

## **Disclaimer**

This Comprehensive Annual Financial Report (CAFR) of Hennepin County contained on the County's web pages is historical information as of December 31, 2018. 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, 2018.

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



HENNEPIN COUNTY  
MINNESOTA

2018 Comprehensive  
Annual Financial Report

Year Ended December 31, 2018



**Hennepin County, Minnesota  
Financial Highlights**

		2018	2017, as restated	Percent Change
Government-wide:	Assets	\$ 4,191,183,974	\$ 3,955,987,854	5.9%
	Deferred Outflows of Resources	253,734,592	445,859,332	-43.1%
	Liabilities	(2,918,597,146)	(2,954,503,511)	-1.2%
	Deferred Inflows of Resources	(329,873,109)	(369,158,841)	-10.6%
	Net Position	<u>\$ 1,196,448,311</u>	<u>\$ 1,078,184,834</u>	11.0%
Government-wide:	Program Expenses	\$ 2,891,427,084	\$ 2,861,889,446	1.0%
	Program Revenues	<u>1,941,047,329</u>	<u>1,895,512,954</u>	2.4%
	Net Program Expense	(950,379,755)	(966,376,492)	-1.7%
	General Revenues	<u>1,068,643,232</u>	<u>919,077,781</u>	16.3%
	Change in Net Position	<u>\$ 118,263,477</u>	<u>\$ (47,298,711)</u>	350.0%
	Expense Per Capita	\$ 2,295.83	\$ 2,285.81	0.4%

Funds Available for Investment at December 31:				
	General Investible Funds	\$ 973,180,933	\$ 995,463,368	-2.2%
	Bond Proceeds/Non-General Investible Funds	<u>176,027,270</u>	<u>145,067,932</u>	21.3%
	Total Investible Funds	<u>\$ 1,149,208,203</u>	<u>\$ 1,140,531,300</u>	0.8%
	Annual Daily Average of General Investible Funds	\$ 1,238,995,572	\$ 1,145,145,418	8.2%
	Average Investment Return for All Funds *	1.83%	1.26%	45.6%
	Average Investment Yield for All Funds	1.99%	1.35%	47.2%

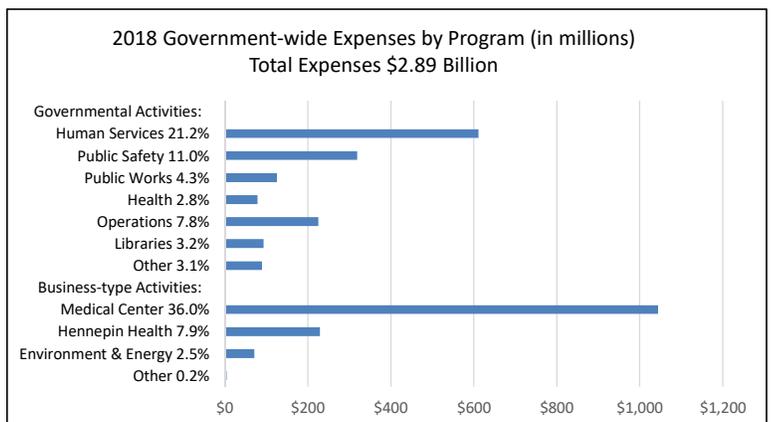
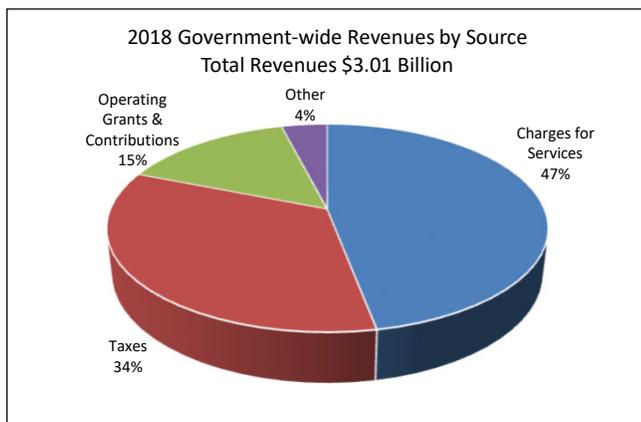
\* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has recorded investments at fair value. Investment income for 2018 before recording the net change in fair value of investments was \$21,828,378 as compared to \$16,022,421 in 2017.

Total County Issued Bonds and Notes*	\$ 1,088,000,000	\$ 957,085,000	13.7%
Average Interest Rate on General Obligation Debt	4.40%	4.30%	2.3%
Net General Obligation Debt Per Capita	\$ 938.17	\$ 837.65	12.0%
Ratio of Net General Obligation Debt to Property Market Value	0.667%	0.636%	4.9%
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*	\$ 1,838,226,093	\$ 1,718,948,808	6.9%
Tax Capacity Rates:			
City of Minneapolis	42.839%	44.095%	-2.8%
Suburban	42.878%	44.134%	-2.8%
Estimated Market Value*	\$ 164,830,612,000	\$ 154,120,886,000	6.9%

\* 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, 2018**

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

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

### **Hennepin County Administrator**

David J. Hough



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

Available online at [hennepin.us/cafr](http://hennepin.us/cafr)



Hennepin County, Minnesota  
2018 Comprehensive Annual Financial Report  
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# **Introductory Section**



# HENNEPIN COUNTY

## MINNESOTA

June 18, 2019

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, 2018.

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, 2018. The independent auditor’s report is located at the front of the financial section of this report.

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

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

## **Profile of the Government**

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



## Profile of the Government – continued

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

2018 Hennepin County Facts	
<i>Population</i>	<b>1,259,428</b>
<i>Estimated Per Capita Income (2017)</i>	<b>\$71,067</b>
<i>Number of Cities</i>	<b>45</b>
<i>2018 Approved Budget (Excluding the Medical Center)</i>	<b>\$2.4 billion</b>
<i>Taxable Property Estimated Market Value</i>	<b>\$177.2 billion</b>

## County Services

At the end of 2018, 16,304 employees were providing a full range of County services. The following is a brief summary of the services each program provides, including 2018 department operating indicators.

### Libraries

*Number of Employees – 777*

- Circulation – 18.3 million (books, CDs and DVDs)
- Annual visits to library locations – 5.5 million
- Visits to library website – 12.2 million



The 41 Hennepin County Library (HCL) locations serve patrons by providing access to library buildings and resources including materials, technology and staff. Just over 62% of County residents are active library card holders. HCL offers events and resources for all ages related to performing arts, visual arts and culture. The public art located in library buildings is also viewable at [www.hclib.org/art](http://www.hclib.org/art).

### Public Safety

*Number of Employees – 2,386*

- County Attorney – Evaluated 17,164 adult and juvenile criminal cases and processed 2,840 civil actions
- Public Defender – Opened 36,074 adult criminal, juvenile delinquency and child protection cases
- Sheriff's Office – Answered 275,392 emergency 911 calls and an additional 388,002 non-emergency calls
- Community Corrections and Rehabilitation – 165,884 hours of Sentencing-to-Service hours completed (a sentencing alternative for low-risk adult and juvenile offenders)



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

## County Services - continued

### Human Services

Number of Employees – 3,506



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

- Serves approximately one in four Hennepin County residents
- Average number of visitors per month to the Human Services Centers – 33,000
- Children in out-of-home placement as of the end of December – 1,990
- Child protection screening calls in December – 1,486
- Emergency shelter use in December – 4,453 families

### Health

Number of Employees – 7,690

- Hennepin Health – 23,765 enrolled in prepaid Medical Assistance/Minnesota Care programs and 1,990 enrolled in the Special Needs Basic Care program
- NorthPoint Health & Wellness Center – 125,098 patient visits
- Total cases referred to the Medical Examiner's Office – 7,767

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



### Public Works

Number of Employees – 471

The County transportation system include and maintains:

- 2,211 lane miles of road maintained
- 775 miles of bikeway
- 402 miles of sidewalk
- 147 bridges

Public Works provides maintenance and construction of County roads and bridges; management of the County's solid waste system; as well as housing, transit and economic development programs. In 2018, these services were provided by five areas: Environment and Energy, Community Works, Transportation Operations, Transportation Project Delivery, and Management Support. Public Works also manages two County internal service funds; Central Mobile Equipment and the Energy Center. In addition, Public Works provides staff support to the Hennepin County Housing and Redevelopment Authority (HRA) and the Hennepin County Regional Railroad Authority (RRA) blended component units.



## County Services - continued

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### Operations

Number of Employees – 1,474

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>	Implements county board policies, promotes interests with other government agencies and partners, and provides direction to departments to achieve the County's overarching goals.
<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>Facility Services</b>	Operates and manages 6.4 million square feet of building space owned and leased by the County to provide services to citizens.
<b>Information Technology</b>	Provides innovative, effective, and timely business-driven information technology solutions to County departments, building a technical infrastructure that supports the delivery of services to community partners and the citizens of the County in a secure, reliable, accessible manner.
<b>Real Property Group</b>	Administers property assessments; handles the administration of property tax collection activities and distribution to local governments; provides services relating to driver's licenses, motor vehicles, vital records and DNR registrations; and administers elections, including maintenance of a centralized voter registration file.
<b>Human Resources</b>	Provides human resource programs and support services.
<b>Audit, Compliance &amp; Investigation</b>	Provides independent audit and investigative functions using established standards and best practices to identify and facilitate the mitigation of risk as a service to County management, the Audit Committee and the County Board.
<b>General County Purposes</b>	Reserves available funding for contingent activities further defined by the Board during the budget year and also includes the following countywide functions: the Center of Innovation and Excellence; Communications; Retiree Health Care; Employee Tuition Assistance; the Business Information Office, support of youth activities, the County Fair, the Hennepin History Museum, Municipal Building Commission, and Hennepin County Extension Services; and provides dues/contributions to organizations benefiting the County.

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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 104.

## 2018 Original Budget Focus

The 2018 original budget was developed to address future needs of our residents in an effective manner. The budget totaled \$2.38 billion, a 13.7% increase compared to the adjusted 2017 budget. Much of the increase is due to the new transportation sales taxes and capital improvements. The budget included a net property tax levy of \$788.6 million. The net property tax levy's 3.84% increase supports the strong fiscal stewardship that the County is known for, as reflected in the County's AAA bond rating for over 30 years. The Operations portion of the total budget was \$337.7 million, which is a 7% increase over the 2017 budget. The 2018 budget included funding for a total of 8,602.4 full-time equivalent employees, representing a 1.2% increase over 2017.

The capital portion of the 2018 budget totaled \$433.4 million, a 29.6% increase over the adjusted 2017 budget capital budget of \$334.3 million.

## Budget Reporting

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and other governmental funds with appropriated annual budgets, this comparison is presented in the Required Supplementary Information subsection of this report beginning on page 91. The comparison for enterprise funds is presented in the Supplementary Information – Enterprise Funds subsection of this report, which starts on page 123.

## Major Initiatives and Achievements



In 2018, the County purchased the **625 Building** (previously known as the Thrivent Building). The acquisition of the property located at 625 4<sup>th</sup> Avenue South in downtown Minneapolis strategically addresses the county's long-term space needs, while allowing for consolidation of operations, the sale of county properties and a reduction of leasehold interests. The 625 Building has 16 stories and 320,000 square feet of office space. The County will continue to lease the 625 Building to Thrivent until construction for Thrivent's new Minneapolis Corporate Center is completed in 2020.

Work on a new **Regional Medical Examiner's Facility** progressed during 2018. The new 64,000-square foot building will neighbor the County's Glen Lake Golf Course and the Hennepin County Home School, and is expected to open in 2021. The existing Medical Examiner Facility, which is across the street from U.S. Bank Stadium in downtown Minneapolis, does not provide adequate space to meet the increasing demand for services. County Medical Examiner services include forensic death investigation and autopsy services for deaths that occur in Hennepin, Dakota and Scott counties.



## Major Initiatives and Achievements - continued

The Ridgedale Library reopened after renovations were completed in 2018. The new improvements included enhancements to the children and teen areas, increase access to technology, a variety of new seating styles and reading areas, and additional meeting and study rooms. Other upgrades included replacement of mechanical and electrical systems, new lighting, and improvement to parking lot drainage.



## 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 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. As of the end of 2018, the County's 2.5% unemployment rate had improved from the previous year-end unemployment rate of 3.2%. The County's unemployment rate remained lower than the State of Minnesota's 2.9% rate and the national rate of 3.9%.

