disbursements. . . . .	(24,646)	(35,341)	(59,987)
Net Cash Provided by Operating Activities	235,619	1,281,395	1,517,014
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets. . . . .	-	(806,824)	(806,824)
Interest paid. . . . .	(19,500)	-	(19,500)
Debt issuance cost and principal payments. . . . .	(150,000)	-	(150,000)
Net Cash Used by Capital and Related Financing Activities	(169,500)	(806,824)	(976,324)
Net Increase In Cash	66,119	474,571	540,690
Cash at Beginning of Year	4,618	4,374,728	4,379,346
Cash at End of Year	\$ 70,737	\$ 4,849,299	\$ 4,920,036
<b>CASH COMPONENTS:</b>			
Cash. . . . .	\$ 70,737	\$ 4,849,299	\$ 4,920,036
Restricted cash. . . . .	-	-	-
Cash at End of Year	\$ 70,737	\$ 4,849,299	\$ 4,920,036
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss). . . . .	\$ 147,536	\$ 381,273	\$ 528,809
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization. . . . .	87,851	927,420	1,015,271
(Increase) decrease in:			
Receivables and prepaid items. . . . .	(700)	(2,439)	(3,139)
Due from component unit. . . . .	-	(710)	(710)
Inventories. . . . .	(1,480)	-	(1,480)
Increase (decrease) in:			
Accounts payable and accrued expenses. . . . .	2,412	(24,149)	(21,737)
Net Cash Provided by Operating Activities	\$ 235,619	\$ 1,281,395	\$ 1,517,014
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Loss on disposal of capital assets. . . . .	\$ -	\$ (6,219)	\$ (6,219)

Hennepin County, Minnesota  
**Schedules of Net Position**  
**Enterprise Funds**  
December 31, 2015 and 2014

	Metropolitan Health Plan		Solid Waste		Total Nonmajor	
	2015	2014	2015	2014	2015	2014
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>Current Assets:</b>						
Cash.....	\$ 81,093,393	\$ 74,160,684	\$ 13,673,529	\$ 21,261,019	\$ 4,920,036	\$ 4,379,346
Delinquent taxes receivable.....	-	-	-	148	-	-
Due from component unit.....	-	-	-	-	11,583	10,873
Other receivables.....	12,290,642	13,327,038	5,566,965	7,199,519	37,500	35,061
Inventories.....	-	-	-	-	5,610	4,130
Prepaid items.....	73,578	44,716	-	-	1,470	770
<b>Total Current Assets</b>	<b>93,457,613</b>	<b>87,532,438</b>	<b>19,240,494</b>	<b>28,460,686</b>	<b>4,976,199</b>	<b>4,430,180</b>
<b>Noncurrent Assets:</b>						
Notes receivable.....	-	-	1,172,032	1,287,889	-	-
Restricted cash and investments.....	500,000	500,000	7,247,761	9,431,005	-	-
<b>Capital Assets:</b>						
Land.....	-	-	8,179,432	8,179,432	985,092	985,092
Land improvements.....	-	-	-	-	1,893,908	1,893,908
Buildings.....	-	-	163,548,972	163,548,972	843,167	843,167
Equipment.....	364,940	364,940	19,944,843	6,222,459	8,797,975	8,412,895
Leasehold improvements.....	1,673,332	1,673,332	-	-	-	-
Construction in progress.....	41,070	-	686,025	-	-	-
<b>Total capital assets</b>	<b>2,079,342</b>	<b>2,038,272</b>	<b>192,359,272</b>	<b>177,950,863</b>	<b>12,520,142</b>	<b>12,135,062</b>
Less accumulated depreciation and amortization.....	2,038,272	2,038,272	71,751,399	64,501,112	7,219,586	6,619,840
<b>Net Capital Assets</b>	<b>41,070</b>	<b>-</b>	<b>120,607,873</b>	<b>113,449,751</b>	<b>5,300,556</b>	<b>5,515,222</b>
<b>Total Noncurrent Assets</b>	<b>541,070</b>	<b>500,000</b>	<b>129,027,666</b>	<b>124,168,645</b>	<b>5,300,556</b>	<b>5,515,222</b>
<b>Total Assets</b>	<b>\$ 93,998,683</b>	<b>\$ 88,032,438</b>	<b>\$ 148,268,160</b>	<b>\$ 152,629,331</b>	<b>\$ 10,276,755</b>	<b>\$ 9,945,402</b>
<b>Deferred Outflows of Resources:</b>						
Pension-related.....	632,175	-	517,406	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b>94,630,858</b>	<b>88,032,438</b>	<b>148,785,566</b>	<b>152,629,331</b>	<b>10,276,755</b>	<b>9,945,402</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
<b>Current liabilities:</b>						
Interfund payable.....	\$ 642,085	\$ 313,732	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable.....	26,380,810	18,575,488	4,454,127	3,804,394	48,293	70,030
Accrued expenses.....	17,326,467	17,054,268	88,838	300,478	-	-
Due to component unit.....	2,478,128	459,772	-	-	-	-
Unearned revenue.....	10,537,806	11,634,396	-	-	-	-
Current portion of:						
General obligation bonds and notes.....	-	-	-	-	155,000	150,000
Compensated absences.....	200,000	300,000	50,000	50,000	-	-
<b>Total Current Liabilities</b>	<b>57,565,296</b>	<b>48,337,656</b>	<b>4,592,965</b>	<b>4,154,872</b>	<b>203,293</b>	<b>220,030</b>
<b>Noncurrent liabilities, net of current portion:</b>						
General obligation bonds and notes.....	-	-	-	-	670,000	825,000
Net pension.....	5,156,800	5,362,249	4,220,598	4,388,748	-	-
Postemployment healthcare benefits.....	1,135,938	1,110,022	905,523	811,833	-	-
Compensated absences.....	450,566	333,189	1,010,534	968,476	-	-
<b>Total Noncurrent Liabilities</b>	<b>6,743,304</b>	<b>6,805,460</b>	<b>6,136,655</b>	<b>6,169,057</b>	<b>670,000</b>	<b>825,000</b>
<b>Total Liabilities</b>	<b>64,308,600</b>	<b>55,143,116</b>	<b>10,729,620</b>	<b>10,323,929</b>	<b>873,293</b>	<b>1,045,030</b>
<b>Deferred Inflows of Resources:</b>						
Pension-related.....	843,367	-	690,256	-	-	-
<b>Net Position:</b>						
Net investment in capital assets.....	41,070	-	120,607,873	113,449,751	4,475,556	4,540,222
Restricted for:						
Statutory requirements relating to:						
Metropolitan health plan.....	29,437,821	32,889,322	-	-	-	-
Solid waste management.....	-	-	16,750,255	27,148,401	-	-
Brownfield assessment and cleanup.....	-	-	7,562	1,707,250	-	-
Unrestricted.....	-	-	-	-	4,927,906	4,360,150
<b>Total Net Position</b>	<b>29,478,891</b>	<b>32,889,322</b>	<b>137,365,690</b>	<b>142,305,402</b>	<b>9,403,462</b>	<b>8,900,372</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 94,630,858</b>	<b>\$ 88,032,438</b>	<b>\$ 148,785,566</b>	<b>\$ 152,629,331</b>	<b>\$ 10,276,755</b>	<b>\$ 9,945,402</b>

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, 2015 and 2014

	2015			2014 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>OPERATING REVENUES</b>				
Net charges for services. . . . .	\$ 157,029,183	\$ 144,120,318	\$ (12,908,865)	\$ 161,168,368
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	8,867,388	8,236,646	630,742	8,868,464
Commodities. . . . .	260,057	25,863	234,194	35,674
Contractual services. . . . .	141,930,242	129,496,969	12,433,273	143,949,455
Other. . . . .	5,203,705	10,258,172	(5,054,467)	6,394,113
Total Operating Expenses	<u>156,261,392</u>	<u>148,017,650</u>	<u>8,243,742</u>	<u>159,247,706</u>
Operating Income (Loss)	<u>767,791</u>	<u>(3,897,332)</u>	<u>(4,665,123)</u>	<u>1,920,662</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses). . . . .	507,264	562,550	55,286	827,512
Interest expense. . . . .	(164,375)	(107,219)	57,156	(363,411)
Total Nonoperating Revenues (Expenses)	<u>342,889</u>	<u>455,331</u>	<u>112,442</u>	<u>464,101</u>
Income (Loss) Before Contributions	1,110,680	(3,442,001)	(4,552,681)	2,384,763
Capital contributions. . . . .	-	31,570	31,570	-
Change in Net Position	1,110,680	(3,410,431)	<u>\$ (4,521,111)</u>	2,384,763
Total Net Position - Beginning, as restated	<u>32,889,322</u>	<u>32,889,322</u>		<u>30,504,559</u>
Total Net Position - Ending	<u>\$ 34,000,002</u>	<u>\$ 29,478,891</u>		<u>\$ 32,889,322</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, 2015 and 2014

	2015		Variance with Final Budget	2014 Actual
	Final Budget	Actual		
<b>OPERATING REVENUES</b>				
Charges for services. . . . .	\$ 51,708,582	\$ 50,713,519	\$ (995,063)	\$ 51,262,909
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	6,746,037	6,803,290	(57,253)	6,424,414
Commodities. . . . .	359,710	618,303	(258,593)	600,267
Contractual services. . . . .	44,272,947	39,128,163	5,144,784	38,454,178
Depreciation and amortization. . . . .	7,453,293	7,250,287	203,006	6,591,250
Other. . . . .	984,300	966,724	17,576	849,781
Total Operating Expenses	<u>59,816,287</u>	<u>54,766,767</u>	<u>5,049,520</u>	<u>52,919,890</u>
Operating Income (Loss)	<u>(8,107,705)</u>	<u>(4,053,248)</u>	<u>4,054,457</u>	<u>(1,656,981)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Other taxes. . . . .	100,000	-	(100,000)	52,757
Intergovernmental. . . . .	5,690,227	4,767,541	(922,686)	4,969,213
Investment earnings (losses). . . . .	450,000	262,691	(187,309)	575,023
Other revenue. . . . .	2,295,000	3,677,095	1,382,095	2,483,289
Environmental grants awarded. . . . .	<u>(3,474,000)</u>	<u>(8,518,791)</u>	<u>(5,044,791)</u>	<u>(5,136,581)</u>
Total Nonoperating Revenues (Expenses)	<u>5,061,227</u>	<u>188,536</u>	<u>(4,872,691)</u>	<u>2,943,701</u>
Income (Loss) Before Transfers	<u>(3,046,478)</u>	<u>(3,864,712)</u>	<u>(818,234)</u>	<u>1,286,720</u>
Transfers out. . . . .	-	<u>(1,075,000)</u>	<u>(1,075,000)</u>	-
Change in Net Position	<u>(3,046,478)</u>	<u>(4,939,712)</u>	<u>\$ (1,893,234)</u>	<u>1,286,720</u>
Total Net Position-Beginning, as restated	<u>142,305,402</u>	<u>142,305,402</u>		<u>141,018,682</u>
Total Net Position - Ending	<u>\$ 139,258,924</u>	<u>\$ 137,365,690</u>		<u>\$ 142,305,402</u>



Hennepin County, Minnesota  
**Schedules of Cash Flows**  
**Enterprise Funds**  
For the Years Ended December 31, 2015 and 2014

	Metropolitan Health Plan	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users. . . . .	\$ 144,332,323	\$ 163,820,963
Payments to suppliers for goods and services. . . . .	(119,728,016)	(132,450,904)
Payments to employees for services. . . . .	(8,187,610)	(9,008,247)
Other operating disbursements. . . . .	(10,258,172)	(6,394,113)
Net Cash Provided by Operating Activities	6,158,525	15,967,699
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Other taxes. . . . .	-	-
Net grants and contributions. . . . .	-	-
Transfers out. . . . .	-	-
Interfund loan. . . . .	328,353	313,732
Net Cash Provided (Used) by Noncapital Financing Activities	328,353	313,732
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets. . . . .	(9,500)	-
Interest paid. . . . .	(107,219)	(363,411)
Debt issuance cost and principal payments. . . . .	-	-
Net Cash Used by Capital and Related Financing Activities	(116,719)	(363,411)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income. . . . .	562,550	827,512
Net Cash Provided by Investing Activities	562,550	827,512
Net Increase (Decrease) in Cash	6,932,709	16,745,532
Cash at Beginning of Year	74,660,684	57,915,152
Cash at End of Year	\$ 81,593,393	\$ 74,660,684
<b>CASH COMPONENTS:</b>		
Cash. . . . .	\$ 81,093,393	\$ 74,160,684
Restricted cash. . . . .	500,000	500,000
Cash at End of Year	\$ 81,593,393	\$ 74,660,684
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss). . . . .	\$ (3,897,332)	\$ 1,920,662
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization. . . . .	-	-
(Increase) decrease in:		
Receivables and prepaid items. . . . .	1,007,534	(4,977,849)
Due from component unit. . . . .	-	-
Inventories. . . . .	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses. . . . .	8,126,557	9,845,153
Due to component unit. . . . .	2,018,356	(2,454,663)
Unearned revenue. . . . .	(1,096,590)	11,634,396
Net Cash Provided By Operating Activities	\$ 6,158,525	\$ 15,967,699
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of capital assets. . . . .	\$ 31,570	-
Loss on disposal of capital assets. . . . .	-	-
Increase (decrease) in fair value of investments. . . . .	(227,656)	249,909

Solid Waste		Nonmajor Enterprise Funds			
		Glen Lake Golf Course		Radio Communications	
2015	2014	2015	2014	2015	2014
\$ 52,134,433	\$ 48,388,055	\$ 988,968	\$ 857,118	\$ 2,850,187	\$ 2,504,653
(39,096,737)	(38,714,946)	(236,382)	(209,038)	(457,952)	(662,149)
(6,662,838)	(6,221,927)	(492,321)	(442,937)	(1,075,499)	(988,339)
(966,724)	(849,781)	(24,646)	(21,519)	(35,341)	(26,685)
<u>5,408,134</u>	<u>2,601,401</u>	<u>235,619</u>	<u>183,624</u>	<u>1,281,395</u>	<u>827,480</u>
148	53,812	-	-	-	-
41,702	1,815,921	-	-	-	-
(1,075,000)	-	-	-	-	(475,439)
-	-	-	(20,000)	-	-
<u>(1,033,150)</u>	<u>1,869,733</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>(475,439)</u>
(14,408,409)	(10,004,628)	-	-	(806,824)	(1,082,998)
-	-	(19,500)	(22,399)	-	-
-	-	(150,000)	(145,000)	-	-
<u>(14,408,409)</u>	<u>(10,004,628)</u>	<u>(169,500)</u>	<u>(167,399)</u>	<u>(806,824)</u>	<u>(1,082,998)</u>
262,691	575,023	-	-	-	-
<u>262,691</u>	<u>575,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(9,770,734)	(4,958,471)	66,119	(3,775)	474,571	(730,957)
30,692,024	35,650,495	4,618	8,393	4,374,728	5,105,685
<u>\$ 20,921,290</u>	<u>\$ 30,692,024</u>	<u>\$ 70,737</u>	<u>\$ 4,618</u>	<u>\$ 4,849,299</u>	<u>\$ 4,374,728</u>
\$ 13,673,529	\$ 21,261,019	\$ 70,737	\$ 4,618	\$ 4,849,299	\$ 4,374,728
7,247,761	9,431,005	-	-	-	-
<u>\$ 20,921,290</u>	<u>\$ 30,692,024</u>	<u>\$ 70,737</u>	<u>\$ 4,618</u>	<u>\$ 4,849,299</u>	<u>\$ 4,374,728</u>
\$ (4,053,248)	\$ (1,656,981)	\$ 147,536	\$ 94,987	\$ 381,273	\$ 173,435
7,250,287	6,591,250	87,851	87,801	927,420	684,768
1,632,554	(2,896,984)	(700)	(660)	(2,439)	149,164
-	-	-	-	(710)	21,200
-	-	(1,480)	790	-	-
578,541	564,116	2,412	706	(24,149)	(201,087)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,408,134</u>	<u>\$ 2,601,401</u>	<u>\$ 235,619</u>	<u>\$ 183,624</u>	<u>\$ 1,281,395</u>	<u>\$ 827,480</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(6,219)	(14,058)
(86,328)	241,342	-	-	-	-





Hennepin County, Minnesota  
**Combining Statement of Net Position**  
**Internal Service Funds**  
December 31, 2015  
With Comparative Totals for December 31, 2014

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash . . . . .	\$ 2,519,919	\$ 14,703,962	\$ 33,175,567	\$ 2,809,430
Interfund receivable. . . . .	-	-	-	-
Due from component unit. . . . .	10,809	972,291	-	695,545
Receivables from users. . . . .	32,356	294,741	207,108	309,050
Inventories. . . . .	327,250	237,939	-	307,435
Prepaid items. . . . .	159,321	-	4,742,461	-
Total Current Assets	<u>3,049,655</u>	<u>16,208,933</u>	<u>38,125,136</u>	<u>4,121,460</u>
<b>Capital Assets:</b>				
Land. . . . .	-	-	-	1,040,600
Buildings. . . . .	-	-	-	37,296,844
Equipment. . . . .	4,932,555	53,333,512	50,810,498	270,996
Software. . . . .	-	-	16,867,618	-
Construction in progress. . . . .	-	105,464	-	191,385
Total capital assets	<u>4,932,555</u>	<u>53,438,976</u>	<u>67,678,116</u>	<u>38,799,825</u>
Less accumulated depreciation. . . . .	<u>3,527,150</u>	<u>25,902,756</u>	<u>46,396,900</u>	<u>21,334,150</u>
Net Capital Assets	<u>1,405,405</u>	<u>27,536,220</u>	<u>21,281,216</u>	<u>17,465,675</u>
<b>Total Assets</b>	<u>\$ 4,455,060</u>	<u>\$ 43,745,153</u>	<u>\$ 59,406,352</u>	<u>\$ 21,587,135</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Current Liabilities:</b>				
Accounts and contracts payable. . . . .	\$ 242,310	\$ 541,136	\$ 6,982,532	\$ 488,901
Accrued interest payable. . . . .	-	-	-	-
Accrued expenses. . . . .	17,450	26,197	431,038	2,465
Unearned revenue. . . . .	-	-	-	-
Current portion of:				
Workers' compensation claims. . . . .	-	-	-	-
Lease revenue certificates of participation. . . . .	-	-	-	-
General obligation bonds. . . . .	-	-	-	1,520,444
Notes payable. . . . .	-	-	-	-
Compensated absences. . . . .	10,000	40,000	400,000	-
Total Current Liabilities	<u>269,760</u>	<u>607,333</u>	<u>7,813,570</u>	<u>2,011,810</u>
<b>Noncurrent Liabilities, Net of Current Portion:</b>				
Advance from other funds. . . . .	-	-	-	-
Workers' compensation claims. . . . .	-	-	-	-
Lease revenue certificates of participation. . . . .	-	-	-	-
General obligation bonds. . . . .	-	-	-	12,504,446
Notes payable. . . . .	-	-	-	-
Postemployment healthcare benefits. . . . .	(70,210)	351,389	1,189,907	3,497
Compensated absences. . . . .	152,777	158,323	3,219,628	40,563
Total Noncurrent Liabilities	<u>82,567</u>	<u>509,712</u>	<u>4,409,535</u>	<u>12,548,506</u>
Total Liabilities	<u>352,327</u>	<u>1,117,045</u>	<u>12,223,105</u>	<u>14,560,316</u>
<b>Net Position:</b>				
Net investment in capital assets	1,405,405	27,536,220	21,281,216	3,440,785
Unrestricted	2,697,328	15,091,888	25,902,031	3,586,034
Total Net Position	<u>4,102,733</u>	<u>42,628,108</u>	<u>47,183,247</u>	<u>7,026,819</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 4,455,060</u>	<u>\$ 43,745,153</u>	<u>\$ 59,406,352</u>	<u>\$ 21,587,135</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2015	2014
\$ 17,928,508	\$ 36,159,250	\$ 69,064,727	\$ 176,361,363	\$ 188,808,501
-	-	76,419,350	76,419,350	65,440,520
-	-	-	1,678,645	1,374,672
-	305,053	-	1,148,308	1,052,156
-	-	-	872,624	827,453
-	-	-	4,901,782	3,980,909
<u>17,928,508</u>	<u>36,464,303</u>	<u>145,484,077</u>	<u>261,382,072</u>	<u>261,484,211</u>
-	-	-	1,040,600	1,040,600
-	-	-	37,296,844	36,857,562
65,850	-	-	109,413,411	103,099,909
-	-	-	16,867,618	15,802,623
-	-	-	296,849	214,404
65,850	-	-	164,915,322	157,015,098
65,850	-	-	97,226,806	95,796,520
-	-	-	67,688,516	61,218,578
<u>\$ 17,928,508</u>	<u>\$ 36,464,303</u>	<u>\$ 145,484,077</u>	<u>\$ 329,070,588</u>	<u>\$ 322,702,789</u>
\$ 653,376	\$ 105,629	\$ -	\$ 9,013,884	\$ 10,989,731
-	-	-	-	309
7,351	6,229,425	500	6,714,426	7,430,035
-	-	-	-	3,618,799
1,500,000	-	-	1,500,000	1,500,000
-	-	-	-	70,842
-	-	-	1,520,444	1,466,554
-	-	-	-	-
20,000	-	5,400,000	5,870,000	5,645,000
<u>2,180,727</u>	<u>6,335,054</u>	<u>5,400,500</u>	<u>24,618,754</u>	<u>30,721,270</u>
-	-	-	-	-
12,209,236	-	-	12,209,236	11,959,236
-	-	-	-	-
-	-	-	12,504,446	13,774,380
-	-	-	-	-
70,638	13,821	58,401,658	59,960,700	53,799,274
68,302	21,145	81,681,919	85,342,657	83,425,076
<u>12,348,176</u>	<u>34,966</u>	<u>140,083,577</u>	<u>170,017,039</u>	<u>162,957,966</u>
<u>14,528,903</u>	<u>6,370,020</u>	<u>145,484,077</u>	<u>194,635,793</u>	<u>193,679,236</u>
-	-	-	53,663,626	45,906,802
3,399,605	30,094,283	-	80,771,169	83,116,751
<u>3,399,605</u>	<u>30,094,283</u>	<u>-</u>	<u>134,434,795</u>	<u>129,023,553</u>
<u>\$ 17,928,508</u>	<u>\$ 36,464,303</u>	<u>\$ 145,484,077</u>	<u>\$ 329,070,588</u>	<u>\$ 322,702,789</u>

Hennepin County, Minnesota  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
For the Year Ended December 31, 2015  
With Comparative Totals for December 31, 2014

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
<b>OPERATING REVENUES</b>				
Charges for services.....	\$ 6,944,437	\$ 15,489,792	\$ 64,181,327	\$ 8,294,145
<b>OPERATING EXPENSES</b>				
Personal services.....	1,373,456	2,032,769	29,571,113	178,188
Commodities.....	510,685	3,216,211	11,022,123	3,684,218
Contractual services.....	3,741,503	965,508	11,906,262	2,193,709
Depreciation.....	591,644	6,376,582	7,897,752	1,250,694
Other charges.....	147,952	243,251	1,523,718	67,999
Total Operating Expenses	<u>6,365,240</u>	<u>12,834,321</u>	<u>61,920,968</u>	<u>7,374,808</u>
Operating Income (Loss)	579,197	2,655,471	2,260,359	919,337
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense.....	-	-	-	(439,335)
Gain (Loss) on capital asset disposal.....	<u>(25,817)</u>	<u>1,508,554</u>	<u>(7,807)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(25,817)</u>	<u>1,508,554</u>	<u>(7,807)</u>	<u>(439,335)</u>
Income (Loss) Before Contributions and Transfers	<u>553,380</u>	<u>4,164,025</u>	<u>2,252,552</u>	<u>480,002</u>
Capital contributions.....	-	1,245,155	858,892	-
Transfers out.....	<u>(50,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Contributions and Transfers	<u>(50,896)</u>	<u>1,245,155</u>	<u>858,892</u>	<u>-</u>
Change in Net Position	502,484	5,409,180	3,111,444	480,002
Total Net Position - Beginning	<u>3,600,249</u>	<u>37,218,928</u>	<u>44,071,803</u>	<u>6,546,817</u>
Total Net Position - Ending	<u>\$ 4,102,733</u>	<u>\$ 42,628,108</u>	<u>\$ 47,183,247</u>	<u>\$ 7,026,819</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2015	2014
\$ 5,896,024	\$ 100,194,899	\$ 25,754,214	\$ 226,754,838	\$ 210,255,764
7,281,338	94,928,780	25,754,214	161,119,858	146,744,262
2,665	13,560	-	18,449,462	17,033,375
430,473	6,987,997	-	26,225,452	31,195,346
-	-	-	16,116,672	14,888,604
504,253	33,725	-	2,520,898	2,425,474
8,218,729	101,964,062	25,754,214	224,432,342	212,287,061
(2,322,705)	(1,769,163)	-	2,322,496	(2,031,297)
-	-	-	(439,335)	(624,204)
-	-	-	1,474,930	511,388
-	-	-	1,035,595	(112,816)
(2,322,705)	(1,769,163)	-	3,358,091	(2,144,113)
-	-	-	2,104,047	1,478,864
-	-	-	(50,896)	-
-	-	-	2,053,151	1,478,864
(2,322,705)	(1,769,163)	-	5,411,242	(665,249)
5,722,310	31,863,446	-	129,023,553	129,688,802
\$ 3,399,605	\$ 30,094,283	\$ -	\$ 134,434,795	\$ 129,023,553