### Long-term Financial Planning

The overall State of Minnesota economic environment relating to the 2019 budget process was modestly weaker compared to the conditions of 2018. The February 2019 State budget and economic forecast predicted a \$563 million surplus for the biennium ending on June 30, 2019, an unfavorable \$157 million change compared to November's forecast of a \$720 million surplus. Annual employment growth is expected to slow from 1.2% in 2019 to 0.9% in 2020. The State expects the trend of slower growth to continue into fiscal years 2022-23.

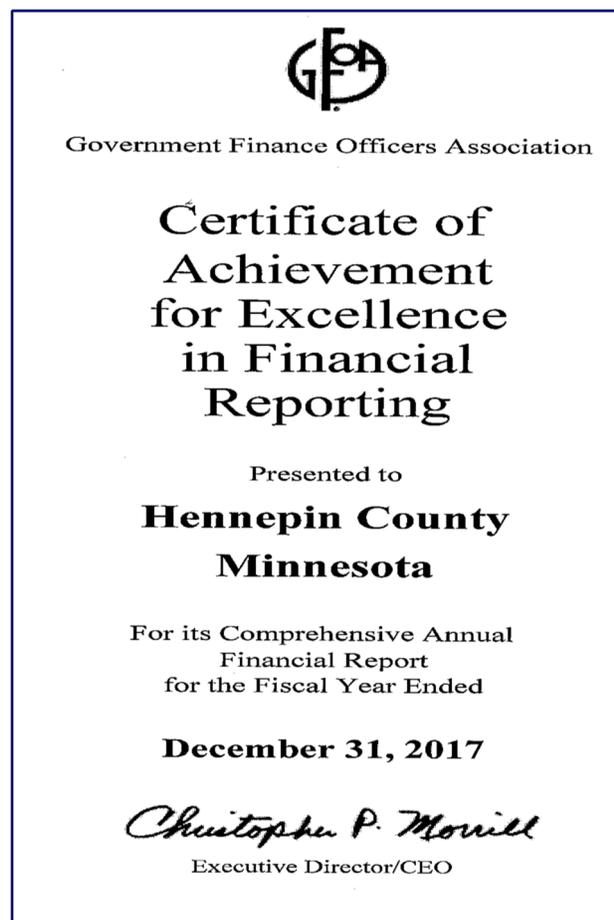
Excluding the Medical Center component unit, for 2019 the County budgeted \$2.4 billion to provide essential services and to make strategic investments for the future. Budget highlights include:

- The 2019 County operating budget of \$2.36 billion reflects a decrease of 1.1% from the 2018 operating budget of \$2.38 billion. The 2019 capital budget increased by 7.5% or \$32.8 million from the 2018 adjusted capital budget.
- Budgeted property tax revenues for 2019 of \$818 million are \$40.4 million or 5.2% more than the 2018 budgeted property tax revenue of \$777.6 million.
- The budget for intergovernmental revenues from the State of \$236.5 million is \$9.3 million lower than the previous year. This decrease is attributed to a decrease in expected programmed highway and bridge aid. The budget for revenues from local governments also decreased by \$8.3 million from 2018's adjusted budget, largely due to less funding for capital improvement and bridge projects that are related to funding formulas based on class of road or bridge construction projects.
- A majority of the County's budget relates to the Human Services, Public Safety and Operations (including debt) programs. For 2019, these programs account for nearly 61% of the appropriated expenditures and 50% of the FTE's.

## Economic and Financial Condition - continued

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

## Financial Reporting Award and Acknowledgements

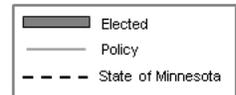
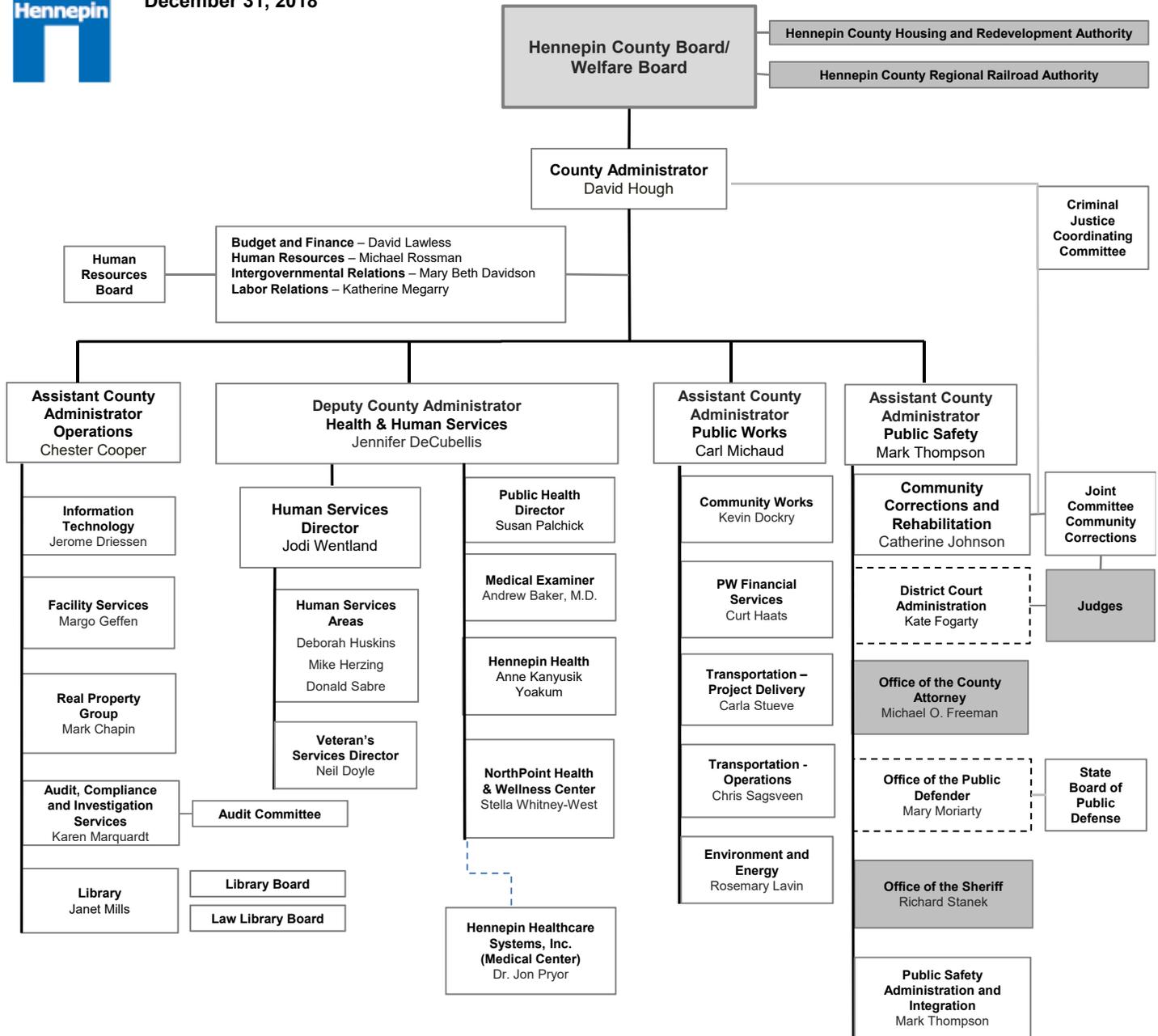


Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's comprehensive annual financial reports for the years 1974 through 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that uses accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

David J. Hough  
County Administrator

David R. Lawless  
Director of Budget and Finance



Hennepin County, Minnesota  
**Principal Officials**  
December 31, 2018



**Commissioners:**

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

**County Administrator**

David Hough

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

Jennifer DeCubellis

**Assistant County Administrator – Public Works**

Carl Michaud

**Assistant County Administrator – Public Safety**

Mark Thompson

**Assistant County Administrator – Operations**

Chester Cooper

**Governmental Activities Departments and Directors**

Public Works:

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

Kevin Dockry  
Curt Haats  
Carla Stueve  
Chris Sagsveen

Public Safety:

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

Michael Freeman  
Mary Moriarty  
Richard Staneke  
Catherine Johnson  
Mark Thompson

Health:

NorthPoint Health & Wellness Center  
Medical Examiner

Stella Whitney-West  
Andrew Baker, M.D.

Libraries

Janet Mills

Human Services:

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

Jodi Wentland  
Susan Palchick  
Neil Doyle  
Deborah Huskins  
Mike Herzing  
Donald Sabre

Operations:

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

David Lawless  
Margo Geffen  
Jerome Driessen  
Mark Chapin  
Michael Rossman  
Karen Marquardt

**Business-type Activities Departments and Directors**

Hennepin Health  
Environment and Energy  
Medical Center

Anne Kanyusik Yoakum  
Rosemary Lavin  
Jon Pryor



# **Financial Section**



## Independent Auditor's Report

To the Board of County Commissioners  
Hennepin County, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the accompanying financial statements, in 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. In 2018, the County changed how it accounts for postemployment benefits other than pensions in its governmental funds. Accordingly, the net positions and fund balances of the County have been restated as of January 1, 2018. 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 changes in total other postemployment benefit liability and related ratios, schedule of defined benefit pension plan contributions, schedule of County proportionate share of defined benefit pension plans, budgetary comparison schedules, and notes to the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***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 2018 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 2018 supplementary information is fairly stated, in all material respects, in relation to the 2018 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 2017 basic financial statements (not presented herein) and have issued our report dated June 12, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, as listed in the table of contents, as of and for the year ended December 31, 2017, is presented for purposes of additional analysis and is not a required part of the 2018 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 2017 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017

supplementary information is fairly stated, in all material respects, in relation to the 2017 basic financial statements taken as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated June 18, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*RSM US LLP*

Minneapolis, Minnesota  
June 18, 2019



## 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, 2018. Relating to the restatements described in Note 1, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (GASB 75)* in 2018, and the 2017 financial statements were restated for comparative purposes. The information provided here should be read in conjunction with the transmittal letter that begins on page 1 and the notes to the basic financial statements, which are presented on pages 43 to 89.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

At December 31, 2018, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.20 billion. Of this amount, \$221.0 million is restricted by specific statutory requirements or external commitments. The County's net investment in capital assets is \$1.62 billion.

The County's \$118.3 million increase in net position during the year primarily relates to the late 2017 implementation of a 0.5% sales and use tax and a \$20 per vehicle excise tax, and actuarial changes in pension amounts reported under the requirements of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*. The adopted taxes and the changes in pension amounts increased the County's net position by \$52.3 million and \$44.7 million in 2018, respectively.

Although GASB 68 requires the County to report the net pension liability and related amounts, the County is not legally liable for these amounts, and the County's actual contributions to pension plans are not impacted by this reporting requirement. The County's net position is reported approximately \$874.1 million lower under the reporting requirements than net position would be without those requirements, resulting in the reporting of the \$645.3 million deficit unrestricted net position. Only the State of Minnesota's legislature has the power to change pension contribution rates. Historically, rate increases have been for both employer and employee contributions, and the legislature has at times required special funding from the State of Minnesota (the State). Under the requirements of GASB 68, the net pension liability is measured as if only the employer would bear the burden of a potential future funding shortfall. The GASB 68 net pension liability is the County's proportionate share of the difference between total pension liability (the present value of projected benefit payments to employees based on their past service) and the fair value of pension assets set aside in a trust run by the State to pay pension benefits.

Other items that had significant impact on the government-wide financial statements included:

- The County purchased an office building and land at 625 4<sup>th</sup> Avenue South in Minneapolis (625 Building) for \$55.1 million, contributing to the increase in governmental activities' capital assets.
- The Medical Center's Clinic and Specialty Center was completed in 2018, resulting in the significant increase in business-type activities' capital assets.

#### Governmental Funds

As reported in the governmental fund Balance Sheets on pages 32 and 33, at the end of 2018 the County's governmental funds reported total ending fund balances of \$597.5 million and an increase in fund balance for 2018 of \$38.1 million. Primary factors contributing to the increase in fund balance and other significant impacts on the fund statements during 2018 are listed below.