Hennepin County, Minnesota  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended December 31, 2015

	Central Services	Central Mobile Equipment	Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users. . . . .	\$ 7,075,148	\$ 14,900,511	\$ 63,168,055
Payments to suppliers for goods and services. . . . .	(4,443,443)	(3,970,929)	(25,821,154)
Payments to employees for services. . . . .	(1,409,532)	(1,993,370)	(29,170,321)
Other operating disbursements. . . . .	(147,952)	(243,251)	(1,523,718)
Net Cash Provided (Used) by Operating Activities	1,074,221	8,692,961	6,652,862
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out. . . . .	(50,896)	-	-
Net Cash Used by Noncapital Financing Activities	(50,896)	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets. . . . .	(389,001)	(10,723,892)	(7,264,073)
Interest paid. . . . .	-	-	-
Proceeds from issuance of debt. . . . .	-	-	-
Debt issuance cost and principal payments. . . . .	-	-	-
Net Cash Used by Capital and Related Financing Activities	(389,001)	(10,723,892)	(7,264,073)
Net Increase (Decrease) in Cash	634,324	(2,030,931)	(611,211)
Cash at Beginning of Year	1,885,595	16,734,893	33,786,778
Cash at End of Year	\$ 2,519,919	\$ 14,703,962	\$ 33,175,567
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss). . . . .	\$ 579,197	\$ 2,655,471	\$ 2,260,359
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization. . . . .	591,644	6,376,582	7,897,752
(Increase) decrease in:			
Receivables and prepaid items. . . . .	96,409	(157,542)	(972,323)
Due from component unit. . . . .	41,887	(364,396)	-
Inventories. . . . .	(100,973)	5,246	-
Increase (decrease) in:			
Accounts payable and accrued expenses. . . . .	(133,943)	177,600	(2,532,926)
Unearned revenue. . . . .	-	-	-
Net Cash Provided (Used) By Operating Activities	\$ 1,074,221	\$ 8,692,961	\$ 6,652,862
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contributions of capital assets. . . . .	\$ -	\$ 1,245,155	\$ 858,892
Loss on disposal of capital assets. . . . .	(25,817)	-	(7,807)

<u>Energy Center</u>	<u>Self Insurance</u>	<u>Employee Health Self-Insurance</u>	<u>Other Employee Benefits</u>	<u>Total</u>
\$ 8,382,448	\$ 5,880,890	\$ 96,858,539	\$ 14,775,884	\$ 211,041,475
(6,004,711)	(423,778)	(6,933,689)	-	(47,597,704)
(176,092)	(7,023,707)	(94,925,275)	(17,886,655)	(152,584,952)
<u>(67,999)</u>	<u>(504,253)</u>	<u>(33,725)</u>	<u>-</u>	<u>(2,520,898)</u>
<u>2,133,646</u>	<u>(2,070,848)</u>	<u>(5,034,150)</u>	<u>(3,110,771)</u>	<u>8,337,921</u>
-	-	-	-	(50,896)
-	-	-	-	(50,896)
(630,667)	-	-	-	(19,007,633)
(439,644)	-	-	-	(439,644)
250,510	-	-	-	250,510
<u>(1,537,396)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,537,396)</u>
<u>(2,357,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,734,163)</u>
(223,551)	(2,070,848)	(5,034,150)	(3,110,771)	(12,447,138)
<u>3,032,981</u>	<u>19,999,356</u>	<u>41,193,400</u>	<u>72,175,498</u>	<u>188,808,501</u>
<u>\$ 2,809,430</u>	<u>\$ 17,928,508</u>	<u>\$ 36,159,250</u>	<u>\$ 69,064,727</u>	<u>\$ 176,361,363</u>
\$ 919,337	\$ (2,322,705)	\$ (1,769,163)	\$ -	\$ 2,322,496
1,250,694	-	-	-	16,116,672
82,571	-	(66,140)	(10,978,830)	(11,995,855)
10,261	-	8,275	-	(303,973)
50,556	-	-	-	(45,171)
(179,773)	251,857	411,677	7,868,059	5,862,551
<u>-</u>	<u>-</u>	<u>(3,618,799)</u>	<u>-</u>	<u>(3,618,799)</u>
<u>\$ 2,133,646</u>	<u>\$ (2,070,848)</u>	<u>\$ (5,034,150)</u>	<u>\$ (3,110,771)</u>	<u>\$ 8,337,921</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,104,047
-	-	-	-	(33,624)

Hennepin County, Minnesota  
**Schedules of Net Position**  
**Internal Service Funds**  
For the Years Ended December 31, 2015 and 2014

	Central Services		Central Mobile Equipment		Information Technology	
	2015	2014	2015	2014	2015	2014
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash.....	\$ 2,519,919	\$ 1,885,595	\$ 14,703,962	\$ 16,734,893	\$ 33,175,567	\$ 33,786,778
Interfund receivable.....	-	-	-	-	-	-
Due from component unit.....	10,809	52,696	972,291	607,895	-	-
Receivables from users.....	32,356	168,630	294,741	137,199	207,108	115,793
Inventories.....	327,250	226,277	237,939	243,185	-	-
Prepaid items.....	159,321	119,456	-	-	4,742,461	3,861,453
<b>Total Current Assets</b>	<b>3,049,655</b>	<b>2,452,654</b>	<b>16,208,933</b>	<b>17,723,172</b>	<b>38,125,136</b>	<b>37,764,024</b>
<b>Capital Assets:</b>						
Land.....	-	-	-	-	-	-
Buildings.....	-	-	-	-	-	-
Equipment.....	4,932,555	7,340,425	53,333,512	48,880,192	50,810,498	46,542,446
Software.....	-	-	-	-	16,867,618	15,802,623
Construction in progress.....	-	-	105,464	214,404	-	-
<b>Total capital assets</b>	<b>4,932,555</b>	<b>7,340,425</b>	<b>53,438,976</b>	<b>49,094,596</b>	<b>67,678,116</b>	<b>62,345,069</b>
Less accumulated depreciation.....	3,527,150	5,706,560	25,902,756	28,659,395	46,396,900	41,281,259
<b>Net Capital Assets</b>	<b>1,405,405</b>	<b>1,633,865</b>	<b>27,536,220</b>	<b>20,435,201</b>	<b>21,281,216</b>	<b>21,063,810</b>
<b>Total Assets</b>	<b>\$ 4,455,060</b>	<b>\$ 4,086,519</b>	<b>\$ 43,745,153</b>	<b>\$ 38,158,373</b>	<b>\$ 59,406,352</b>	<b>\$ 58,827,834</b>
<b>LIABILITIES AND NET POSITION</b>						
<b>Current Liabilities:</b>						
Accounts and contracts payable.....	\$ 242,310	\$ 292,727	\$ 541,136	\$ 335,592	\$ 6,982,532	\$ 8,994,293
Accrued interest payable.....	-	-	-	-	-	-
Accrued expenses.....	17,450	64,900	26,197	93,540	431,038	1,352,995
Unearned revenue.....	-	-	-	-	-	-
Current portion of:						
Workers' compensation claims.....	-	-	-	-	-	-
Lease revenue certificates of participation.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Notes payable.....	-	-	-	-	-	-
Compensated absences.....	10,000	10,000	40,000	15,000	400,000	300,000
<b>Total Current Liabilities</b>	<b>269,760</b>	<b>367,627</b>	<b>607,333</b>	<b>444,132</b>	<b>7,813,570</b>	<b>10,647,288</b>
<b>Noncurrent Liabilities, Net of Current Portion:</b>						
Workers' compensation claims.....	-	-	-	-	-	-
Lease revenue certificates of participation.....	-	-	-	-	-	-
General obligation bonds.....	-	-	-	-	-	-
Postemployment healthcare benefits.....	(70,210)	(33,889)	351,389	322,803	1,189,907	1,008,611
Compensated absences.....	152,777	152,532	158,323	172,510	3,219,628	3,100,132
<b>Total Noncurrent Liabilities</b>	<b>82,567</b>	<b>118,643</b>	<b>509,712</b>	<b>495,313</b>	<b>4,409,535</b>	<b>4,108,743</b>
<b>Total Liabilities</b>	<b>352,327</b>	<b>486,270</b>	<b>1,117,045</b>	<b>939,445</b>	<b>12,223,105</b>	<b>14,756,031</b>
<b>Net Position:</b>						
Net investment in capital assets	1,405,405	1,633,865	27,536,220	20,435,201	21,281,216	21,063,810
Unrestricted	2,697,328	1,966,384	15,091,888	16,783,727	25,902,031	23,007,993
<b>Total Net Position</b>	<b>4,102,733</b>	<b>3,600,249</b>	<b>42,628,108</b>	<b>37,218,928</b>	<b>47,183,247</b>	<b>44,071,803</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 4,455,060</b>	<b>\$ 4,086,519</b>	<b>\$ 43,745,153</b>	<b>\$ 38,158,373</b>	<b>\$ 59,406,352</b>	<b>\$ 58,827,834</b>

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2015	2014	2015	2014	2015	2014	2015	2014
\$	2,809,430	\$ 3,032,981	\$ 17,928,508	\$ 19,999,356	\$ 36,159,250	\$ 41,193,400	\$ 69,064,727	\$ 72,175,498
	-	-	-	-	-	-	76,419,350	65,440,520
	695,545	705,806	-	-	-	8,275	-	-
	309,050	391,621	-	-	305,053	238,913	-	-
	307,435	357,991	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	<u>4,121,460</u>	<u>4,488,399</u>	<u>17,928,508</u>	<u>19,999,356</u>	<u>36,464,303</u>	<u>41,440,588</u>	<u>145,484,077</u>	<u>137,616,018</u>
	1,040,600	1,040,600	-	-	-	-	-	-
	37,296,844	36,857,562	-	-	-	-	-	-
	270,996	270,996	65,850	65,850	-	-	-	-
	-	-	-	-	-	-	-	-
	191,385	-	-	-	-	-	-	-
	<u>38,799,825</u>	<u>38,169,158</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	21,334,150	20,083,456	65,850	65,850	-	-	-	-
	<u>17,465,675</u>	<u>18,085,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>21,587,135</u>	<u>22,574,101</u>	<u>17,928,508</u>	<u>19,999,356</u>	<u>36,464,303</u>	<u>41,440,588</u>	<u>145,484,077</u>	<u>137,616,018</u>
\$	488,901	\$ 666,241	\$ 653,376	\$ 644,016	\$ 105,629	\$ 37,761	\$ -	\$ 19,101
	-	309	-	-	-	-	-	-
	2,465	6,994	7,351	22,485	6,229,425	5,889,121	500	-
	-	-	-	-	-	3,618,799	-	-
	-	-	1,500,000	1,500,000	-	-	-	-
	-	70,842	-	-	-	-	-	-
	1,520,444	1,466,554	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	20,000	20,000	-	-	5,400,000	5,300,000
	<u>2,011,810</u>	<u>2,210,940</u>	<u>2,180,727</u>	<u>2,186,501</u>	<u>6,335,054</u>	<u>9,545,681</u>	<u>5,400,500</u>	<u>5,319,101</u>
	-	-	12,209,236	11,959,236	-	-	-	-
	-	-	-	-	-	-	-	-
	12,504,446	13,774,380	-	-	-	-	-	-
	3,497	2,391	70,638	68,463	13,821	10,307	58,401,658	52,420,588
	40,563	39,573	68,302	62,846	21,145	21,154	81,681,919	79,876,329
	<u>12,548,506</u>	<u>13,816,344</u>	<u>12,348,176</u>	<u>12,090,545</u>	<u>34,966</u>	<u>31,461</u>	<u>140,083,577</u>	<u>132,296,917</u>
	<u>14,560,316</u>	<u>16,027,284</u>	<u>14,528,903</u>	<u>14,277,046</u>	<u>6,370,020</u>	<u>9,577,142</u>	<u>145,484,077</u>	<u>137,616,018</u>
	3,440,785	2,773,926	-	-	-	-	-	-
	3,586,034	3,772,891	3,399,605	5,722,310	30,094,283	31,863,446	-	-
	<u>7,026,819</u>	<u>6,546,817</u>	<u>3,399,605</u>	<u>5,722,310</u>	<u>30,094,283</u>	<u>31,863,446</u>	<u>-</u>	<u>-</u>
\$	<u>21,587,135</u>	<u>22,574,101</u>	<u>17,928,508</u>	<u>19,999,356</u>	<u>36,464,303</u>	<u>41,440,588</u>	<u>145,484,077</u>	<u>137,616,018</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
For the Years Ended December 31, 2015 and 2014

	Central Services		Central Mobile Equipment		Information Technology	
	2015	2014	2015	2014	2015	2014
<b>OPERATING REVENUES</b>						
Charges for services .....	\$ 6,944,437	\$ 6,590,451	\$ 15,489,792	\$ 15,555,480	\$ 64,181,327	\$ 65,182,327
<b>OPERATING EXPENSES</b>						
Personal services .....	1,373,456	1,334,870	2,032,769	2,000,669	29,571,113	27,723,123
Commodities .....	510,685	637,257	3,216,211	4,208,370	11,022,123	7,286,008
Contractual services .....	3,741,503	3,788,793	965,508	1,266,189	11,906,262	19,513,996
Depreciation .....	591,644	553,685	6,376,582	6,440,969	7,897,752	6,665,220
Other charges .....	147,952	157,804	243,251	314,458	1,523,718	1,276,392
Total Operating Expenses	<u>6,365,240</u>	<u>6,472,409</u>	<u>12,834,321</u>	<u>14,230,655</u>	<u>61,920,968</u>	<u>62,464,739</u>
Operating Income (Loss)	<u>579,197</u>	<u>118,042</u>	<u>2,655,471</u>	<u>1,324,825</u>	<u>2,260,359</u>	<u>2,717,588</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest expense .....	-	-	-	-	-	-
Gain (Loss) on capital asset disposal .....	(25,817)	(1,018)	1,508,554	542,115	(7,807)	(29,709)
Total Nonoperating Revenues (Expenses)	<u>(25,817)</u>	<u>(1,018)</u>	<u>1,508,554</u>	<u>542,115</u>	<u>(7,807)</u>	<u>(29,709)</u>
Income (Loss) Before Contributions and Transfers	<u>553,380</u>	<u>117,024</u>	<u>4,164,025</u>	<u>1,866,940</u>	<u>2,252,552</u>	<u>2,687,879</u>
Capital contributions .....	-	-	1,245,155	937,751	858,892	541,113
Transfers in .....	-	-	-	-	-	-
Transfers out .....	(50,896)	-	-	-	-	-
Net Contributions and Transfers	<u>(50,896)</u>	<u>-</u>	<u>1,245,155</u>	<u>937,751</u>	<u>858,892</u>	<u>541,113</u>
Change in Net Position	502,484	117,024	5,409,180	2,804,691	3,111,444	3,228,992
Total Net Position - Beginning	<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>
Total Net Position - Ending	<u>\$ 4,102,733</u>	<u>\$ 3,600,249</u>	<u>\$ 42,628,108</u>	<u>\$ 37,218,928</u>	<u>\$ 47,183,247</u>	<u>\$ 44,071,803</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2015	2014	2015	2014	2015	2014	2015	2014
\$ 8,294,145	\$ 9,525,901	\$ 5,896,024	\$ 4,753,026	\$ 100,194,899	\$ 83,192,417	\$ 25,754,214	\$ 25,456,162
178,188	128,166	7,281,338	6,412,434	94,928,780	83,688,838	25,754,214	25,456,162
3,684,218	4,888,642	2,665	4,338	13,560	8,760	-	-
2,193,709	2,071,250	430,473	464,306	6,987,997	4,090,812	-	-
1,250,694	1,228,730	-	-	-	-	-	-
67,999	319,741	504,253	331,340	33,725	25,739	-	-
7,374,808	8,636,529	8,218,729	7,212,418	101,964,062	87,814,149	25,754,214	25,456,162
919,337	889,372	(2,322,705)	(2,459,392)	(1,769,163)	(4,621,732)	-	-
(439,335)	(623,518)	-	(686)	-	-	-	-
-	-	-	-	-	-	-	-
(439,335)	(623,518)	-	(686)	-	-	-	-
480,002	265,854	(2,322,705)	(2,460,078)	(1,769,163)	(4,621,732)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
480,002	265,854	(2,322,705)	(2,460,078)	(1,769,163)	(4,621,732)	-	-
6,546,817	6,280,963	5,722,310	8,182,388	31,863,446	36,485,178	-	-
\$ 7,026,819	\$ 6,546,817	\$ 3,399,605	\$ 5,722,310	\$ 30,094,283	\$ 31,863,446	\$ -	\$ -

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, 2015

	HCMC Component Units				Reclassifications and Eliminations	Total
	HCMC	Hennepin Health Foundation	The Minneapolis Medical Research Foundation			
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>Current Assets:</b>						
Cash and investments . . . . .	\$ 52,582,884	\$ 6,464,971	\$ 4,805,741	\$ -	\$ -	\$ 63,853,596
Receivables, net . . . . .	190,141,327	7,147,988	4,821,495	(435,505)	-	201,675,305
Due from component unit or primary government . . . . .	2,877,999	-	-	3,334,732	-	6,212,731
Prepaid items . . . . .	9,435,437	-	351,113	-	-	9,786,550
Inventories . . . . .	5,001,870	-	-	-	-	5,001,870
<b>Total Current Assets</b>	<b>260,039,517</b>	<b>13,612,959</b>	<b>9,978,349</b>	<b>2,899,227</b>	<b>-</b>	<b>286,530,052</b>
<b>Noncurrent Assets:</b>						
Cash and investments . . . . .	4,272,993	6,649,652	25,122,025	-	-	36,044,670
Equity interest in component unit . . . . .	54,757,707	-	-	(54,757,707)	-	-
<b>Capital assets:</b>						
Land . . . . .	19,320,377	-	-	-	-	19,320,377
Buildings . . . . .	369,426,195	-	7,164,025	-	-	376,590,220
Construction in progress . . . . .	23,899,688	-	51,677	-	-	23,951,365
Equipment . . . . .	212,949,601	19,257	4,305,598	-	-	217,274,456
Software . . . . .	5,221,515	-	-	-	-	5,221,515
Leasehold improvements . . . . .	16,771,389	-	-	-	-	16,771,389
<b>Total capital assets</b>	<b>647,588,765</b>	<b>19,257</b>	<b>11,521,300</b>	<b>-</b>	<b>-</b>	<b>659,129,322</b>
Less accumulated depreciation and amortization . . . . .	(400,289,372)	(19,257)	(9,494,976)	-	-	(409,803,605)
<b>Net Capital Assets</b>	<b>247,299,393</b>	<b>-</b>	<b>2,026,324</b>	<b>-</b>	<b>-</b>	<b>249,325,717</b>
<b>Total Noncurrent Assets</b>	<b>306,330,093</b>	<b>6,649,652</b>	<b>27,148,349</b>	<b>(54,757,707)</b>	<b>-</b>	<b>285,370,387</b>
<b>Total Assets</b>	<b>566,369,610</b>	<b>20,262,611</b>	<b>37,126,698</b>	<b>(51,858,480)</b>	<b>-</b>	<b>571,900,439</b>
<b>Deferred Outflows of Resources:</b>						
Pension-related . . . . .	63,980,926	-	-	-	-	63,980,926
<b>Total Assets and Deferred Outflows</b>	<b>\$ 630,350,536</b>	<b>\$ 20,262,611</b>	<b>\$ 37,126,698</b>	<b>\$ (51,858,480)</b>	<b>\$ -</b>	<b>\$ 635,881,365</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
<b>Current Liabilities:</b>						
Accounts and contracts payable . . . . .	\$ 28,852,783	\$ 159,336	\$ 301,911	\$ (89,861)	\$ -	\$ 29,224,169
Accrued liabilities . . . . .	47,590,859	37,902	2,132,453	-	-	49,761,214
Due to component unit or primary government . . . . .	-	-	-	2,989,088	-	2,989,088
Workers' compensation claims . . . . .	1,700,000	-	-	-	-	1,700,000
Lease due to primary government . . . . .	-	-	-	-	-	-
Compensated absences . . . . .	1,900,000	-	-	-	-	1,900,000
<b>Total Current Liabilities</b>	<b>80,043,642</b>	<b>197,238</b>	<b>2,434,364</b>	<b>2,899,227</b>	<b>-</b>	<b>85,574,471</b>
<b>Noncurrent Liabilities:</b>						
Workers' compensation claims . . . . .	12,060,000	-	-	-	-	12,060,000
Net pension liability . . . . .	273,054,254	-	-	-	-	273,054,254
Postemployment healthcare benefits . . . . .	39,608,323	-	-	-	-	39,608,323
Compensated absences . . . . .	36,572,914	-	-	-	-	36,572,914
<b>Total Noncurrent Liabilities</b>	<b>361,295,491</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>361,295,491</b>
<b>Total Liabilities</b>	<b>441,339,133</b>	<b>197,238</b>	<b>2,434,364</b>	<b>2,899,227</b>	<b>-</b>	<b>446,869,962</b>
<b>Deferred Inflows of Resources:</b>						
Pension-related . . . . .	86,095,890	-	-	-	-	86,095,890
<b>Net Position:</b>						
Net investment in capital assets . . . . .	246,635,904	-	2,026,324	-	-	248,662,228
Restricted for Grant and donor restrictions . . . . .	4,273,402	18,999,066	19,932,213	-	-	43,204,681
Unrestricted . . . . .	(147,993,793)	1,066,307	12,733,797	(54,757,707)	-	(188,951,396)
<b>Total Net Position</b>	<b>102,915,513</b>	<b>20,065,373</b>	<b>34,692,334</b>	<b>(54,757,707)</b>	<b>-</b>	<b>102,915,513</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 630,350,536</b>	<b>\$ 20,262,611</b>	<b>\$ 37,126,698</b>	<b>\$ (51,858,480)</b>	<b>\$ -</b>	<b>\$ 635,881,365</b>
Equity Interest in Component Unit - Beginning, as restated						\$ 69,532,313
Net Change in Equity Interest in Component Unit						33,383,200
Equity Interest in Component Unit - Ending						\$ 102,915,513

Hennepin County, Minnesota  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
December 31, 2015

	<u>Balance</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u>
	<u>January 1, 2015</u>						<u>December 31, 2015</u>
<b>ASSETS</b>							
Cash and investments . . . . .	\$ 96,488,703	\$	3,038,629,071	\$	3,029,623,597	\$	105,494,177
Delinquent taxes receivable, net . . . . .	<u>34,706,600</u>		<u>(3,893,676)</u>		<u>(726,029)</u>		<u>31,538,953</u>
Total Assets	<u>\$ 131,195,303</u>	\$	<u>3,034,735,395</u>	\$	<u>3,028,897,568</u>	\$	<u>137,033,130</u>
<b>LIABILITIES</b>							
Amounts due as agent . . . . .	<u>\$ 131,195,303</u>	\$	<u>3,880,153,994</u>	\$	<u>3,874,316,167</u>	\$	<u>137,033,130</u>



# **Statistical Section**



**STATISTICAL SECTION**

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

	Governmental Activities Net Position <sup>3</sup>				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2006	\$ 930,117,158 77.6 %	66,685,568 5.6	200,304,446 16.7	\$ 1,197,107,172 99.9 %	\$ 196,596,404 68.2 %	49,157,579 17.1
2007 <sup>1,2</sup>	\$ 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 <sup>2</sup>	\$ 927,912,158 77.5 %	65,004,528 5.4	204,190,486 17.1	\$ 1,197,107,172 100.0 %	\$ 75,260,560 54.1 %	57,623,581 41.5
2009	\$ 900,266,414 100.0 %	46,719,328 5.2	(46,472,797) (5.2)	\$ 900,512,945 100.0 %	\$ 85,306,608 55.3 %	62,218,479 40.3
2010	\$ 898,211,927 94.7 %	50,119,533 5.3	50,423 -	\$ 948,381,883 100.0 %	\$ 95,462,682 59.1 %	58,685,118 36.4
2011	\$ 916,329,293 66.2 %	39,712,366 2.9	426,570,581 30.9	\$ 1,382,612,240 100.0 %	\$ 96,131,096 55.9 %	69,434,575 40.3
2012	\$ 964,510,097 64.9 %	39,587,431 2.7	480,512,309 32.4	\$ 1,484,609,837 100.0 %	\$ 101,486,495 55.7 %	74,927,264 41.2
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672.15 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2

<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> 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.