- Fund balance in the Transportation Sales Tax Fund, which is restricted for future transportation projects, increased \$52.3 million.
- Human Services fund balance decreased by \$23.8 million due to increases in personal services costs and an increase in public assistance spending.
- Fund balance in the General fund decreased by \$9.9 million due to increases in personal services costs, decreases in charges for services revenue for NorthPoint patient visits, and the General Fund's support of uncompensated care relating to the Medical Center blended component unit.
- Unassigned fund balance for the General Fund was \$149.3 million, or approximately 23.6% of total General Fund expenditures for the year ended December 31, 2018, compared \$156.2 million and 25.6% for 2017.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Financial Statements

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

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

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

### Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 44 to 48 of the Notes to the Basic Financial Statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS - continued

### Fund Financial Statements – continued

- **Governmental funds – continued.** The County maintains the following governmental fund types: the General Fund, special revenue funds, debt service funds, and capital projects funds. The County has six special revenue funds: Human Services Fund, Library Fund, the Ballpark Sales Tax Fund, the Transportation Sales Tax Fund, and the funds for blended component units; the RRA and the HRA. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for each of these funds. The basic governmental fund financial statements can be found on pages 32 to 38.
- **Proprietary funds** provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. They are divided into two different types of funds: *enterprise funds* and *internal service funds*.

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

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

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

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

**The Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes can be found on pages 43 to 89 of this report.

**Required and Supplementary Information** beginning on page 91 includes additional information relating to the retiree health and pension plans, certain budget-to-actual comparisons, the Notes to Required Supplementary Information, and various other combining statements and comparative schedules.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Position

As shown in the table below, County assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.20 billion on December 31, 2018.

Summary of Net Position  
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 855.1	\$ 799.7	\$ 394.9	\$ 401.4	\$ 1,250.0	\$ 1,201.1
Noncurrent Assets						
Other assets	232.3	190.3	79.3	76.6	311.6	266.9
Net capital assets	2,059.8	1,937.8	569.7	549.9	2,629.5	2,487.7
Total Assets	<u>3,147.2</u>	<u>2,927.8</u>	<u>1,043.9</u>	<u>1,027.9</u>	<u>4,191.1</u>	<u>3,955.7</u>
Deferred Outflows of Resources	<u>168.6</u>	<u>253.8</u>	<u>85.2</u>	<u>192.1</u>	<u>253.8</u>	<u>445.9</u>
Current Liabilities	352.0	338.3	165.0	178.5	517.0	516.8
Noncurrent Liabilities	1,821.7	1,825.6	579.9	612.0	2,401.6	2,437.6
Total Liabilities	<u>2,173.7</u>	<u>2,163.9</u>	<u>744.9</u>	<u>790.5</u>	<u>2,918.6</u>	<u>2,954.4</u>
Deferred Inflows of Resources	<u>209.6</u>	<u>194.3</u>	<u>120.3</u>	<u>174.8</u>	<u>329.9</u>	<u>369.1</u>
Net Position						
Net investment in capital assets	1,263.0	1,206.6	357.7	384.9	1,620.7	1,591.5
Restricted	107.9	33.3	113.1	110.7	221.0	144.0
Unrestricted (deficit)	(438.4)	(416.5)	(206.9)	(240.9)	(645.3)	(657.4)
Total Net Position	<u>\$ 932.5</u>	<u>\$ 823.4</u>	<u>\$ 263.9</u>	<u>\$ 254.7</u>	<u>\$ 1,196.4</u>	<u>\$ 1,078.1</u>

The 2017 amounts above, and in the table on the following page, have been restated due to the County's adoption of the provisions of GASB 75.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS – continued**

**Changes in Net Position**

As shown in the table below, the County’s net position increased in the current year by \$118.3 million from the restated 2017 net position, a change from 2017 of 11%.

	Changes in Net Position					
	(in millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 148.9	\$ 149.0	\$ 1,271.4	\$ 1,227.8	\$ 1,420.3	\$ 1,376.8
Operating grants and contributions	361.8	366.6	70.7	72.5	432.5	439.1
Capital grants and contributions	88.5	79.6	-	-	88.5	79.6
General Revenues:						
Property taxes	829.4	801.2	-	-	829.4	801.2
Sales tax	170.8	57.3	-	-	170.8	57.3
Wheelage tax	10.5	10.0	-	-	10.5	10.0
Other taxes	3.5	3.3	4.1	3.7	7.6	7.0
Grants and contributions	32.6	31.2	-	-	32.6	31.2
Investment earnings	17.7	12.5	-	-	17.7	12.5
<b>Total Revenues</b>	<b>1,663.7</b>	<b>1,510.7</b>	<b>1,346.2</b>	<b>1,304.0</b>	<b>3,009.9</b>	<b>2,814.7</b>
Expenses:						
Operations	225.1	188.4	-	-	225.1	188.4
Human Services	611.2	606.3	-	-	611.2	606.3
Health	78.4	68.6	-	-	78.4	68.6
Public Safety	319.2	347.6	-	-	319.2	347.6
Public Works	125.7	116.9	-	-	125.7	116.9
Libraries	93.5	92.6	-	-	93.5	92.6
Housing and Redevelopment Authority	11.3	12.3	-	-	11.3	12.3
Regional Railroad Authority	42.9	54.4	-	-	42.9	54.4
Interest on long-term debt	35.5	48.1	-	-	35.5	48.1
Hennepin Health Plan	-	-	229.3	227.3	229.3	227.3
Environment and Energy	-	-	71.0	68.8	71.0	68.8
Medical Center	-	-	1,044.1	1,026.7	1,044.1	1,026.7
Other enterprises	-	-	4.4	4.0	4.4	4.0
<b>Total Expenses</b>	<b>1,542.8</b>	<b>1,535.2</b>	<b>1,348.8</b>	<b>1,326.8</b>	<b>2,891.6</b>	<b>2,862.0</b>
Increase (Decrease) in Net Position Before Transfers	120.9	(24.5)	(2.6)	(22.8)	118.3	(47.3)
Transfers	(11.8)	(8.4)	11.8	8.4	-	-
Increase (Decrease) in Net Position	109.1	(32.9)	9.2	(14.4)	118.3	(47.3)
Net Position – Beginning (as restated)	823.4	856.3	254.7	269.1	1,078.1	1,125.4
<b>Net Position – Ending</b>	<b>\$ 932.5</b>	<b>\$ 823.4</b>	<b>\$ 263.9</b>	<b>\$ 254.7</b>	<b>\$ 1,196.4</b>	<b>\$ 1,078.1</b>

The 2018 increase in government-wide net position included:

- A \$109.1 million increase in **governmental activities** primarily due to the \$52.3 million increase in transportation sales taxes, and a \$24.1 million of actuarial changes in pension amounts reported under the requirements of GASB 68.
- A \$9.2 million increase in **business-type activities**, primarily due to the activities of the Medical Center.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

### Governmental Funds

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

As discussed in the financial highlights, the County's governmental funds reported combined ending fund balances of \$597.5 million, which is an increase of \$38.1 million from the prior year's restated ending balances. Approximately 25% of total governmental fund balance, or \$149.3 million, is included in the unassigned (residual) classification for the General Fund, showing that it has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in nonspendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

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

Revenues Classified by Source Governmental Funds (in millions)						
	2018		2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Property taxes	\$ 842.5	49.2%	\$ 806.8	50.0%	\$ 35.7	4.4%
Sales tax	170.8	9.9%	57.3	3.5%	113.5	198.1%
Wheelage tax	10.5	0.6%	10.0	0.6%	0.5	5.0%
Other taxes	3.5	0.2%	3.3	0.2%	0.2	6.1%
Intergovernmental	484.7	28.3%	547.4	33.8%	(62.7)	-11.5%
Investment earnings (losses)	18.1	1.1%	13.0	0.8%	5.1	39.2%
Charges for services	147.9	8.6%	145.9	9.0%	2.0	1.4%
Fines and forfeits	1.1	0.1%	1.5	0.1%	(0.4)	-26.7%
Licenses and permits	8.3	0.5%	8.1	0.5%	0.2	2.5%
Other	25.0	1.5%	24.9	1.5%	0.1	0.4%
<b>Total Revenues</b>	<b><u>\$ 1,712.4</u></b>	<b><u>100%</u></b>	<b><u>\$ 1,618.2</u></b>	<b><u>100%</u></b>	<b><u>\$ 94.2</u></b>	<b><u>5.8%</u></b>

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

- **Property taxes** increased \$35.7 million due to the 3.8% increase in the tax levy.
- **Sales tax revenue** increased \$113.5 million due to the .5% transportation sales and use tax and \$20 motor vehicle excise tax. These sales tax revenues will be used for the capital/operating costs of designated transportation and transit projects, and other expenditures allowed by legislation.
- **Intergovernmental revenue** decreased \$62.7 million primarily due to the prior year dissolution of the Counties Transit Improvement Board (CTIB), which had resulted in a one-time dissolution payment to the County of \$83.6 million in 2017, offset by a \$13.3 million increase in grant revenue in the Human Services fund.

## 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. In 2018, governmental fund expenditures increased \$44.7 million compared to 2017 expenditures.

Expenditures by Function Governmental Funds (in millions)						
	2018		2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
Operations	\$ 249.1	13.4%	\$ 180.4	9.9%	\$ 68.7	3.8%
Human services	621.0	33.4%	590.3	32.5%	30.7	1.7%
Health	75.4	4.1%	70.6	3.9%	4.8	0.3%
Public safety	316.5	17.0%	304.3	16.8%	12.2	0.7%
Public works	67.3	3.6%	69.3	3.8%	(2.0)	-0.1%
Libraries	83.9	4.5%	81.4	4.5%	2.5	0.1%
HRA	13.4	0.7%	36.5	2.0%	(23.1)	-1.3%
RRA	39.8	2.1%	54.9	3.0%	(15.1)	-0.8%
Debt service						
Principal retirement	79.8	4.3%	185.4	10.2%	(105.6)	-5.8%
Interest and fiscal charges	46.2	2.5%	56.0	3.1%	(9.8)	-0.5%
Intergovernmental	21.3	1.1%	13.7	0.8%	7.6	0.4%
Capital projects	246.4	13.3%	172.6	9.5%	73.8	4.1%
<b>Total Expenditures</b>	<b>\$ 1,860.1</b>	<b>100%</b>	<b>\$ 1,815.4</b>	<b>100%</b>	<b>\$ 44.7</b>	<b>2.5%</b>

The governmental fund expenditures that changed significantly in 2018 from the prior year included those in the following functional categories:

- Expenditures for **Operations** increased by \$68.7 million in 2018 largely due the \$63.4 million in contributions to the Metropolitan Council for Southwest Light Rail Transit, Bottineau Light Rail Transit, and Orange Line Bus Rapid Transit.
- Expenditures for **Human Services** increased by \$30.7 million in 2018 largely due to a \$20.0 million increase in personal service costs. Public assistance spending increased \$8.3 million, primarily due to payments to the State for Group Residential Housing recoveries, which is now Human Services' responsibility, and increased local share for State-operated services, including mental health and chemical dependency treatment.
- **HRA** expenditures decreased by \$23.1 million due to a decrease in capital assets activities.
- **RRA** expenditures decreased by \$15.1 million due to a decrease in activities related to the Bottineau Corridor.
- **Debt Service Principal Retirement** expenditures decreased by \$105.6 million. The decrease is primarily due to the unusual increase in 2017 arising from the defeasance of \$83.6 million debt relating to the dissolution of CTIB.

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

### Governmental Funds - continued

#### *Fund Balances*

The **General Fund** is the County's primary operating fund. At the end of 2018, total fund balance for the General Fund was \$204.2 million and unassigned fund balance was \$149.3 million. Comparing the unassigned fund balance and total fund balance to total fund expenditures can be used as a measure of liquidity. The General Fund unassigned fund balance represents 25% of the total governmental fund balances and represents 23.6% of the total General Fund expenditures. In 2017, the unassigned fund balance represented 27.9% of total governmental fund balances and 25.6% of General Fund expenditures. The General Fund ended the year with a decrease of \$9.9 million in fund balance, primarily relating to:

- A \$3.4 million increase in expenses for uncompensated care (a reciprocal transaction with the Medical Center).
- A \$6.9 million decrease in NorthPoint Health and Wellness Center charges for services revenue relating to lower than originally anticipated patient visits.

The **Human Services** fund balance decreased \$23.8 million, as previously mentioned, primarily due to the increases in personal services costs and increases in public assistance for payments of Group Residential Housing recoveries to the State.

The \$4.2 million increase in fund balance in the **Ballpark Sales Tax Fund** related to smaller transfers to the debt service fund than originally expected for optional early redemption of debt.

The **Transportation Sales Tax** fund balance increased \$52.3 million, as previously discussed, primarily due to the unspent sales tax proceeds that are restricted for designated transportation projects.

The **General Capital Projects Fund** had a net fund balance increase of \$7.9 million due to the expected variances in timing between the debt issuance and project expenditures.

Fund balances in the **Library Fund, RRA Fund, and the RRA Debt Service Fund** did not change significantly in 2018.

#### *General Fund Budgetary Highlights*

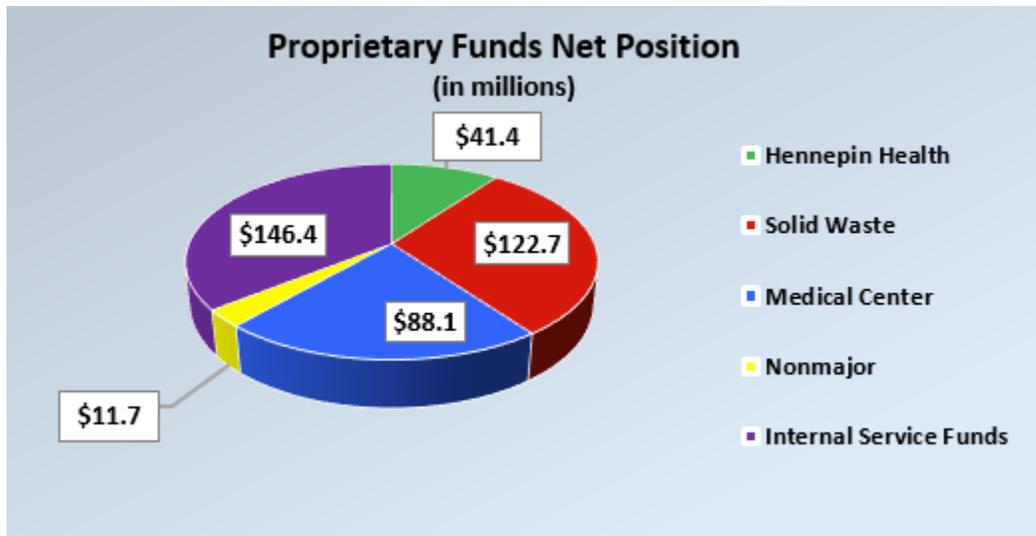
The General Fund 2018 budget did not change significantly between the time of original approval and the time the amended budget was finalized. The expenditure budget was decreased by \$1.4 million. The General Fund expenditure budget decrease primarily related to the \$2.5 million budget transfer to the Human Services Fund to allow spending relating to the Child Well Being services that assist families and communities to protect children and reduce the need for child protective services.

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

### Proprietary Funds

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

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



**Enterprise Funds'** total net position increased by \$9.1 million during 2018 primarily due to the activities of the Medical Center. The Solid Waste fund balance decreased \$11.6 million due to the increased costs associated with transitioning to a new operator for the Hennepin Energy Recovery Center and higher insurance costs.

**Internal Service Funds'** total net position increased overall by \$15.9 million. The Employee Health Plan Self Insurance fund increased by \$14.0 million, primarily due to lower than expected medical claims.

### Fiduciary Fund

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

Amounts held or due as agent at year-end totaled \$139.5 million, a 62.6% decrease from the prior year. The decrease is primarily due to the settlement of \$146.0 million of property tax prepayments that were received in December 2017 and distributed to other governments and agencies, and due to the distribution of funds totaling \$86.9 million to participating entities relating to the dissolution of the CTIB.

## 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, 2018, totals approximately \$2.63 billion. Capital assets include land, buildings, improvements, software, equipment, roads and bridges, library collections, art, and historical treasures. Additional information on the County's capital assets can be found in Note 5 on pages 58 to 59 of this report.

Hennepin County's Capital Assets (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 103.0	\$ 103.1	\$ 37.8	\$ 37.8	\$ 140.8	\$ 140.9
Land improvements	33.5	35.5	1.9	1.9	35.4	37.4
Buildings	940.9	858.3	746.0	547.0	1,686.9	1,405.3
Equipment	180.2	168.6	330.3	275.5	510.5	444.1
Software	21.8	21.9	4.5	3.9	26.3	25.8
Library books and other media	50.0	54.4	-	-	50.0	54.4
Leasehold improvements	19.3	22.9	23.0	24.1	42.3	47.0
Arts & historical treasures	5.3	5.3	-	-	5.3	5.3
Infrastructure	1,603.1	1,575.0	-	-	1,603.1	1,575.0
Construction in progress	203.9	144.6	9.1	196.2	213.0	340.8
Total capital assets	3,161.0	2,989.6	1,152.6	1,086.4	4,313.6	4,076.0
Less: accumulated depreciation and amortizations	(1,101.3)	(1,051.8)	(582.8)	(536.4)	(1,684.1)	(1,588.2)
Total capital assets, net	\$ 2,059.7	\$ 1,937.8	\$ 569.8	\$ 550.0	\$ 2,629.5	\$ 2,487.8
<i>Percent change from prior year</i>	6.3%		3.6%		5.7%	

Net capital assets increased \$141.7 million during 2018, and some of the significant changes are described below.

#### Governmental Activities:

- **Buildings** increased by \$82.6 million largely due to the previously mentioned purchase of the 625 Building, as well as the acquisition of the Northwest Family Service Center location (7051 Brooklyn Boulevard) for \$13.2 million as part of the County's goal of locating human services centers close to where those being served live, work, and attend school. In addition, as part of the NorthPoint Health & Wellness Center campus, the County purchased the top floor of the new North Minneapolis Regional Acceleration Center office building, along with 420 stalls in the parking ramp for \$17.8 million.
- **Construction in Progress** increased by \$59.3 million primarily due to the work relating to reconstruction of Flying Cloud Drive (County Road 61) for \$19.9 million and construction of Lake Street ramps at I-35 W for \$21.5 million.
- **Equipment** increased by \$11.6 million primarily due to acquisition of vehicles for \$10.4 million.
- **Infrastructure** increased by approximately \$28.1 million from 2017 due to the completion of Wayzata Boulevard (County Road 112) reconstruction.

#### Business-Type Activities:

- **Construction in progress** decreased by \$187.1 million, primarily due to the completion of the Medical Center's Clinic and Specialty Center in 2018, which also largely explains the \$199.0 million increase in the **Buildings** category.
- **Equipment** increased by \$54.8 million relating to the requirements for the new Medical Center Clinic and Specialty Center.

## CAPITAL ASSET AND DEBT ADMINISTRATION - continued

### Debt Administration

As shown in the table below, G.O. bonds and notes increased by \$135.6 million during 2018. The change in balance can mainly be attributed to the following:

- In governmental activities, \$157.5 million of G.O. bonds were issued to finance the County's capital improvements. In addition to regularly scheduled principal payments, the County made optional payments of \$14.9 million for early redemption of G.O. bonds.
- In business-type activities, \$42.5 million of G.O. bonds were used by the Medical Center for the completion of the construction of the Clinic and Specialty Center.

Hennepin County's Outstanding Debt (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds and notes	\$ 1,007.9	\$ 916.1	\$ 206.3	\$ 162.5	\$ 1,214.2	1,078.6
Revenue bonds	186.0	204.9	-	-	186.0	204.9
Notes payable	3.8	4.3	-	-	3.8	4.3
	<u>\$ 1,197.7</u>	<u>\$ 1,125.3</u>	<u>\$ 206.3</u>	<u>\$ 162.5</u>	<u>\$ 1,404.0</u>	<u>1,287.8</u>

In 2018, the Debt Service Fund received \$90.0 million of levy support. State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the taxable market value of property. The County's outstanding net levy-supported debt is significantly below the \$5.32 billion statutory limit.

The County's credit ratings on long-term G.O. bonds as of December 31, 2018 were:

Standard and Poor's Ratings Services	AAA
Fitch Ratings	AAA

Revenue bonds decreased by \$18.9 million during 2018 due to regularly scheduled principal payments.

Additional information on the County's long-term debt can be found in Notes 9 and 10 on pages 64 to 67 of this report and on the Schedule of Changes in Long-term Debt, located on pages 120-121.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Excluding the Medical Center, the 2019 County governmental and enterprise fund budgets total \$2.36 billion, including a net property tax levy of \$829.6 million or an increase of 5.25% from the 2018 budget. The 2019 budget includes funding for a total of 8,404.6 full-time equivalent employees, representing a decrease of 208.8 full-time equivalent employees from the adjusted 2018 budget.

The 2019 County budget of \$2.36 billion reflects a decrease of 1.1% or \$27.2 million from the 2018 budget of \$2.38 billion. The budgeted property tax revenues for 2019 of \$817.9 million are \$40.4 million or 5.2% more than the 2018 budgeted property tax revenue of \$777.6 million. The 2019 budgeted revenues from the State decreased \$7.9 million from the 2018 adjusted budget of \$244.5 million. The decrease is largely due to a decrease in programmed highway and bridge aids of \$34.7 million in the capital budget.

The 2019 \$470.6 million capital budget increased by 7.5% or \$32.8 million from the 2018 adjusted capital budget. The \$32.8 million increase is related to an additional \$100 million budgeted toward the Hennepin County share of the Southwest Light Rail Transit line. The 2019 capital budget includes \$3.9 million in property tax funding, which is \$1.0 million less than the \$4.9 million budgeted in 2018.

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

The overall State of Minnesota economic environment relating to the 2019 budget process was modestly weaker compared to the conditions of 2018. The February 2019 State budget and economic forecast predicted a \$563 million surplus for the biennium ending on June 30, 2019, an unfavorable \$157 million change compared to November's forecast of a \$720 million surplus. Annual employment growth is expected to slow from 1.2% in 2019 to 0.9% in 2020. The State expects the trend of slower growth to continue into fiscal years 2022-23. As of the end of 2018, the County's 2.5% unemployment rate had improved from the previous year-end unemployment rate of 3.2%. The County's unemployment rate remained lower than both the national and State rates, at 3.9% and 2.9%, 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>Current Assets:</b>			
Cash and investments . . . . .	\$ 730,742,199	\$ 144,144,130	\$ 874,886,329
Receivables, net . . . . .	113,449,135	232,357,546	345,806,681
Internal balances . . . . .	921,706	(921,706)	-
Prepaid items . . . . .	6,100,485	9,155,934	15,256,419
Inventories . . . . .	2,420,534	10,211,668	12,632,202
Land held for resale . . . . .	1,420,000	-	1,420,000
Total Current Assets	<u>855,054,059</u>	<u>394,947,572</u>	<u>1,250,001,631</u>
<b>Noncurrent Assets:</b>			
Cash and investments . . . . .	213,820,725	12,608,596	226,429,321
Restricted cash and investments . . . . .	-	57,505,681	57,505,681
Land held for resale . . . . .	3,933,789	-	3,933,789
Notes receivable and other . . . . .	14,583,458	9,231,950	23,815,408
<b>Capital assets:</b>			
Land . . . . .	102,965,925	37,768,072	140,733,997
Land improvements . . . . .	33,543,623	1,893,908	35,437,531
Buildings . . . . .	940,949,437	745,951,631	1,686,901,068
Equipment . . . . .	180,186,861	330,292,289	510,479,150
Software . . . . .	21,796,580	4,501,081	26,297,661
Library books and other media . . . . .	49,961,538	-	49,961,538
Leasehold improvements . . . . .	19,307,925	23,048,215	42,356,140
Art and historical treasures . . . . .	5,292,247	-	5,292,247
Infrastructure . . . . .	1,603,087,652	-	1,603,087,652
Construction in progress . . . . .	203,946,372	9,101,200	213,047,572
Total capital assets	<u>3,161,038,160</u>	<u>1,152,556,396</u>	<u>4,313,594,556</u>
Less accumulated depreciation and amortization . . . . .	<u>(1,101,253,813)</u>	<u>(582,842,599)</u>	<u>(1,684,096,412)</u>
Net Capital Assets	<u>2,059,784,347</u>	<u>569,713,797</u>	<u>2,629,498,144</u>
Total Noncurrent Assets	<u>2,292,122,319</u>	<u>649,060,024</u>	<u>2,941,182,343</u>
Total Assets	<u>3,147,176,378</u>	<u>1,044,007,596</u>	<u>4,191,183,974</u>
<b>Deferred Outflows of Resources:</b>			
Pension-related . . . . .	153,493,163	81,691,585	235,184,748
Postemployment healthcare related . . . . .	9,992,151	3,468,691	13,460,842
Deferred charge on debt refunding . . . . .	5,089,002	-	5,089,002
Total Deferred Outflows of Resources	<u>168,574,316</u>	<u>85,160,276</u>	<u>253,734,592</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 3,315,750,694</u>	<u>\$ 1,129,167,872</u>	<u>\$ 4,444,918,566</u>