As described in Note 18, the implementation of GASB 68 in 2015 required the County to report a net pension liability. As a result, 2014 was restated to report initial balances, reducing business-type activities net position by \$10 million. The County's investment in component unit that is described above was restated to reflect the Medical Center's implementation of GASB 68, which reduced the County's net position by an additional \$281.1 million. Years prior to 2014 were not restated above because that information is not available.

Unaudited

Table 1

Activities Net Position		Total Primary Government Net Position			
Unrestricted	Total	Net Investment in Capital Assets	Restricted	Unrestricted	Total
41,962,707 14.6	\$ 287,716,690 99.9 %	\$ 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 %
1,217,306 0.7	\$ 180,667,088 100.1 %	\$ 1,122,827,940 65.0 %	106,567,213 6.2	501,043,232 29.0	\$ 1,730,438,385 100.2 %
1,499,952 0.8	\$ 184,095,096 100.0 %	\$ 1,152,205,914 62.8 %	122,288,891 6.7	560,625,624 30.5	\$ 1,835,120,429 100.0 %
4,927,906 2.8	\$ 176,248,043 100.0 %	\$ 1,240,213,006 102.4 %	106,269,489 8.8	(135,624,961) (11.2)	\$ 1,210,857,534 100.0 %

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

	Governmental Activities Change in Net Position <sup>3</sup>				Total
	Net Program Expense	General Revenue	Transfers In (Out)	Change Due to Creation of H.H.S.	
2006	\$ (547,181,378)	599,212,313	(29,926,530)	-	22,104,405
2007	\$ (836,085,919) <sup>1</sup>	687,412,376	(8,681,291)	3,593,016 <sup>2</sup>	(153,761,817)
2008	\$ (917,787,928) <sup>1</sup>	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
2015	\$ (743,751,041)	859,497,012	1,043,430	-	116,789,401

<sup>1</sup> 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.

<sup>2</sup> 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).

<sup>3</sup> GASB 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. As described in Note 18, the implementation of GASB 68 in 2015 required the County and its discretely presented component unit to report a net pension liability, as well as related revenues and expenses. The years prior to implementation were not restated above because that information is not available.

Unaudited

Table 2

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
(21,031,033)	25,570,972	29,926,530	-	34,466,469	\$ 56,570,874
3,988,312 <sup>2</sup>	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
1,367,401	2,536,046	(475,439)	-	3,428,008	\$ 104,682,044
(10,480,718)	3,677,095	(1,043,430)	-	(7,847,053)	\$ 108,942,348

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

Year	Governmental Activities						
	Operations <sup>1</sup>	Human Services	Health	Public Safety	Public Works	Libraries	Housing and Redevelopment Authority
2006	\$ 99,566,561 5.7 %	502,953,393 28.9	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 <sup>2</sup>	\$ 280,992,186 18.3 %	524,976,731 34.4	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 <sup>2</sup>	\$ 328,277,518 19.7 %	534,345,333 32.2	86,420,439 5.2	277,362,008 16.6	75,248,428 4.5	77,414,346 4.6	5,605,255 0.3
2009	\$ 121,836,010 9.1 %	461,256,233 34.6	80,622,430 6.0	276,375,503 20.6	71,020,290 5.3	76,241,294 5.7	6,889,284 0.5
2010	\$ 128,309,692 9.2 %	435,888,867 31.7	131,696,244 9.5	273,935,001 19.7	91,300,335 6.6	74,157,373 5.3	9,756,809 0.7
2011	\$ 120,791,386 8.7 %	437,165,051 32.0	102,721,560 7.4	264,592,410 19.2	104,124,189 7.5	73,245,163 5.3	7,551,223 0.5
2012	\$ 124,907,148 9.4 %	435,730,208 32.8	95,492,517 7.2	265,149,071 19.9	84,420,313 6.3	74,410,790 5.6	9,604,847 0.7
2013 <sup>3</sup>	\$ 123,946,247 8.6 %	449,290,676 31.5	103,977,207 7.2	271,313,487 18.9	127,796,822 8.9	75,579,889 5.3	7,695,959 0.5
2014	\$ 139,216,988 9.2 %	486,567,994 32.5	100,984,162 6.7	283,974,464 18.8	113,177,930 7.5	80,800,565 5.4	9,930,939 0.7
2015	\$ 172,795,992 11.4 %	518,754,330 34.3	72,266,334 4.8	290,419,591 19.2	90,238,102 6.0	77,458,171 5.1	10,170,173 0.7

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

<sup>2</sup> See footnotes 1 and 2 on Table 2 for information regarding 2007 and 2008.

Unaudited

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Other Enterprises	Total
		Medical Center	Metropolitan Health Plan	Environmental Services			
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	2,286,959 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	3,088,196 0.2	\$ 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	3,142,142 0.2	\$ 1,668,201,045 100.0 %	
8,508,837 0.6	37,594,607 2.8	- -	137,801,872 10.3	61,017,157 4.5	3,349,923 0.2	\$ 1,342,513,440 100.0 %	
12,742,915 0.9	38,486,038 2.8	- -	139,534,807 10.0	49,869,035 3.6	2,986,527 0.2	\$ 1,388,663,643 100.0 %	
12,332,871 0.9	46,766,669 3.4	- -	155,794,678 11.3	51,987,897 3.8	3,800,130 0.3	\$ 1,380,873,226 100.0 %	
16,485,333 1.2	43,094,396 3.2	- -	127,748,836 9.6	54,417,425 4.1	2,996,077 0.2	\$ 1,334,456,961 100.0 %	
23,971,130 1.7	45,159,276 3.1	- -	150,299,117 10.4	56,132,775 3.9	3,325,288 0.2	\$ 1,438,487,873 100.0 %	
29,180,649 1.9	42,719,174 2.8	- -	159,611,117 10.6	58,056,471 3.9	2,959,443 0.2	\$ 1,507,179,896 100.0 %	
23,908,644 1.6	43,205,097 2.9	- -	148,124,869 9.8	63,285,558 4.2	3,339,214 0.2	\$ 1,513,966,075 100.0 %	

Hennepin County, Minnesota  
**Government-wide Revenues**  
 Last Ten Years

Year	Program Revenues							Operating Grants and Contributions	Capital Grants and Contributions
	Charges for Services								
	Operations	Human Services	Medical Center	Metropolitan Health Plan	Environmental Services	Other			
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	82,848,141 4.6	
2007 <sup>1</sup>	\$ 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	47,146,656 3.4	
2008	\$ 34,987,173 2.4 %	48,198,564 3.3	- -	153,838,000 10.5	73,703,294 5.0	50,042,966 3.4	373,702,824 25.6	22,669,447 1.6	
2009	\$ 35,657,783 2.5 %	58,659,362 4.1	- -	139,916,491 9.8	63,960,606 4.5	56,113,126 3.9	295,452,704 20.4	49,767,713 3.5	
2010	\$ 31,722,088 2.2 %	49,709,455 3.4	- -	141,575,359 9.8	47,130,731 3.3	48,759,933 3.4	332,050,286 23.0	52,308,808 3.6	
2011	\$ 36,423,133 2.4 %	50,827,501 3.4	- -	163,786,371 10.9	49,331,672 3.3	51,603,037 3.4	328,469,773 21.8	51,938,333 3.5	
2012	\$ 35,965,791 2.5 %	48,239,660 3.3	- -	132,486,554 9.2	49,858,405 3.4	55,595,280 3.8	319,419,317 22.1	46,163,291 3.2	
2013 <sup>3</sup>	\$ 21,370,765 1.4 %	52,099,614 3.4	- -	154,552,561 10.2	48,136,426 3.2	68,832,677 4.6	334,913,319 22.2	84,213,034 5.6	
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	- -	161,168,368 10.0	51,262,909 3.2	69,363,314 4.3	356,302,561 22.2	126,468,869 7.8	
2015	\$ 34,555,322 2.1 %	47,429,213 2.9	- -	144,120,318 8.9	50,713,519 3.1	62,755,921 3.9	344,250,910 21.2	75,909,113 4.7	

<sup>1</sup> 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).

<sup>2</sup> 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.

Unaudited

Table 4

General Revenues						
Property Taxes	Sales Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses) <sup>2</sup>	Change in Equity Interest in Component Unit	Total Revenues
529,589,730	-	7,882,419	55,366,834	31,944,302	-	\$ 1,802,953,674
29.4	-	0.4	3.1	1.8	-	100.0 %
565,151,178	33,863,824	6,788,849	54,697,960	38,345,144	-	\$ 1,402,147,017
40.4	2.4	0.5	3.9	2.7	-	100.0 %
607,342,173	28,053,049	5,356,509	34,838,403	29,291,558	-	\$ 1,462,023,960
41.5	1.9	0.4	2.4	2.0	-	100.0 %
647,845,390	27,129,142	6,608,526	41,160,085	12,235,712	-	\$ 1,434,506,640
45.1	1.9	0.5	2.9	0.9	-	100.0 %
677,621,762	28,244,445	4,710,284	22,438,585	7,279,740	-	\$ 1,443,551,476
46.9	2.0	0.3	1.6	0.5	-	100.0 %
670,718,384	30,094,848	4,047,276	22,463,157	13,811,054	30,203,950	\$ 1,503,718,489
44.6	2.0	0.3	1.5	0.9	2.0	100.0 %
690,356,320	31,601,050	5,923,149	18,868,727	9,493,981	2,301,053	\$ 1,446,272,578
47.7	2.2	0.4	1.3	0.7	0.2	100.0 %
704,236,338	33,446,430	4,470,781	26,023,981	(1,807,848)	(18,846,326)	\$ 1,511,641,752
46.5	2.2	0.3	1.7	(0.1)	(1.2)	100.0 %
673,098,851	34,254,757	14,806,538	32,185,948	10,847,530	14,762,892	\$ 1,611,861,940
41.8	2.1	0.9	2.0	0.7	0.9	100.1 %
736,107,711	35,769,164	17,112,605	32,451,058	8,350,369	33,383,200	\$ 1,622,908,423
45.3	2.2	1.1	2.0	0.5	2.1	100.0 %

Hennepin County, Minnesota  
**Fund Balances - Governmental Funds** <sup>1</sup>  
 Last Ten Years

General Fund

Year	Reserved	Unreserved	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
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%
2015	\$ -	-	3,786,580 1.9%	14,538,052 7.4%	- 0.0%	39,060,573 19.9%	138,845,323 70.8%	196,230,528 100.0%

<sup>1</sup> 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.

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All Other Governmental Funds

Reserved	Unreserved, Reported in Fund Type			Nonspendable	Restricted	Committed	Unassigned	Total
	Special Revenue	Debt Service	Capital Projects					
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%	-	\$ 410,206,226 100.0%
-	-	-	-	23,479,549 6.9%	150,816,588 44.2%	167,233,245 49.0%	-	\$ 341,529,382 100.0%

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

	Excess (Deficiency) of Revenues Over Expenditures <sup>1</sup>	Other Financing Sources (Uses)			
		Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	Sale of Capital Assets
2006 <sup>2</sup>	\$ (46,775,138)	101,415,000	8,868,441	(39,295,573)	2,840,727
2007 <sup>3</sup>	\$ (221,142,196)	207,410,000	27,619,655	(38,854,470)	222,899
2008 <sup>3</sup>	\$ (322,733,729)	316,910,623	32,464,610	(34,298,499)	-
2009	\$ (41,986,530)	129,403,455	37,666,116	(37,221,555)	-
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	1,483,608

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> Beginning in 2008, the County has had large optional payments for early redemption of outstanding G.O. bond issues and has issued current refundings, which result in unusual fluctuations in the percentages shown in the last column above. These amounts totaled \$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, \$33,700,000 in 2013, \$22,400,000 in 2014, and \$24,800,000 in 2015. When calculated using only required debt service amounts, debt service as a percentage of noncapital expenditures for 2013 is 8.3%, for 2014 is 8.7%, and for 2015 is 7.7%. In 2015, this table was revised to include all debt service in the calculation of the

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Table 6

Bond and Note Premiums	Total	Net Change in Fund Balances	Debt Service as a Percentage of Noncapital Expenditures <sup>4</sup>
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	8.3 %
31,239,950	\$ 132,424,197	\$ 123,385,541	8.7 %
-	\$ 2,609,504	\$ (70,936,417)	9.5 %

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

<u>Year</u>	<u>Operations</u> <sup>1</sup>	<u>Human Services</u>	<u>Health</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Libraries</u>
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 <sup>2</sup>	\$ 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 <sup>2</sup>	\$ 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 <sup>3</sup>	\$ 171,423,612 12.0 %	452,758,532 31.8	100,968,808 7.1	252,514,555 17.7	63,396,228 4.5	67,585,439 4.7
2014 <sup>3</sup>	\$ 159,957,491 11.0 %	480,331,430 33.1	95,889,084 6.6	259,029,720 17.9	70,920,557 4.9	70,435,923 4.9
2015 <sup>3</sup>	\$ 180,808,866 12.1 %	515,973,604 34.5	70,720,068 4.7	266,219,052 17.8	67,495,212 4.5	74,876,993 5.0

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Significant Operations expense fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project, and in 2015 \$20 million was contributed to the Medical Center component unit to begin construction of the Ambulatory Outpatient Service Center.

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Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
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 %
13,003,451 0.9	23,768,353 1.6	150,822,026 10.1	83,567,824 5.6	47,073,271 3.2	- -	\$ 1,494,328,720 100 %

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
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
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>2</sup>	Other	Total
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 %
1,767,015 0.1	7,816,949 0.6	8,631,414 0.6	21,812,197 1.5	\$ 1,420,782,799 100 %

Hennepin County, Minnesota  
**Property Estimated Market Value (000s omitted)<sup>1</sup>**  
 Last Ten Years

Real Estate						
	<u>Residential Property</u>	<u>Multiple Dwelling</u>	<u>Commercial &amp; Industrial</u>	<u>Agricultural</u>	<u>Public Utilities &amp; Miscellaneous</u>	<u>Exempt</u>
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
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8

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

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

Source: Hennepin County Property Information System.

Unaudited

Table 9

<u>Total Real Estate</u>	<u>Personal Property</u>	<u>Total Estimated Market Value Including Exempt Property</u>	<u>Total Estimated Market Value</u>	<u>Total Direct Tax Rate<sup>2</sup></u>
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 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100 %	\$ 144,409,721	45 %

Hennepin County, Minnesota  
**Property Tax Rates and Levies - Direct and Overlapping Governments<sup>1</sup>**  
 Last Ten Years

Payable Year	Hennepin County Direct Taxes				Tax Levies
	General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates	
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
2015	20.71	5.40	19.22	45.33	2,743,541,472

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

Unaudited

Table 10

Metropolitan Transit Commission Tax		Metropolitan Council Tax		Metropolitan Mosquito Control District Tax	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.542 %	\$ 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
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950

Hennepin County, Minnesota  
**Principal Taxpayers<sup>1</sup>**  
 Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 12,984,250	1	0.81 %	\$ 10,046,090	1	0.74 %
Xcel Energy (NSP)	5,407,372	2	0.34	2,910,676	4	0.21
IDS MB Minneapolis 8th St LLC	4,198,650	3	0.26	3,839,250	2	0.28
NWC Limited Partnership	3,864,850	4	0.24	3,439,250	3	0.25
Minneapolis 225 Holdings LLC	3,758,250	5	0.23	2,679,250	8	0.20
Wells REIT	2,911,250	6	0.18	2,879,250	5	0.21
US Bank N.A.	2,890,450	7	0.18			
Best Buy Co Inc	2,783,670	8	0.17	2,830,890	6	0.22
SRI Ten City Center LLC	2,775,650	9	0.17			
Hilton Hotels Corporation	2,659,250	10	0.17			
Flanagan-AMEX				2,599,250	9	0.19
The Mills Corporation				2,487,232	10	0.18
First Minneapolis-Hines Co				2,719,250	7	0.20
<b>Total</b>	<b>\$ 44,233,642</b>		<b>2.75 %</b>	<b>\$ 36,430,388</b>		<b>2.68 %</b>

<sup>1</sup> 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 <sup>1</sup>	Total	Current Tax Collections Net of Refunds	Percent of Levy Collected	
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	
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59	

<sup>1</sup> 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>
\$	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
	2,373,939	2,734,757,834	11,157,577	0.41

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
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
2015	1,147,830,415	104,113,040,700	454,641,259	40,296,679,900

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
\$	1,480,713,060	\$ 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
	1,602,471,674	144,409,720,600	1.1	71.6	28.4

Hennepin County, Minnesota  
**Tax Capacity of Taxable Property by Municipality<sup>1</sup>**  
 Current Year Assessments

	Tax Capacity			Adjustment		Net Tax Capacity	Average Tax Rate <sup>2</sup>
	Real Estate	Personal Property	Total	Fiscal Disparities	Tax Increment Financing/ Value Capture		
Bloomington	\$ 152,479,673	\$ 1,449,668	\$ 153,929,341	\$ (12,505,688)	\$ (22,358,860)	\$ 119,064,793	127 %
Brooklyn Center	20,185,645	398,267	20,583,912	3,870,715	(2,884,208)	21,570,419	166
Brooklyn Park	65,747,573	997,992	66,745,565	5,314,249	(1,399,220)	70,660,594	137
Champlin	18,694,964	241,173	18,936,137	1,909,309	(150,335)	20,695,111	120
Chanhassen (part)	1,347,700	4,420	1,352,120	(524,894)		827,226	103
Corcoran	7,232,069	373,216	7,605,285	30,984		7,636,269	137
Crystal	15,000,562	249,718	15,250,280	2,910,970	(325,706)	17,835,544	142
Dayton (part)	5,557,417	189,712	5,747,129	39,847	(139,436)	5,647,540	140
Deephaven	12,886,000	52,791	12,938,791	(21,433)		12,917,358	96
Eden Prairie	116,845,879	1,659,596	118,505,475	(10,476,032)	(3,126,571)	104,902,872	112
Edina	125,136,504	527,316	125,663,820	(8,042,806)	(2,493,368)	115,127,646	112
Excelsior	5,120,997	47,883	5,168,880	(440,194)	(89,957)	4,638,729	110
Fort Snelling		44,654	44,654			44,654	85
Golden Valley	40,233,072	433,290	40,666,362	(4,263,121)	(21,325)	36,381,916	139
Greenfield	4,112,663	141,054	4,253,717	(59,505)		4,194,212	132
Greenwood	3,421,492	12,478	3,433,970	(46,499)		3,387,471	98
Hanover (part)	676,677	9,138	685,815	64,548		750,363	137
Hopkins	21,540,415	234,895	21,775,310	(764,845)	(2,215,824)	18,794,641	151
Independence	6,349,301	176,910	6,526,211	5,772		6,531,983	123
International Airport		9,015,537	9,015,537			9,015,537	55
Long Lake	2,665,278	38,419	2,703,697	(197,548)	(78,065)	2,428,084	123
Loretto	638,477	9,940	648,417	58	(13,578)	634,897	158
Maple Grove	91,016,203	1,550,858	92,567,061	(5,171,368)	(367,788)	87,027,905	124
Maple Plain	1,946,232	29,048	1,975,280	(78,763)		1,896,517	156
Medicine Lake	842,473	3,674	846,147	6,979		853,126	122
Medina	16,880,406	338,049	17,218,455	(751,423)	(381,323)	16,085,709	108
Minneapolis	490,494,074	7,965,444	498,459,518	(3,310,064)	(40,508,195)	454,641,259	136
Minnnetonka	103,533,501	837,902	104,371,403	(9,744,736)	(2,156,775)	92,469,892	118
Minnnetonka Beach	3,416,139	9,542	3,425,681	(22,102)		3,403,579	107
Minnnetrista	13,979,097	240,705	14,219,802	225,186		14,444,988	116
Mound	10,894,400	97,802	10,992,202	571,736	(488,930)	11,075,008	129
New Hope	17,898,058	226,510	18,124,568	1,160,013	(362,633)	18,921,948	147
Orono	28,749,183	168,750	28,917,933	(251,919)	(68,300)	28,597,714	97
Osseo	2,604,585	57,830	2,662,415	(44,661)	(355,554)	2,262,200	152
Plymouth	117,850,746	1,465,753	119,316,499	(7,665,567)	(1,327,995)	110,322,937	112
Richfield	33,006,088	376,187	33,382,275	1,266,093	(3,715,107)	30,933,261	147
Robbinsdale	8,595,586	176,588	8,772,174	2,358,734	(337,835)	10,793,073	143
Rockford	267,060	145,886	412,946	(7,140)		405,806	154
Rogers	21,465,828	343,315	21,809,143	(2,993,649)	(291,091)	18,524,403	126
St. Anthony (part)	5,777,661	65,206	5,842,867	370,966		6,213,833	158
St. Bonifacius	1,938,023	30,198	1,968,221	159,682		2,127,903	117
St. Louis Park	71,118,692	614,793	71,733,485	(3,168,815)	(6,798,025)	61,766,645	132
Shorewood	16,691,552	125,798	16,817,350	(18,936)		16,798,414	109
Spring Park	2,711,561	22,723	2,734,284	(57,346)	(105,112)	2,571,826	116
Tonka Bay	5,899,254	25,261	5,924,515	(41,543)		5,882,972	98
Wayzata	21,501,877	134,778	21,636,655	(2,189,940)	(2,020,841)	17,425,874	106
Woodland	3,330,587	6,436	3,337,023			3,337,023	90
<b>Total</b>	<b>\$ 1,718,281,224</b>	<b>\$ 31,367,103</b>	<b>\$ 1,749,648,327</b>	<b>\$ (52,594,696)</b>	<b>\$ (94,581,957)</b>	<b>\$ 1,602,471,674</b>	

<sup>1</sup> Tax capacity is for the 2015 assessment year, for taxes payable in 2016. 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.

<sup>2</sup> Tax rates are expressed as percentages of total tax capacity.

Unaudited



Hennepin County, Minnesota  
**Ratios of Outstanding Debt by Type**  
 Last Ten Years <sup>1</sup>

Fiscal Year <sup>1</sup>	Governmental Activities				
	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Notes Payable
2006 <sup>3</sup>	\$ 489,773,252	\$ -	\$ -	\$ 455,000	\$ 23,261,518
2007 <sup>3,4</sup>	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 <sup>5</sup>	850,726,971	25,164,681	335,228,848	13,423,829	8,285,886
2011	869,865,700	19,261,626	316,236,629	10,919,839	7,747,727
2012	819,585,366	18,843,242	299,564,410	8,650,720	7,138,254
2013	879,228,943	15,575,000	282,962,191	5,865,470	6,522,175
2014	933,862,600	13,293,242	266,899,972	2,985,220	5,899,012
2015	868,376,433	9,276,778	249,497,753	-	5,380,920

<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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).

<sup>5</sup> 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 <sup>2</sup>	Total Debt Per Capita <sup>2</sup>
\$ 20,265,910	\$ 55,525,000	\$ 723,944	\$ 21,744,493	\$ 12,808	\$ 611,761,925	1.03%	\$ 545
2,205,000	45,611,350	-	-	-	762,143,354	1.28%	671
2,020,000	33,253,625	-	-	-	989,352,057	1.55%	867
1,820,000	20,625,895	-	-	-	1,074,347,491	1.66%	929
1,610,000	8,197,034	-	-	-	1,242,637,249	1.99%	1,078
1,405,000	4,099,772	-	-	-	1,229,536,293	1.94%	1,052
1,265,000	-	-	-	-	1,155,046,992	1.72%	975
1,120,000	-	-	-	-	1,191,273,779	1.71%	994
975,000	-	-	-	-	1,223,915,046	1.68%	1,010
825,000	-	-	-	-	1,133,356,884	1.44%	927

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

Year	Net General Obligation Debt <sup>1, 5</sup>			Net	Property Estimated Market Value <sup>2</sup>	Population <sup>3</sup>	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					
2006	\$ 510,039,162	\$ 65,620,000	\$ 52,690,825	\$ 391,728,337	\$ 140,297,496,000	1,122,093	0.28 %	\$ 349.11
2007 <sup>4</sup>	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
2015	878,478,211	101,195,000	17,702,437	759,580,774	144,409,721,000	1,223,149	0.53	621.00

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

<sup>2</sup> 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.

<sup>3</sup> Sources: Office of the State Demographer and U.S. Census Bureau.