Continued on next page

Hennepin County, Minnesota  
**Statement of Net Position**  
December 31, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>Current Liabilities:</b>			
Accounts and contracts payable . . . . .	\$ 141,317,925	\$ 41,545,895	\$ 182,863,820
Accrued interest payable . . . . .	3,478,373	-	3,478,373
Interfund payable . . . . .	-	-	-
Accrued liabilities . . . . .	29,750,269	97,773,990	127,524,259
Commercial paper . . . . .	75,000,000	-	75,000,000
Unearned revenue . . . . .	13,943,322	13,699,223	27,642,545
Workers' compensation claims . . . . .	2,500,000	1,700,000	4,200,000
Revenue bonds . . . . .	18,330,000	-	18,330,000
General obligation bonds and notes . . . . .	48,677,415	5,572,585	54,250,000
Notes payable . . . . .	518,092	-	518,092
Postemployment healthcare benefits . . . . .	7,923,000	2,906,000	10,829,000
Compensated absences . . . . .	10,610,000	1,810,000	12,420,000
<b>Total Current Liabilities</b>	<b>352,048,396</b>	<b>165,007,693</b>	<b>517,056,089</b>
<b>Noncurrent Liabilities:</b>			
Workers' compensation claims . . . . .	11,216,000	12,200,000	23,416,000
Revenue bonds . . . . .	167,655,139	-	167,655,139
General obligation bonds and notes . . . . .	959,254,742	200,735,184	1,159,989,926
Notes payable . . . . .	3,308,552	-	3,308,552
Net pension . . . . .	480,470,793	300,376,827	780,847,620
Postemployment healthcare benefits . . . . .	115,073,436	28,275,309	143,348,745
Compensated absences . . . . .	84,673,465	38,301,610	122,975,075
<b>Total Noncurrent Liabilities</b>	<b>1,821,652,127</b>	<b>579,888,930</b>	<b>2,401,541,057</b>
<b>Total Liabilities</b>	<b>2,173,700,523</b>	<b>744,896,623</b>	<b>2,918,597,146</b>
<b>Deferred Inflows of Resources:</b>			
Pension-related . . . . .	208,533,032	119,996,787	328,529,819
Postemployment healthcare related . . . . .	1,055,435	287,855	1,343,290
<b>Total Deferred Inflows of Resources</b>	<b>209,588,467</b>	<b>120,284,642</b>	<b>329,873,109</b>
<b>Net Position:</b>			
Net investment in capital assets . . . . .	1,262,978,840	357,743,028	1,620,721,868
Restricted for:			
Grant and donor restrictions . . . . .	1,167,771	58,374	1,226,145
Debt service . . . . .	22,215,415	-	22,215,415
Statutory requirements relating to:			
Housing and redevelopment . . . . .	15,674,938	-	15,674,938
Metropolitan health plan . . . . .	-	39,737,327	39,737,327
Solid waste management . . . . .	-	24,072,276	24,072,276
Transportation . . . . .	54,419,619	-	54,419,619
Youth sports . . . . .	5,512,511	-	5,512,511
County Recorder technology and other . . . . .	8,913,955	-	8,913,955
Medical Center expendable . . . . .	-	30,559,813	30,559,813
Medical Center nonexpendable . . . . .	-	18,648,677	18,648,677
Unrestricted (deficit) . . . . .	(438,421,345)	(206,832,888)	(645,254,233)
<b>Total Net Position</b>	<b>932,461,704</b>	<b>263,986,607</b>	<b>1,196,448,311</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 3,315,750,694</b>	<b>\$ 1,129,167,872</b>	<b>\$ 4,444,918,566</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, 2018

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 . . . . .	\$ 252,388,743	\$ 10,366,722	\$ 262,755,465	\$ (37,710,465)
Human Services . . . . .	587,738,439	8,064,220	595,802,659	15,344,113
Health . . . . .	75,032,486	1,388,810	76,421,296	1,965,764
Public Safety . . . . .	298,672,518	8,178,908	306,851,426	12,343,459
Public Works . . . . .	93,264,093	28,905,092	122,169,185	3,511,293
Libraries . . . . .	72,748,685	16,413,555	89,162,240	4,383,731
Housing and Redevelopment Authority . . . . .	10,568,083	632,729	11,200,812	81,413
Regional Railroad Authority . . . . .	42,812,447	22,206	42,834,653	80,692
Interest on Long-term Debt . . . . .	35,450,382	-	35,450,382	-
Total Governmental Activities	1,468,675,876	73,972,242	1,542,648,118	-
<b>Business-type Activities:</b>				
Hennepin Health Plan . . . . .	229,130,241	201,862	229,332,103	-
Environment and Energy . . . . .	62,728,436	8,269,144	70,997,580	-
Medical Center . . . . .	1,004,187,979	39,880,526	1,044,068,505	-
Other Enterprises . . . . .	3,019,202	1,361,576	4,380,778	-
Total Business-type Activities	1,299,065,858	49,713,108	1,348,778,966	-
Total	\$ 2,767,741,734	\$ 123,685,350	\$ 2,891,427,084	\$ -

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

Program Revenues			Net Revenue (Expense) and Changes in Net Position		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 32,735,156	\$ 5,776,175	\$ -	\$ (186,533,669)	\$ -	\$ (186,533,669)
58,597,385	271,480,023	-	(281,069,364)	-	(281,069,364)
24,466,065	6,714,423	-	(47,206,572)	-	(47,206,572)
19,582,140	38,068,399	-	(261,544,346)	-	(261,544,346)
6,661,736	37,178,747	88,082,563	6,242,568	-	6,242,568
3,584,161	1,407,106	-	(88,554,704)	-	(88,554,704)
2,589,833	1,164,717	-	(7,527,675)	-	(7,527,675)
488,816	41,667	428,961	(41,955,901)	-	(41,955,901)
-	-	-	(35,450,382)	-	(35,450,382)
<u>148,705,292</u>	<u>361,831,257</u>	<u>88,511,524</u>	<u>(943,600,045)</u>	<u>-</u>	<u>(943,600,045)</u>
234,468,514	973,819	-	-	6,110,230	6,110,230
50,812,125	4,809,373	-	-	(15,376,082)	(15,376,082)
981,700,323	64,868,420	\$ -	-	2,500,238	2,500,238
4,366,682	-	-	-	(14,096)	(14,096)
<u>1,271,347,644</u>	<u>70,651,612</u>	<u>-</u>	<u>-</u>	<u>(6,779,710)</u>	<u>(6,779,710)</u>
<u>\$ 1,420,052,936</u>	<u>\$ 432,482,869</u>	<u>\$ 88,511,524</u>	<u>(943,600,045)</u>	<u>(6,779,710)</u>	<u>(950,379,755)</u>
General Revenues:					
Property taxes . . . . .			829,362,438	-	829,362,438
Sales tax . . . . .			170,834,314	-	170,834,314
Wheelage tax . . . . .			10,468,350	-	10,468,350
Other taxes . . . . .			3,514,521	4,140,444	7,654,965
Grants & contributions not restricted to specific programs . . .			32,605,262	-	32,605,262
Unrestricted investment earnings . . . . .			17,717,903	-	17,717,903
Transfers . . . . .			(11,776,368)	11,776,368	-
Total General Revenues and Transfers			<u>1,052,726,420</u>	<u>15,916,812</u>	<u>1,068,643,232</u>
Change in Net Position			109,126,375	9,137,102	118,263,477
Net Position - Beginning, as Restated			<u>823,335,329</u>	<u>254,849,505</u>	<u>1,078,184,834</u>
Net Position - Ending			<u>\$ 932,461,704</u>	<u>\$ 263,986,607</u>	<u>\$ 1,196,448,311</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**Governmental Funds**  
December 31, 2018  
With Comparative Totals for December 31, 2017

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
<b>ASSETS</b>					
Cash and investments . . . . .	\$ 327,031,000	\$ 91,646,149	\$ 36,050,839	\$ -	\$ -
Delinquent taxes receivable . . . . .	3,930,727	1,735,030	464,772	-	-
Due from other governmental agencies . . . . .	7,836,941	50,800,451	-	6,787,279	11,886,872
Accrued investment interest . . . . .	3,584,100	-	-	-	-
Interfund receivable . . . . .	1,136,619	1,621,334	925,950	-	-
Other receivable . . . . .	6,435,109	307,220	103,974	-	-
Prepaid items . . . . .	602,057	237,297	1,130,251	-	-
Inventories . . . . .	1,845,838	-	-	-	-
Land held for resale . . . . .	-	-	-	-	-
Note receivable . . . . .	102,884	-	-	-	-
Restricted cash and investments . . . . .	-	-	6,011,121	6,435,818	42,655,704
	<u>                  </u>				
Total Assets	\$ <u>352,505,275</u>	\$ <u>146,347,481</u>	\$ <u>44,686,907</u>	\$ <u>13,223,097</u>	\$ <u>54,542,576</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and contracts payable . . . . .	\$ 29,960,214	\$ 26,949,023	\$ 1,085,834	\$ 74,456	\$ 122,957
Accrued liabilities . . . . .	14,057,910	6,393,257	921,903	-	-
Interfund payable . . . . .	25,426,202	4,935,630	-	-	-
Commercial paper payable . . . . .	75,000,000	-	-	-	-
Unearned revenue . . . . .	39,457	125,769	42,560	-	-
	<u>                  </u>				
Total Liabilities	<u>144,483,783</u>	<u>38,403,679</u>	<u>2,050,297</u>	<u>74,456</u>	<u>122,957</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes . . . . .	3,534,628	1,673,630	447,972	-	-
Unavailable revenue - intergovernmental . . . . .	335,258	1,769,822	-	-	-
	<u>                  </u>				
Total Deferred Inflows of Resources	<u>3,869,886</u>	<u>3,443,452</u>	<u>447,972</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Nonspendable . . . . .	2,447,895	237,297	3,099,876	-	-
Restricted . . . . .	15,051,095	543,142	5,914,350	13,148,641	54,419,619
Committed . . . . .	-	103,719,911	33,174,412	-	-
Assigned . . . . .	37,305,151	-	-	-	-
Unassigned . . . . .	149,347,465	-	-	-	-
	<u>                  </u>				
Total Fund Balances	<u>204,151,606</u>	<u>104,500,350</u>	<u>42,188,638</u>	<u>13,148,641</u>	<u>54,419,619</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>352,505,275</u>	\$ <u>146,347,481</u>	\$ <u>44,686,907</u>	\$ <u>13,223,097</u>	\$ <u>54,542,576</u>

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

	Housing and Redevelopment Authority (HRA)	Regional Railroad Authority (RRA)	RRA Debt Service	General Debt Service	Capital Projects	Totals	
						2018	2017
\$	14,002,499	\$ 20,728,862	\$ 9,857,074	\$ 9,967,776	\$ 183,744,366	\$ 693,028,565	\$ 613,591,020
	55,446	224,404	-	605,351	35,257	7,050,987	6,457,019
	81,176	-	-	-	17,160,936	94,553,655	113,342,568
	-	-	-	-	137,447	3,721,547	3,327,417
	-	-	-	85,562	14,819	3,784,284	19,170,077
	114,882	84,994	-	-	-	7,046,179	8,218,519
	275,659	-	-	-	-	2,245,264	2,542,277
	-	-	-	-	-	1,845,838	2,981,343
	5,353,789	-	-	-	-	5,353,789	5,353,789
	3,515,574	-	-	10,965,000	-	14,583,458	27,139,364
	934,839	477,513	-	2,636,388	-	59,151,383	11,875,546
\$	<u>24,333,864</u>	<u>21,515,773</u>	<u>9,857,074</u>	<u>24,260,077</u>	<u>201,092,825</u>	<u>892,364,949</u>	<u>813,998,939</u>
\$	2,469,489	\$ 10,225,703	\$ -	\$ 849,480	\$ 62,199,593	\$ 133,936,749	\$ 111,684,998
	-	-	-	-	-	21,373,070	17,743,670
	-	-	-	-	-	30,361,832	39,537,411
	-	-	-	-	-	75,000,000	-
	-	-	-	-	13,735,536	13,943,322	54,340,682
	<u>2,469,489</u>	<u>10,225,703</u>	<u>-</u>	<u>849,480</u>	<u>75,935,129</u>	<u>274,614,973</u>	<u>223,306,761</u>
	53,447	215,804	-	583,751	34,158	6,543,390	5,652,016
	41,667	-	-	10,965,000	595,071	13,706,818	25,647,491
	<u>95,114</u>	<u>215,804</u>	<u>-</u>	<u>11,548,751</u>	<u>629,229</u>	<u>20,250,208</u>	<u>31,299,507</u>
	275,659	-	-	-	-	6,060,727	7,495,749
	21,493,602	11,074,266	9,857,074	11,861,846	124,528,467	267,892,102	191,924,722
	-	-	-	-	-	136,894,323	164,038,954
	-	-	-	-	-	37,305,151	39,704,269
	-	-	-	-	-	149,347,465	156,228,977
	<u>21,769,261</u>	<u>11,074,266</u>	<u>9,857,074</u>	<u>11,861,846</u>	<u>124,528,467</u>	<u>597,499,768</u>	<u>559,392,671</u>
\$	<u>24,333,864</u>	<u>21,515,773</u>	<u>9,857,074</u>	<u>24,260,077</u>	<u>201,092,825</u>	<u>892,364,949</u>	<u>813,998,939</u>

Hennepin County, Minnesota  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
 December 31, 2018

Total governmental fund balances (page 33)	\$	597,499,768
Amounts reported for governmental activities in the statement of net position are different because:		
<b>Capital assets</b> 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.)		1,993,252,871
<b>Certain assets</b> 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.		20,250,208
<b>Internal service funds</b> 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.		164,216,909
<b>Net pension and postemployment healthcare benefit liabilities</b> 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.		(646,624,741)
<b>Long-term liabilities</b> and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.		<u>(1,196,133,311)</u>
Net position of governmental activities (page 29)	\$	<u><u>932,461,704</u></u>

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



Hennepin County, Minnesota  
**Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended December 31, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	General	Human Services	Library	Ballpark Sales Tax	Transportation Sales Tax
<b>REVENUES</b>					
Property taxes . . . . .	\$ 374,797,023	\$ 258,312,119	\$ 69,889,153	\$ -	\$ -
Sales tax . . . . .	-	-	-	38,153,430	132,680,884
Wheelage tax . . . . .	10,468,350	-	-	-	-
Other taxes . . . . .	3,184,373	186,232	45,670	-	-
Intergovernmental . . . . .	100,245,569	282,774,168	4,670,699	-	5,137,263
Investment earnings (losses) . . . . .	15,047,060	-	92,924	108,753	-
Charges for services . . . . .	92,711,671	51,952,721	1,085,576	-	-
Fines and forfeits . . . . .	418,460	-	656,804	-	-
Licenses and permits . . . . .	6,529,831	1,781,121	-	-	-
Other . . . . .	18,436,194	1,587,029	1,825,676	-	-
	<b>621,838,531</b>	<b>596,593,390</b>	<b>78,266,502</b>	<b>38,262,183</b>	<b>137,818,147</b>
<b>EXPENDITURES</b>					
Current:					
Operations . . . . .	173,859,685	-	-	2,340,373	-
Human services . . . . .	-	621,038,721	-	-	-
Health . . . . .	75,426,403	-	-	-	-
Public safety . . . . .	316,524,000	-	-	-	-
Public works . . . . .	66,502,095	-	-	-	753,516
Libraries . . . . .	-	-	83,911,208	-	-
Housing and Redevelopment Authority . . . . .	-	-	-	-	-
Regional Railroad Authority . . . . .	-	-	-	-	-
Debt service:					
Principal retirement . . . . .	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-
Intergovernmental . . . . .	-	-	-	-	21,307,332
Capital projects . . . . .	-	-	-	-	-
	<b>632,312,183</b>	<b>621,038,721</b>	<b>83,911,208</b>	<b>2,340,373</b>	<b>22,060,848</b>
Total Expenditures	<b>632,312,183</b>	<b>621,038,721</b>	<b>83,911,208</b>	<b>2,340,373</b>	<b>22,060,848</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>(10,473,652)</b>	<b>(24,445,331)</b>	<b>(5,644,706)</b>	<b>35,921,810</b>	<b>115,757,299</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt . . . . .	-	-	-	-	-
Payment to refunded bond escrow agent . . . . .	-	-	-	-	-
Transfers in . . . . .	2,430,778	646,568	2,300,000	-	-
Transfers out . . . . .	(1,889,531)	-	-	(31,676,057)	(63,434,153)
Sale of capital assets . . . . .	-	-	-	-	-
Debt premiums . . . . .	-	-	-	-	-
	<b>541,247</b>	<b>646,568</b>	<b>2,300,000</b>	<b>(31,676,057)</b>	<b>(63,434,153)</b>
Total Other Financing Sources (Uses)	<b>541,247</b>	<b>646,568</b>	<b>2,300,000</b>	<b>(31,676,057)</b>	<b>(63,434,153)</b>
Net Change in Fund Balances	<b>(9,932,405)</b>	<b>(23,798,763)</b>	<b>(3,344,706)</b>	<b>4,245,753</b>	<b>52,323,146</b>
Fund Balances - Beginning, as Restated	<b>214,084,011</b>	<b>128,299,113</b>	<b>45,533,344</b>	<b>8,902,888</b>	<b>2,096,473</b>
Fund Balances - Ending	<b>\$ 204,151,606</b>	<b>\$ 104,500,350</b>	<b>\$ 42,188,638</b>	<b>\$ 13,148,641</b>	<b>\$ 54,419,619</b>

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

	Housing and Redevelopment Authority	Regional Railroad Authority	RRA Debt Service	General Debt Service	Capital Projects	Totals	
						2018	2017
\$	8,465,188	\$ 27,713,144	\$ 8,173,672	\$ 90,023,600	\$ 5,114,656	\$ 842,488,555	\$ 806,846,486
	-	-	-	-	-	170,834,314	57,266,835
	-	-	-	-	-	10,468,350	9,973,509
	-	18,976	5,648	64,434	9,188	3,514,521	3,338,349
	646,625	4,932	-	3,157,271	88,082,563	484,719,090	547,360,046
	100,230	428,961	-	174,639	2,194,297	18,146,864	12,954,847
	1,761,948	389,773	-	-	-	147,901,689	145,875,571
	-	-	-	-	-	1,075,264	1,471,221
	-	-	-	-	-	8,310,952	8,112,225
	827,885	99,043	-	-	2,187,089	24,962,916	24,930,961
	<u>11,801,876</u>	<u>28,654,829</u>	<u>8,179,320</u>	<u>93,419,944</u>	<u>97,587,793</u>	<u>1,712,422,515</u>	<u>1,618,130,050</u>
	-	-	-	-	72,882,675	249,082,733	180,404,375
	-	-	-	-	-	621,038,721	590,273,036
	-	-	-	-	-	75,426,403	70,618,049
	-	-	-	-	-	316,524,000	304,342,954
	-	-	-	-	-	67,255,611	69,273,932
	-	-	-	-	-	83,911,208	81,405,835
	13,393,100	-	-	-	-	13,393,100	36,471,605
	-	39,825,242	-	-	-	39,825,242	54,902,255
	-	-	1,670,000	78,120,449	-	79,790,449	185,409,020
	-	-	1,244,700	44,930,108	-	46,174,808	55,981,166
	-	-	-	-	-	21,307,332	13,738,566
	-	-	-	-	246,422,060	246,422,060	172,583,098
	<u>13,393,100</u>	<u>39,825,242</u>	<u>2,914,700</u>	<u>123,050,557</u>	<u>319,304,735</u>	<u>1,860,151,667</u>	<u>1,815,403,891</u>
	<u>(1,591,224)</u>	<u>(11,170,413)</u>	<u>5,264,620</u>	<u>(29,630,613)</u>	<u>(221,716,942)</u>	<u>(147,729,152)</u>	<u>(197,273,841)</u>
	-	-	-	63,485,000	157,452,035	220,937,035	262,757,592
	-	-	-	(63,485,000)	-	(63,485,000)	(210,502,726)
	10,192,589	-	-	27,865,588	64,534,153	107,969,676	78,973,598
	(646,568)	(130,778)	-	-	(10,192,589)	(107,969,676)	(78,973,598)
	-	10,482,804	-	-	20,000	10,502,804	9,316,350
	-	-	-	-	17,881,410	17,881,410	42,409,439
	<u>9,546,021</u>	<u>10,352,026</u>	<u>-</u>	<u>27,865,588</u>	<u>229,695,009</u>	<u>185,836,249</u>	<u>103,980,655</u>
	7,954,797	(818,387)	5,264,620	(1,765,025)	7,978,067	38,107,097	(93,293,186)
	<u>13,814,464</u>	<u>11,892,653</u>	<u>4,592,454</u>	<u>13,626,871</u>	<u>116,550,400</u>	<u>559,392,671</u>	<u>652,685,857</u>
\$	<u><u>21,769,261</u></u>	\$ <u><u>11,074,266</u></u>	\$ <u><u>9,857,074</u></u>	\$ <u><u>11,861,846</u></u>	\$ <u><u>124,528,467</u></u>	\$ <u><u>597,499,768</u></u>	\$ <u><u>559,392,671</u></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, 2018

Net change in governmental fund balances (page 37) \$ 38,107,097

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. 135,784,315

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. (15,053,751)

**Revenues** in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. (11,049,299)

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. (86,850,796)

**Expenses** reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in governmental funds (i.e. interest on long-term debt, the amortization of long-term debt discount, and certain pension and post-employment healthcare expenses). 33,731,635

The net revenue of certain activities of **internal service funds** is reported with governmental activities. 14,457,174

Change in net position of governmental activities (page 31) \$ 109,126,375

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

Hennepin County, Minnesota  
**Statements of Net Position**  
**Proprietary Funds**  
December 31, 2018  
With Comparative Totals for December 31, 2017