<sup>4</sup> 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.

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

Unaudited

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

Year	Net General Obligation Debt <sup>1, 5</sup>			Property Estimated Market Value <sup>2</sup>	Population <sup>3</sup>	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Amount Available for Debt Service	Net				
2006	\$ 510,039,162	\$ 52,690,825	\$ 457,348,337	\$ 140,297,496,000	1,122,093	0.33 %	\$ 407.59
2007 <sup>4</sup>	520,134,133	42,960,914	477,173,219	148,192,547,000	1,136,599	0.32	419.83
2008	572,376,996	5,391,807	566,985,189	147,706,183,000	1,140,988	0.38	496.92
2009	679,687,865	7,688,195	671,999,670	141,853,595,000	1,156,212	0.47	581.21
2010	877,501,652	7,256,597	870,245,055	132,425,360,000	1,152,425	0.66	755.14
2011	890,532,326	6,621,844	883,910,482	128,108,465,000	1,168,431	0.69	756.49
2012	839,693,608	5,817,703	833,875,905	123,606,811,000	1,184,576	0.67	703.94
2013	895,923,943	13,088,237	882,835,706	124,508,068,000	1,198,778	0.71	736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74

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

<sup>2</sup> 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.

<sup>3</sup> Sources: Office of the State Demographer and U.S. Census Bureau.

<sup>4</sup> 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.

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

Unaudited

Hennepin County, Minnesota  
**Direct, Overlapping, and Underlying Levy-supported General Obligation Debt**  
 December 31, 2015

Governmental Unit	Debt <sup>1</sup>		Percent Applicable To County <sup>2</sup>	Amount Applicable to County
	Total	Net		
<b>Direct:</b>				
Hennepin County	\$ 794,920,000	\$ 725,191,262	100.00 %	\$ 725,191,262
Hennepin County Regional Railroad	34,695,000	34,389,512	100.00	34,389,512
Total Direct Debt	<u>829,615,000</u>	<u>759,580,774</u>		<u>759,580,774</u>
<b>Overlapping:</b>				
Metropolitan Council <sup>3</sup>	1,485,891,649	67,164,480	46.41	31,171,035
Metropolitan Airport Commission	1,304,180,000	-	-	-
Total Overlapping Debt	<u>2,790,071,649</u>	<u>67,164,480</u>		<u>31,171,035</u>
<b>Underlying:</b>				
School Districts	1,738,552,441	1,407,629,612	100.00	1,407,629,612
Municipalities	1,602,315,634	474,104,170	100.00	474,104,170
Three Rivers Park District	72,145,000	49,596,497	100.00	49,596,497
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	32,640,000	17,296,399	100.00	17,296,399
Total Underlying Debt	<u>3,445,653,075</u>	<u>1,948,626,678</u>		<u>1,948,626,678</u>
<b>Total</b>	<b>\$ <u>7,065,339,724</u></b>	<b>\$ <u>2,775,371,932</u></b>		<b>\$ <u>2,739,378,487</u></b>

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

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

<sup>3</sup> Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota  
**Direct, Overlapping, and Underlying Governmental Activities Debt**  
 December 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding<sup>1</sup></u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
Direct:			
Hennepin County	\$ 1,188,245,046	100.00 %	\$ 1,188,245,046
Hennepin County Regional Railroad	<u>34,695,000</u>	100.00	<u>34,695,000</u>
Total Direct Debt	<u>1,222,940,046</u>		<u>1,222,940,046</u>
Overlapping:			
Metropolitan Council	1,485,891,649	46.41	689,602,314
Metropolitan Airport Commission	<u>1,304,180,000</u>	46.41	<u>605,269,938</u>
Total Overlapping Debt	<u>2,790,071,649</u>		<u>1,294,872,252</u>
Underlying:			
School Districts	1,738,552,441	100.00	1,738,552,441
Municipalities	1,602,315,634	100.00	1,602,315,634
Three Rivers Park District	72,145,000	100.00	72,145,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	<u>32,640,000</u>	100.00	<u>32,640,000</u>
Total Underlying Debt	<u>3,445,653,075</u>		<u>3,445,653,075</u>
Total	<u>\$ 7,458,664,770</u>		<u>\$ 5,963,465,373</u>

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

Unaudited

Hennepin County, Minnesota  
**Legal Debt Margin Information**  
 Last Ten Years

	<u>Debt Limit <sup>1</sup></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>
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%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%

**Computation of 2015 Legal Debt Margin**

2015 market value of taxable property		<u>\$ 144,409,720,600</u>
Debt limit, 3% of taxable market value		\$ 4,332,291,618
Amount of levy supported debt	\$ 777,283,211	
Less amount available for debt service	<u>17,702,437</u>	<u>759,580,774</u>
Legal Debt Margin		<u>\$ 3,572,710,844</u>

<sup>1</sup> 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 Nine Years <sup>1</sup>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Net revenues <sup>2</sup></b>	<u>\$ 26,816,733</u>	<u>\$ 27,541,171</u>	<u>\$ 26,737,760</u>	<u>\$ 27,745,206</u>
<b>First Lien Revenue Bond Coverage:</b>				
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	<u>\$ 3,918,891</u>	<u>\$ 7,584,875</u>	<u>\$ 7,717,375</u>	<u>\$ 7,942,375</u>
First lien coverage	6.84	3.63	3.46	3.49
<b>Second Lien Revenue Bond Coverage:</b>				
Total first lien debt service	<u>\$ 3,918,891</u>	<u>\$ 7,584,875</u>	<u>\$ 7,717,375</u>	<u>\$ 7,942,375</u>
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	<u>-</u>	<u>6,312,815</u>	<u>7,402,175</u>	<u>7,627,175</u>
Total first and second lien debt service	<u>\$ 3,918,891</u>	<u>\$ 13,897,690</u>	<u>\$ 15,119,550</u>	<u>\$ 15,569,550</u>
Second lien coverage	6.84	1.98	1.77	1.78
<b>Third Lien Revenue Bond Coverage:</b>				
Total first and second lien debt service	<u>\$ 3,918,891</u>	<u>\$ 13,897,690</u>	<u>\$ 15,119,550</u>	<u>\$ 15,569,550</u>
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	<u>-</u>	<u>899,297</u>	<u>872,258</u>	<u>1,198,503</u>
Total first, second and third lien debt service	<u>\$ 3,918,891</u>	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>
Third lien coverage	0.00	1.86	1.67	1.65
<i>Third lien principal optionally redeemed</i>	\$ -	\$ 2,000,000	\$ 3,700,000	\$ -
<b>Total Sales Tax Revenue Bond Coverage:</b>				
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	<u>\$ 3,918,891</u>	<u>\$ 14,796,987</u>	<u>\$ 15,991,808</u>	<u>\$ 16,768,053</u>
Total coverage	6.84	1.86	1.67	1.65
<i>Third lien principal optionally redeemed</i>	\$ -	\$ 2,000,000	\$ 3,700,000	\$ -

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

<sup>2</sup> 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 21

2011	2012	2013	2014	2015
<u>\$ 29,589,411</u>	<u>\$ 31,093,416</u>	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>	<u>\$ 35,294,545</u>
\$ 900,000	\$ 1,050,000	\$ 1,150,000	\$ 1,300,000	\$ 1,400,000
7,154,875	7,109,875	7,057,375	6,999,875	6,934,875
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>
3.67	3.81	4.01	4.07	4.23
<u>\$ 8,054,875</u>	<u>\$ 8,159,875</u>	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>
2,720,000	3,450,000	3,280,000	3,590,000	3,930,000
5,212,175	5,087,025	4,949,025	4,789,925	4,616,925
7,932,175	8,537,025	8,229,025	8,379,925	8,546,925
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>
1.85	1.86	2.00	2.02	2.09
<u>\$ 15,987,050</u>	<u>\$ 16,696,900</u>	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>
800,000	400,000	800,000	800,000	800,000
123,963	87,976	42,312	16,375	6,676
264,128	271,463	238,964	132,514	93,937
1,188,091	759,439	1,081,276	948,889	900,613
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>
1.72	1.78	1.88	1.92	1.98
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000
\$ 4,420,000	\$ 4,900,000	\$ 5,230,000	\$ 5,690,000	\$ 6,130,000
12,491,013	12,284,876	12,048,712	11,806,175	11,558,476
264,128	271,463	238,964	132,514	93,937
<u>\$ 17,175,141</u>	<u>\$ 17,456,339</u>	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>
1.72	1.78	1.88	1.92	1.98
\$ 14,200,000	\$ 11,400,000	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000

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

Year	Debt Service Expenditures <sup>1, 2</sup>			Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
	Principal	Interest and Fiscal Charges	Total		
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	73,566,294	24,878,737	98,445,031	1,553,834,721	6.34
2009	37,460,987	24,622,112	62,083,099	1,273,346,992	4.88
2010	45,150,152	27,169,336	72,319,488	1,497,289,609	4.83
2011	49,708,497	30,895,111	80,603,608	1,323,642,251	6.09
2012	58,560,914	29,771,868	88,332,782	1,301,261,894	6.79
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26

<sup>1</sup> 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.

<sup>2</sup> The County's optional payments for early redemption of outstanding bond issues and current refundings, including \$2,100,000 in 2008, \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$10,000,000 in 2012, \$22,700,000 in 2013, \$22,262,000 in 2014, and \$24,800,000 in 2015, are included in the debt service expenditures above. The ratio in the last column above would be lower if it was based only on required debt service expenditures. For example, 2013 would be 5.90, 2014 would be 5.69, and 2015 would be 4.60.

Unaudited

Hennepin County, Minnesota  
**Demographic and Economic Statistics**  
 Last Ten Years

<u>Year</u>	<u>Population</u> <sup>1</sup>	<u>Per Capita Income</u> <sup>2</sup>	<u>Total Income</u>	<u>Median Age</u> <sup>3</sup>	<u>Persons 25 years and older who are high school graduates</u> <sup>3</sup>	<u>PK - 12 School Enrollment</u> <sup>4</sup>	<u>Unemployment Rate</u> <sup>2</sup>
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	65,033	78,824,158,112	35.9	92.3	164,151	3.7
2015	1,223,149	N/A <sup>5</sup>	N/A <sup>5</sup>	35.9	92.7	166,106	3.3

## Sources:

<sup>1</sup> Office of the State Demographer and U.S. Census Bureau

<sup>2</sup> U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts Annual Average Personal Income

<sup>3</sup> U.S. Census Bureau, U.S. Community Survey 3-Year Estimates

<sup>4</sup> Fall registration for public schools - Minnesota State Department of Education

<sup>5</sup> Information not available at time of publication.

Unaudited

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

	Hennepin County		Metropolitan Area <sup>1</sup>		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
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
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3

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

<sup>1</sup> 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>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>	<u>2014</u>
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	3	3	2	2	2	2	2	2	2	2
Government and government enterprises	2	2	3	3	3	3	3	3	3	3
Finance and insurance	6	6	6	5	4	4	4	4	4	4
Retail trade	4	4	4	4	5	5	5	5	5	5
Manufacturing	5	5	5	6	6	6	6	6	6	6
Administrative and waste services	7	7	7	7	8	7	7	7	7	7
Accommodation and food services	8	8	8	8	7	8	8	8	8	8
Wholesale trade	9	9	10	9	9	9	9	9	9	9
Other services, except public administration	10	10	9	11	10	10	11	10	10	10
Management of companies and enterprises	14	13	13	12	12	12	12	12	11	11
Real estate	12	11	11	10	11	11	10	11	12	12
Transportation and warehousing	13	14	14	14	13	13	13	13	14	13
Construction	11	12	12	13	14	14	14	14	13	14
Arts, entertainment, and recreation	16	15	15	15	15	15	16	15	15	15
Educational services	17	17	17	17	16	16	15	16	16	16
Information	15	16	16	16	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	19	19	19	19	19	19	19	19	19	19
Farm	20	20	20	20	20	20	20	20	20	20

Note: 2015 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>	2015 <sup>2</sup>			2006 <sup>1</sup>		
	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
Mayo Foundation	40,000	1	1.33%			
State of Minnesota	37,000	2	1.23%			
United States Federal Government	31,000	3	1.03%			
Target Corporation	30,000	4	1.00%			
Allina Health	26,000	5	0.86%			
University of Minnesota	26,000	6	0.86%	25,000	1	3.76%
Health Partners	23,000	7	0.76%			
Wal-Mart Stores, Inc.	22,000	8	0.73%			
Fairview Health Services	21,000	9	0.70%	8,000	3	1.20%
Wells Fargo Bank Minnesota	20,000	10	0.66%			
Hennepin County				12,000	2	1.81%
Methodist Hospital				7,000	4	1.05%
Park Nicollet Health Systems				6,000	5	0.90%
United Parcel Service of America, Inc.				5,400	6	0.81%
Abbott Northwestern Hospital				5,000	7	0.77%
Cardiac Rhythm Management				5,000	8	0.75%
Fairview Southdale Hospital				5,000	9	0.75%
Medtronic Tachyarrhythmia Management				4,500	10	0.68%
	<u>276,000</u>		<u>9.17%</u>	<u>82,900</u>		<u>12.48%</u>

<sup>1</sup> Source for 2006: iSeek Solutions (iseek.org). Hennepin County Only.