	Business-type Activities - Enterprise Funds							2018 Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals			
					2018	2017		
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>								
<b>Current Assets:</b>								
Cash	\$ 79,584,316	\$ 19,398,912	\$ 42,594,649	\$ 2,566,253	\$ 144,144,130	\$ 161,688,380	\$ 192,382,976	
Interfund receivable	-	-	5,245,548	27,101	5,272,649	2,958,797	28,425,204	
Other receivable	18,800,067	4,888,016	208,213,799	455,664	232,357,546	230,681,234	1,076,767	
Inventories	-	2,723,424	7,486,664	1,580	10,211,668	8,849,086	574,696	
Prepaid items	48,271	-	9,105,734	1,929	9,155,934	7,570,723	3,855,221	
<b>Total Current Assets</b>	<b>98,432,654</b>	<b>27,010,352</b>	<b>272,646,394</b>	<b>3,052,527</b>	<b>401,141,927</b>	<b>411,748,220</b>	<b>226,314,864</b>	
<b>Noncurrent Assets:</b>								
Cash and investments	-	-	12,608,596	-	12,608,596	11,752,047	-	
Restricted cash and investments	500,000	10,996,548	46,009,133	-	57,505,681	56,290,860	-	
Notes receivable and other	-	885,606	8,346,344	-	9,231,950	8,813,497	-	
<b>Capital assets:</b>								
Land	-	8,179,432	28,603,548	985,092	37,768,072	37,768,072	1,040,600	
Land improvements	-	-	-	1,893,908	1,893,908	1,893,908	-	
Buildings	-	163,806,816	581,301,648	843,167	745,951,631	546,921,986	46,567,337	
Equipment	746,004	38,519,392	276,481,686	14,545,207	330,292,289	275,503,304	110,496,692	
Software	-	-	4,501,081	-	4,501,081	3,941,970	4,702,015	
Leasehold improvements	1,301,599	-	21,746,616	-	23,048,215	24,137,447	-	
Construction in progress	41,440	1,092,901	7,986,859	-	9,101,200	196,202,260	3,350,089	
<b>Total capital assets</b>	<b>2,089,043</b>	<b>211,598,541</b>	<b>920,601,438</b>	<b>18,267,374</b>	<b>1,152,556,396</b>	<b>1,086,368,947</b>	<b>166,156,733</b>	
Less accumulated depreciation and amortization	417,727	94,468,674	478,902,278	9,053,920	582,842,599	536,426,344	99,625,257	
<b>Net Capital Assets</b>	<b>1,671,316</b>	<b>117,129,867</b>	<b>441,699,160</b>	<b>9,213,454</b>	<b>569,713,797</b>	<b>549,942,603</b>	<b>66,531,476</b>	
<b>Total Noncurrent Assets</b>	<b>2,171,316</b>	<b>129,012,021</b>	<b>508,663,233</b>	<b>9,213,454</b>	<b>649,060,024</b>	<b>626,799,007</b>	<b>66,531,476</b>	
<b>Total Assets</b>	<b>100,603,970</b>	<b>156,022,373</b>	<b>781,309,627</b>	<b>12,265,981</b>	<b>1,050,201,951</b>	<b>1,038,547,227</b>	<b>292,846,340</b>	
<b>Deferred Outflows of Resources:</b>								
Pension related	476,067	636,014	80,579,504	-	81,691,585	189,268,415	-	
Postemployment healthcare related	65,000	38,402	3,365,289	-	3,468,691	2,820,000	323,529	
<b>Total Deferred Outflows of Resources</b>	<b>541,067</b>	<b>674,416</b>	<b>83,944,793</b>	<b>-</b>	<b>85,160,276</b>	<b>192,088,415</b>	<b>323,529</b>	
<b>Total Assets and Deferred Outflows</b>	<b>\$ 101,145,037</b>	<b>\$ 156,696,789</b>	<b>\$ 865,254,420</b>	<b>\$ 12,265,981</b>	<b>\$ 1,135,362,227</b>	<b>\$ 1,230,635,642</b>	<b>\$ 293,169,869</b>	
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>								
<b>Current Liabilities:</b>								
Interfund payable	\$ 2,249,080	\$ -	\$ 3,945,275	\$ -	\$ 6,194,355	\$ 10,383,754	\$ 925,950	
Accounts and contracts payable	4,151,016	7,690,157	29,528,986	175,736	41,545,895	37,252,832	7,381,176	
Accrued expenses	31,826,553	161,092	65,786,345	-	97,773,990	112,124,108	8,377,199	
Unearned revenue	13,699,223	-	-	-	13,699,223	17,941,158	-	
<b>Current portion of:</b>								
Workers' compensation claims	-	-	1,700,000	-	1,700,000	1,700,000	2,500,000	
General obligation bonds and notes	-	744,300	4,658,285	170,000	5,572,585	4,989,506	2,006,615	
Postemployment healthcare benefits	55,000	27,000	2,824,000	-	2,906,000	2,820,000	269,000	
Compensated absences	140,000	70,000	1,600,000	-	1,810,000	1,800,000	10,610,000	
<b>Total Current Liabilities</b>	<b>52,120,872</b>	<b>8,692,549</b>	<b>110,042,891</b>	<b>345,736</b>	<b>171,202,048</b>	<b>189,011,358</b>	<b>32,069,940</b>	
<b>Noncurrent Liabilities, Net of Current Portion:</b>								
Workers' compensation claims	-	-	12,200,000	-	12,200,000	13,450,000	11,216,000	
General obligation bonds and notes	-	17,779,286	182,780,898	175,000	200,735,184	157,465,741	15,801,426	
Net pension	5,466,522	4,862,170	290,048,135	-	300,376,827	374,020,788	-	
Postemployment healthcare benefits	539,454	650,743	27,085,112	-	28,275,309	27,758,224	2,972,354	
Compensated absences	556,081	1,144,931	36,600,598	-	38,301,610	39,256,998	84,673,465	
<b>Total Noncurrent Liabilities</b>	<b>6,562,057</b>	<b>24,437,130</b>	<b>548,714,743</b>	<b>175,000</b>	<b>579,888,930</b>	<b>611,951,751</b>	<b>114,663,245</b>	
<b>Total Liabilities</b>	<b>58,682,929</b>	<b>33,129,679</b>	<b>658,757,634</b>	<b>520,736</b>	<b>751,090,978</b>	<b>800,963,109</b>	<b>146,733,185</b>	
<b>Deferred Inflows of Resources:</b>								
Pension related	1,048,364	824,363	118,124,060	-	119,996,787	174,496,849	-	
Postemployment healthcare related	5,101	5,816	276,938	-	287,855	326,179	27,816	
<b>Total Deferred Inflows of Resources</b>	<b>1,053,465</b>	<b>830,179</b>	<b>118,400,998</b>	<b>-</b>	<b>120,284,642</b>	<b>174,823,028</b>	<b>27,816</b>	
<b>Net Position:</b>								
Net investment in capital assets	1,671,316	98,606,281	248,596,977	8,868,454	357,743,028	384,924,769	48,723,435	
<b>Restricted for:</b>								
<b>Statutory requirements relating to:</b>								
Metropolitan health plan	39,737,327	-	-	-	39,737,327	33,466,675	-	
Solid waste management	-	24,072,276	-	-	24,072,276	28,155,789	-	
Medical Center expendable	-	-	30,559,813	-	30,559,813	28,251,421	-	
Medical Center nonexpendable	-	-	18,648,677	-	18,648,677	20,748,955	-	
Brownfield assessment and cleanup	-	58,374	-	-	58,374	42,738	-	
Unrestricted (deficit)	-	-	(209,709,679)	2,876,791	(206,832,888)	(240,740,842)	97,685,433	
<b>Total Net Position</b>	<b>41,408,643</b>	<b>122,736,931</b>	<b>88,095,788</b>	<b>11,745,245</b>	<b>263,986,607</b>	<b>254,849,505</b>	<b>146,408,868</b>	
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 101,145,037</b>	<b>\$ 156,696,789</b>	<b>\$ 865,254,420</b>	<b>\$ 12,265,981</b>	<b>\$ 1,135,362,227</b>	<b>\$ 1,230,635,642</b>	<b>\$ 293,169,869</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, 2018  
With Comparative Totals for the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds						
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Total		2018 Internal Service Funds
					2018	2017	
<b>OPERATING REVENUES</b>							
Net charges for services. . . . .	\$ 234,468,514	\$ 50,812,125	\$ 981,700,323	\$ 4,366,682	\$ 1,271,347,644	\$ 1,227,823,163	\$ 261,342,359
Grants. . . . .	-	-	66,249,422	-	66,249,422	59,256,840	-
<b>Total Operating Revenues</b>	<b>234,468,514</b>	<b>50,812,125</b>	<b>1,047,949,745</b>	<b>4,366,682</b>	<b>1,337,597,066</b>	<b>1,287,080,003</b>	<b>261,342,359</b>
<b>OPERATING EXPENSES</b>							
Personal services. . . . .	11,808,473	8,160,160	715,564,143	2,168,919	737,701,695	738,258,723	175,272,292
Commodities. . . . .	49,382	244,204	224,668,819	247,276	225,209,681	220,389,427	17,600,965
Contractual services. . . . .	209,059,470	45,467,581	53,718,517	379,300	308,624,868	300,654,365	35,289,700
Depreciation and amortization. . . . .	201,862	8,269,144	39,880,526	1,361,576	49,713,108	42,760,147	17,607,194
Other. . . . .	8,142,001	2,340,234	6,679,840	212,351	17,374,426	17,306,080	3,148,180
<b>Total Operating Expenses</b>	<b>229,261,188</b>	<b>64,481,323</b>	<b>1,040,511,845</b>	<b>4,369,422</b>	<b>1,338,623,778</b>	<b>1,319,368,742</b>	<b>248,918,331</b>
Operating Income (Loss)	5,207,326	(13,669,198)	7,437,900	(2,740)	(1,026,712)	(32,288,739)	12,424,028
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Intergovernmental. . . . .	-	4,256,043	-	-	4,256,043	4,977,117	-
Investment earnings (losses). . . . .	973,819	553,330	(1,381,002)	-	146,147	8,246,367	-
Interest expense. . . . .	(70,915)	(374,982)	(3,556,660)	(10,200)	(4,012,757)	(384,705)	(507,965)
Gain (Loss) on capital asset disposal. . . . .	-	-	-	(1,156)	(1,156)	(4,711)	1,404,482
Other. . . . .	-	3,784,044	356,400	-	4,140,444	3,267,519	-
Environmental grants awarded. . . . .	-	(6,141,275)	-	-	(6,141,275)	(6,498,476)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>902,904</b>	<b>2,077,160</b>	<b>(4,581,262)</b>	<b>(11,356)</b>	<b>(1,612,554)</b>	<b>9,603,111</b>	<b>896,517</b>
Income (Loss) Before Contributions	6,110,230	(11,592,038)	2,856,638	(14,096)	(2,639,266)	(22,685,628)	13,320,545
Capital contributions. . . . .	-	-	10,780,594	995,774	11,776,368	8,396,008	2,594,837
Change in Net Position	6,110,230	(11,592,038)	13,637,232	981,678	9,137,102	(14,289,620)	15,915,382
Total Net Position - Beginning, as Restated	35,298,413	134,328,969	74,458,556	10,763,567	254,849,505	269,139,125	130,493,486
<b>Total Net Position - Ending</b>	<b>\$ 41,408,643</b>	<b>\$ 122,736,931</b>	<b>\$ 88,095,788</b>	<b>\$ 11,745,245</b>	<b>\$ 263,986,607</b>	<b>\$ 254,849,505</b>	<b>\$ 146,408,868</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, 2018

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users. . . . .	\$ 224,295,062	\$ 51,195,519	\$ 969,003,912	\$ 4,270,934	\$ 1,248,765,427	\$ 260,768,060
Operating grants. . . . .	-	-	66,249,422	-	66,249,422	-
Payments to suppliers for goods and services. . . . .	(209,943,983)	(41,536,667)	(282,677,732)	(551,897)	(534,710,279)	(52,261,385)
Payments to employees for services. . . . .	(11,996,070)	(8,232,551)	(738,150,666)	(2,168,919)	(760,548,206)	(175,644,162)
Other operating disbursements. . . . .	(8,142,001)	(2,340,234)	(6,679,840)	(212,351)	(17,374,426)	(3,148,180)
Net Cash Provided (Used) by Operating Activities	<u>(5,786,992)</u>	<u>(913,933)</u>	<u>7,745,096</u>	<u>1,337,767</u>	<u>2,381,938</u>	<u>29,714,333</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Net grants and contributions. . . . .	-	1,999,727	(162,968)	-	1,836,759	-
Net Interfund loans. . . . .	(419,374)	-	(3,770,025)	-	(4,189,399)	19,545
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(419,374)</u>	<u>1,999,727</u>	<u>(3,932,993)</u>	<u>-</u>	<u>(2,352,640)</u>	<u>19,545</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchase of capital assets. . . . .	(41,440)	(249,017)	(48,557,546)	(2,567,024)	(51,415,027)	(14,855,018)
Interest paid. . . . .	(70,915)	(374,982)	(3,556,660)	(10,200)	(4,012,757)	(507,965)
Proceeds from issuance of debt. . . . .	-	-	44,768,965	-	44,768,965	1,159,646
Debt issuance cost and principal payments. . . . .	-	(495,966)	(4,328,540)	(165,000)	(4,989,506)	(2,617,854)
Net Cash Used by Capital and Related Financing Activities	<u>(112,355)</u>	<u>(1,119,965)</u>	<u>(11,673,781)</u>	<u>(2,742,224)</u>	<u>(15,648,325)</u>	<u>(16,821,191)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income. . . . .	973,819	553,330	2,851,107	-	4,378,256	-
Purchase of investments. . . . .	-	-	(4,332,203)	-	(4,332,203)	-
Sale of investments. . . . .	-	-	2,131,797	-	2,131,797	-
Net Cash Provided (Used) by Investing Activities	<u>973,819</u>	<u>553,330</u>	<u>650,701</u>	<u>-</u>	<u>2,177,850</u>	<u>-</u>
Net Increase (Decrease) In Cash	(5,344,902)	519,159	(7,210,977)	(1,404,457)	(13,441,177)	12,912,687
Cash at Beginning of Year	<u>85,429,218</u>	<u>29,876,301</u>	<u>59,391,626</u>	<u>3,970,710</u>	<u>178,667,855</u>	<u>179,470,289</u>
Cash at End of Year	<u>\$ 80,084,316</u>	<u>\$ 30,395,460</u>	<u>\$ 52,180,649</u>	<u>\$ 2,566,253</u>	<u>\$ 165,226,678</u>	<u>\$ 192,382,976</u>
<b>CASH COMPONENTS:</b>						
Cash. . . . .	\$ 79,584,316	\$ 19,398,912	\$ 52,180,649	\$ 2,566,253	\$ 153,730,130	\$ 192,382,976
Restricted cash. . . . .	500,000	10,996,548	-	-	11,496,548	-
Cash at End of Year	<u>\$ 80,084,316</u>	<u>\$ 30,395,460</u>	<u>\$ 52,180,649</u>	<u>\$ 2,566,253</u>	<u>\$ 165,226,678</u>	<u>\$ 192,382,976</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss). . . . .	\$ 5,207,326	\$ (13,669,198)	\$ 7,437,900	\$ (2,740)	\$ (1,026,712)	\$ 12,424,028
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization. . . . .	201,862	8,269,144	39,880,526	1,361,576	49,713,108	17,607,194
(Increase) decrease in:						
Receivables and prepaid items. . . . .	649,750	351,887	(6,481,954)	(95,058)	(5,575,375)	3,298,655
Inventories. . . . .	-	174,463	(1,539,013)	1,968	(1,362,582)	(238,215)
Increase (decrease) in:						
Accounts payable and accrued expenses. . . . .	(7,397,912)	4,114,509	(10,658,976)	72,021	(13,870,358)	(3,389,795)
Unearned revenue. . . . .	(4,241,935)	-	-	-	(4,241,935)	-
Net pension liability. . . . .	(1,018,094)	(737,004)	(71,888,863)	-	(73,643,961)	-
Deferred outflows. . . . .	792,314	568,465	105,567,360	-	106,928,139	18,471
Deferred inflows. . . . .	19,697	13,801	(54,571,884)	-	(54,538,386)	(6,005)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,786,992)</u>	<u>\$ (913,933)</u>	<u>\$ 7,745,096</u>	<u>\$ 1,337,767</u>	<u>\$ 2,381,938</u>	<u>\$ 29,714,333</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>						
Contributions of capital assets. . . . .	\$ -	\$ -	\$ 10,780,594	\$ 995,774	\$ 11,776,368	\$ 2,594,837
Gain (loss) on disposal of capital assets. . . . .	-	-	(376,965)	(1,156)	(378,121)	(24,955)
Increase (decrease) in fair value of investments. . . . .	8,476	49,184	(4,168,100)	-	(4,110,440)	-
Capitalized interest. . . . .	-	-	1,122,000	-	1,122,000	-