<sup>2</sup> 2015 Statewide information from Minnesota Department of Employment and Economic Development Top Employers Statewide. Data specific to Hennepin County is no longer available.

Unaudited



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

	2006	2007	2008	2009
<b><u>Employees by Function/Program</u></b>				
Operations .....	1,066	1,090	1,070	1,036
Human Services .....	2,993	3,029	2,910	2,861
Health <sup>1</sup> .....	4,720	426	368	357
Public Safety .....	2,450	2,502	2,441	2,351
Public Works <sup>1</sup> .....	415	435	435	421
Libraries .....	864	844	832	773
	12,508	8,326	8,056	7,799
 Unionized Employees	 8,184	 5,713	 5,538	 5,631
 Full-Time Equivalents	 11,189	 7,667	 7,474	 7,431

<sup>1</sup> 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 27

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1,045	1,034	1,078	1,122	1,263	1,313
2,909	2,878	2,896	2,955	3,084	3,264
330	311	320	335	341	350
2,321	2,224	2,224	2,203	2,249	2,245
432	427	427	441	428	457
<u>759</u>	<u>735</u>	<u>727</u>	<u>722</u>	<u>742</u>	<u>760</u>
<u>7,796</u>	<u>7,609</u>	<u>7,672</u>	<u>7,778</u>	<u>8,107</u>	<u>8,389</u>
5,311	5,242	5,237	5,315	5,315	5,504
7,314	7,197	7,256	7,379	7,608	7,890

Hennepin County, Minnesota  
**Operating Indicators**  
 Last Ten Years

	2006	2007	2008
<b><u>Governmental Activities Operating Indicators by Function/Program</u></b>			
<b><u>Human Services</u></b>			
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
<b><u>Health</u></b>			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits . . . . .	56,710	64,749	64,198
Prescriptions filled . . . . .	N/A	N/A	102,649
<b><u>Public Safety</u></b>			
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
<b><u>Public Works</u></b>			
Present pavement serviceability rating (portion rated good or better) . . . . .	49%	52%	48%
Percent of bridges with sufficiency rating less than 50 . . . . .	10%	8%	9%
Engineering costs as a percent of actual capital project costs . . . . .	N/A	N/A	N/A
<b><u>Libraries</u></b>			
Items circulated (millions) . . . . .	15.8	16.2	16.5
eLibrary visits (millions) . . . . .	10.0	12.0	16.0
Number of volunteer hours supplementing service . . . . .	50,868	50,000	53,813
<b><u>Business-type Activities Operating Indicators by Function/Program</u></b>			
<b><u>Metropolitan Health Plan</u></b>			
Administrative Cost Ratio . . . . .	20.4%	23.0%	20.0%
Enrollment <sup>1,2</sup> . . . . .	N/A	N/A	N/A
<b><u>Environmental Services</u></b>			
Recycling rate . . . . .	N/A	N/A	N/A

<sup>1</sup> Effective 2012, MHP no longer offering Medical Assistance or Minnesota Care.

<sup>2</sup> Effective 2013, Hennepin Health enrollments are included.

Sources: Various County departments

Unaudited

Table 28

2009	2010	2011	2012	2013	2014	2015 Estimate
N/A	N/A	38%	38%	37%	38%	50%
N/A	N/A	87%	82%	79%	86%	86%
N/A	N/A	79%	78%	76%	65%	65%
N/A	N/A	N/A	N/A	43,150	43,442	42,574
77,873	77,072	77,026	84,412	82,069	85,358	96,962
123,499	130,788	132,142	135,000	131,400	128,000	129,000
5,657	5,985	4,957	4,132	2,596	1,752	1,800
36,500	35,413	34,503	35,857	35,910	34,116	33,501
20.4%	21.0%	23.4%	23.5%	28.8%	22.9%	20.0%
47%	54%	53%	61%	62%	59%	60%
8%	7%	7%	8%	8%	10%	10%
N/A	N/A	N/A	N/A	22%	18%	18%
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	20.0
86,766	91,779	99,862	101,924	92,773	100,000	100,000
17.8%	14.5%	13.6%	15.4%	14.8%	14.0%	20.5%
18,662	18,113	19,009	3,981	11,888	13,290	13,268
N/A	N/A	N/A	N/A	41.0%	41.0%	45.0%

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

	2006	2007	2008
<u>Operations</u> <sup>2</sup>			
Building square footage occupied by Operations .....	301,547	297,825	295,982
<u>Human Services</u> <sup>2</sup>			
Building square footage occupied by Human Services .....	666,386	687,616	638,781
<u>Health</u> <sup>2</sup>			
Building square footage - NorthPoint Health & Wellness .....	63,057	63,057	59,724
Building square footage - Medical Examiner .....	37,170	37,178	37,175
<u>Public Safety</u> <sup>2</sup>			
Building square footage - Public Safety Facility Cells/Sheriff's Jail .....	460,213	429,559	429,559
Building square footage occupied by the Corrections Department .....	679,488	657,170	669,849
Building square footage occupied by the Sheriff's Office (w/o Jail) .....	293,435	170,412	170,452
<u>Public Works</u>			
County roads and highways (miles) .....	561	561	561
Number of bridges .....	130	133	133
<u>Libraries</u> <sup>1</sup>			
Building square footage occupied by the Libraries <sup>2</sup> .....	546,176	546,127	1,329,621
Size of Library collection (copies) .....	1,930,773	1,941,712	4,997,402
Size of Library collection (titles) .....	307,041	307,255	1,552,628
<u>Regional Railroad Authority</u> <sup>3</sup>			
Rail miles .....	12	12	12
Light rail stations .....	17	17	17
<u>Metropolitan Health Plan (MHP)</u>			
Building square footage occupied by MHP .....	58,939	59,106	59,106

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

<sup>2</sup> 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.

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

Sources: Various County departments

Unaudited

Table 29

2009	2010	2011	2012	2013	2014	2015
228,114	233,053	232,709	233,053	187,821	190,343	233,684
452,095	452,108	452,108	452,108	452,108	422,338	421,624
39,964	39,964	39,964	39,964	39,964	39,964	39,964
29,430	29,430	29,430	29,430	29,430	29,430	29,430
360,510	360,510	360,510	359,083	359,083	359,083	383,128
606,382	605,225	605,225	605,225	562,480	571,792	571,792
152,366	152,621	152,621	152,621	153,437	174,229	174,229
567	572	570	570	570	570	570
135	136	139	143	143	145	146
993,939	997,735	997,735	1,006,021	1,005,367	1,017,502	1,017,502
4,770,977	5,030,570	4,910,846	4,910,846	4,670,388	4,815,158	4,995,316
1,358,502	2,143,174	1,451,121	1,451,121	1,545,709	1,596,626	1,426,948
52	52	52	52	52	62	62
23	23	23	23	23	43	43
59,106	59,106	59,106	32,957	32,957	32,957	32,957

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

	2006	2007	2008	2009
<b>PROPERTY TAX LEVY</b>				
County <sup>1</sup> .....	\$ 512	535	556	592
% Change	3.4	4.5	3.9	6.5
County and other <sup>2</sup> .....	\$ 1,707	1,932	2,039	2,151
% Change	(1.4)	13.2	5.5	5.5
<b>REVENUES</b>				
Total governmental funds <sup>3</sup> .....	\$ 1,013	1,053	1,079	1,065
% Change	5.0	3.9	2.5	(1.3)
Intergovernmental .....	\$ 385	356	367	327
% Change	(0.7)	(7.7)	3.2	(10.9)
<b>EXPENSES<sup>3</sup></b>				
Total governmental funds. ....	\$ 1,055	1,247	1,362	1,101
% Change	5.9	18.2	9.2	(19.2)
Capital projects .....	\$ 133	109	120	135
% Change	0.1	(18.2)	10.4	12.5
<b>LEVY-SUPPORTED GENERAL OBLIGATION DEBT</b>				
Net direct <sup>4</sup> .....	\$ 349	380	467	563
% Change	10.4	8.8	23.1	20.3
Net direct, overlapping, and underlying G.O. ....	\$ 2,596	2,497	2,469	2,412
% Change	(0.6)	(3.8)	(1.1)	(2.3)
PROPERTY ESTIMATED MARKET VALUE .....	\$ 125,032	130,382	129,455	122,688
% Change	8.5	4.3	(0.7)	(5.2)
EMPLOYEES PER 10,000 CAPITA <sup>5</sup> .....	111.5	73.3	66.9	64.3
% Change	2.3	(34.3)	(8.7)	(3.9)

<sup>1</sup> 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.

<sup>2</sup> Includes the County, municipalities, school districts, watershed districts, and other taxing jurisdictions.

<sup>3</sup> Includes sales tax revenue and Ballpark construction costs and debt service beginning in 2007.

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

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

Unaudited

Table 30

2010	2011	2012	2013	2014	2015
630	622	595	596	608	617
6.4	(1.3)	(4.3)	0.1	2.0	1.5
2,173	2,207	2,154	2,171	2,221	2,243
1.0	1.6	(2.4)	0.8	2.3	1.0
1,103	1,106	1,077	1,100	1,187	1,162
3.6	0.3	(2.6)	2.1	7.9	(2.1)
345	341	317	339	414	364
5.5	(1.2)	(7.0)	7.0	22.2	(12.1)
1,299	1,149	1,099	1,188	1,195	1,222
18.0	(11.5)	(4.4)	8.1	0.5	2.2
114	125	88	121	113	123
(15.6)	9.6	(29.6)	37.0	(6.4)	9.1
658	664	619	656	683	621
16.9	1.0	(6.7)	5.9	4.1	(9.1)
2,474	2,397	2,179	2,157	2,238	2,240
2.6	(3.1)	(9.1)	(1.0)	3.7	0.1
114,910	109,641	104,347	103,862	111,126	118,064
(6.3)	(4.6)	(4.8)	(0.5)	7.0	6.2
63.5	62.5	61.3	61.6	62.8	64.5
(1.2)	(1.6)	(1.9)	0.4	1.9	2.7

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

	<u>2006</u>		<u>2007</u>
Debt service expenditures for property tax supported bonds to: <sup>1</sup>			
County property tax levy .....	9.4	%	14.1
Governmental fund expenditures .....	4.8		6.1
 Net general obligation debt to:			
Property taxable market value .....	0.29		0.30
Legal debt margin .....	17.2		17.6
Direct, overlapping, and underlying net G.O. debt .....	16.5		16.6
Governmental fund revenues .....	34.5		36.1
 General obligation debt due within ten years			
To total general obligation debt .....	68.3		68.4
 Unassigned General Fund fund balance <sup>2</sup>			
To general fund expenditures .....	27.6		16.5

<sup>1</sup> 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.

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

Unaudited

Table 31

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
15.5 % 6.3	9.1 % 4.9	10.0 % 4.8	11.2 % 6.1	12.5 % 6.8	11.8 % 5.9	11.2 % 5.7	12.4 % 6.3
0.36	0.46	0.57	0.63	0.62	0.66	0.64	0.53
22.4	29.9	23.6	26.6	25.9	28.2	27.0	21.3
19.9	23.6	23.1	27.6	27.9	30.4	30.5	27.7
43.3	52.8	59.6	60.9	57.5	59.6	57.5	53.5
55.4	54.5	63.0	56.5	58.5	59.3	58.5	61.7
15.6	22.9	13.3	20.3	32.8	25.8	23.4	24.6







### **Hennepin County Government Center**

The 24-floor, twin-tower Government Center has been headquarters for Hennepin County government since 1974. The building is located in downtown Minneapolis and houses a service center, the Fourth Judicial District Courts, the county board and other government staff.

The building was designed as a “people’s center,” with an emphasis on openness, responsiveness and accessibility of services. Two identical towers are connected via walls of glass to create an atrium gathering space at the skyway level.



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

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