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

Hennepin County, Minnesota  
**Statement of Fiduciary Net Position**  
**Agency Fund**  
December 31, 2018

		Agency
<b>ASSETS</b>		
Cash and investments .....	\$	116,466,634
Delinquent taxes receivable .....		23,067,239
Total Assets	\$	139,533,873
<b>LIABILITIES</b>		
Amounts due as agent. ....	\$	139,533,873

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Financial Reporting Entity**

Hennepin County (the County) was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member Hennepin County Board of Commissioners (County Board) elected from districts within the County. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the activities of the County and its blended component units. While legally separate entities, the blended component units discussed below are included as part of the primary government, due to their governance structure and the significance of their operational and financial relationships with the County. Each component unit has a December 31 year end.

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

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

Hennepin Healthcare System, Inc. d.b.a. Hennepin County Medical Center (the Medical Center) is included in the County's financial statements as a blended component unit. The Medical Center is a County proprietary fund that includes the Medical Center's blended component units, the Hennepin Health Foundation and the Hennepin Healthcare Research Institute. The Medical Center engages in the organization and delivery of healthcare and related services to the general public and conducts related programs and research. The Medical Center is a Level 1 trauma center that functions as a principal crisis and emergency treatment center, and as a teaching and research institution. The County is the sole corporate member of the Medical Center and has ownership and governing rights and obligations, including the review and approval of the annual capital and operating budgets and the annual health service plan. Land and buildings used by the Medical Center are owned by the County and leased to the Medical Center. Separately issued Medical Center financial statements can be obtained from the Medical Center.

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

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

➤ **Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the County using the *economic resources measurement focus* and the *accrual basis of accounting*. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the County's net position.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

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

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

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

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

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

➤ **Fund Financial Statements**

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

➤ **Fund Financial Statements – continued**

**Governmental Funds.** Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus results in the reporting of only near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues, including property tax revenues, to be available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgments, and other postemployment benefits, are recorded only when payment is due. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes when levied for; and investment earnings, charges for services, and intergovernmental revenue when eligibility requirements are met. Changes in the fair value of investments are recognized in investment earnings (losses) at the end of each year. Fines, forfeitures, licenses, and permit revenues are recorded when cash is received by the County because they are generally not measurable until actually received.

The County reports the following governmental funds:

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

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

**Governmental Funds – continued.**

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

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

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

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

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

The County reports the following proprietary funds:

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

**Proprietary Funds – continued**

*Enterprise funds – continued*

- The *Medical Center Fund*, a blended component unit, is used to account for the integrated system that includes the Medical Center, Level 1 trauma center services, a large outpatient clinic and specialty center, a network of primary care clinics, and more. In furtherance of its charitable purpose, the Medical Center provides a wide variety of benefits to the community, including community-based social service programs such as free clinics, health screenings, training for emergency service personnel, crisis intervention, and transportation to and from the hospital campus. Additionally, a large number of health-related education programs are provided for the benefit of the community, including: health enhancements and wellness, classes on specific conditions, medical education, telephone information services, and other programs designed to improve the general standard of the health in the community. The Medical Center also provides medical care without charge or at reduced cost to certain residents of the community through the provision of charity care.

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

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

**Cash and Investments.** The County maintains an investment pool for cash and investments. Each fund's portion of the pool is reported as "cash" or "restricted cash." For County funds that receive investment earnings, the allocation of those earnings is based on average monthly balances of cash and investments. Investments are stated at fair value or at cost. The fair value of investments is based on quoted market prices or inputs other than quoted prices that are observable for the investment, either directly or indirectly. Certain money market funds that have a maturity of one year or less at the time of purchase are reported at amortized cost. Certain nonparticipating interest-earning contracts (repurchase agreements) that have a maturity of one year or less at the time of purchase are reported at cost.

State law authorizes the County to invest in the following instruments: U.S. government and agency issues; repurchase agreements; reverse repurchase agreements; certificates of deposit; money market funds; general obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service; revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service; bankers acceptances; commercial paper; futures contracts; guaranteed investment contracts; options; and shares of certain investment companies.

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

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

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

**Capital Assets.** Capital assets are reported in proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalization thresholds are \$5,000 for equipment; \$250,000 for improvements and software; and \$500,000 for land, buildings and infrastructure. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. In governmental funds, capital outlay and capital projects expenditures include expenditures for capital assets, as well as for items that are capital in nature but do not qualify for financial reporting as capital assets under the County's capitalization policy. The costs of maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized (e.g., road overlays). In proprietary funds, outlays for capital assets are capitalized as the projects are constructed. Interest is capitalized when there is a period of time required to prepare the capital asset for use.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
 December 31, 2018

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

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

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

Buildings	20-50 years
Leasehold improvements	Initial lease term
Land improvements	10-25 years
Infrastructure: Major river crossings	50-90 years
Equipment: Automobiles and light trucks	3-20 years
Library books and materials	7 years
Software	3-8 years

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

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

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

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

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

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County's deferrals of certain pension and postemployment healthcare expenses are in this category. The governmental fund unavailable revenue items are also 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, 2018

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

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

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

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

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

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

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

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes in order to provide an understanding of certain changes in the County's financial position and operations. Also, certain amounts presented in the prior year data have been restated, as discussed in Note 1E, for the adoption of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (GASB 75)*, which resulted in the County restating net position as of January 1, 2017 for comparative purposes. With the implementation of GASB 75, the County discontinued the use of an internal service fund for OPEB obligations, as discussed in Note 1E. Other 2017 amounts have been reclassified in order to be consistent with the current year's presentation.

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended December 31, 2017, 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, 2018

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

**E. Restatement of Beginning Net Position.**

The County adopted the provisions of GASB 75 in the current year. GASB 75 changed the standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures relating to other postemployment benefits (OPEB).

Before the adoption of GASB 75, the County had used an internal service fund to account for OPEB obligations for the governmental funds. Under this accounting method, the full OPEB liability was reported in the internal service fund. Then based on the nature of the liability the County established a reasonable period of time to allocate the costs accumulated in the internal service fund to the governmental funds through interfund charges. With the implementation of GASB 75, the County changed its method of accounting for OPEB by discontinuing the use of an internal service fund for the recording of the total OPEB liability and electing to only report the total OPEB liability for the governmental funds at the government-wide level. As a result of this change, the beginning net position and fund balance of the internal service fund and governmental funds, respectively, were restated. The effect of the previously recorded interfund receivable/payable and the internal service fund's related OPEB liability were removed.

The Governmental Funds and Proprietary Funds fund balances and net positions were restated as a result of adopting GASB 75 and as a result of the aforementioned change in account method, as of January 1, 2018 as follows:

	Fund Balance or Net Position Previously Reported	Change in Accounting Method	Change from Adopting GASB 75	Fund Balance or Net Position, as Restated
<b>Governmental Activities:</b>				
General Fund	\$ 181,172,693	\$ 32,911,318	\$ -	\$ 214,084,011
Human Services Fund	104,453,629	23,845,484	-	128,299,113
Library Fund	40,357,073	5,176,271	-	45,533,344
Total	<u>\$ 325,983,395</u>	<u>\$ 61,933,073</u>	<u>\$ -</u>	<u>\$ 387,916,468</u>
<b>Business-type Activities:</b>				
Hennepin Health Fund	\$ 34,738,410	\$ -	\$ 560,003	\$ 35,298,413
Solid Waste Fund	133,990,468	-	338,501	134,328,969
Medical Center Fund	60,967,473	-	13,491,083	74,458,556
Internal Service Funds	131,934,064	-	(1,440,578)	130,493,486
Total	<u>\$ 361,630,415</u>	<u>\$ -</u>	<u>\$ 12,949,009</u>	<u>\$ 374,579,424</u>

The net position for the Governmental Activities and Business-Type Activities was restated as a result of adopting GASB 75 as of January 1, 2018 as follows:

	Fund Balance or Net Position Previously Reported	Change from Adopting GASB 75	Fund Balance or Net Position, as Restated
Governmental Activities	\$ 872,838,240	\$ (49,502,911)	\$ 823,335,329
Business-type Activities	240,459,918	14,389,587	254,849,505
Total	<u>\$ 1,113,298,158</u>	<u>\$ (35,113,324)</u>	<u>\$ 1,078,184,834</u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**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.) .....	\$ 2,994,881,427
Accumulated depreciation related to governmental activities .....	<u>(1,001,628,556)</u>
Total Capital Assets Reconciliation Item	<u>\$ 1,993,252,871</u>

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

General obligation (G.O.) bonds and notes payable .....	\$ (881,692,231)
Net G.O. premiums and discounts (to be amortized as interest expense) .....	(126,239,926)
Revenue bonds .....	(167,095,000)
Revenue bond premiums (to be amortized as interest expense) .....	(18,890,139)
Notes payable .....	(3,826,644)
Accrued interest payable .....	(3,478,373)
Deferred charge on debt refunding .....	<u>5,089,002</u>
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,196,133,311)</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 .....	\$ 192,149,363
Less depreciation expense .....	<u>(56,365,048)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 135,784,315</u>

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

Issuance of debt .....	\$ (220,937,035)
Bond premiums .....	(17,881,410)
Debt transferred from governmental activities to business-type activities .....	6,294,063
Principal repayments – G.O. debt .....	64,095,494
Principal repayments – refunding bonds .....	63,485,000
Principal repayments – Ballpark revenue bonds .....	17,575,000
Principal repayments – note payable .....	<u>518,092</u>
Total Long-term Debt Reconciliation Item	<u>\$ (86,850,796)</u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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

**Deposits with Financial Institutions.** It is the County’s policy to follow MN Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security, an irrevocable standby letter of credit, or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned/controlled by the financial institution furnishing the collateral. At year end, the bank balance was \$56,181,462. The bank balance was covered by either federal depository insurance, surety bonds, an irrevocable standby letter of credit, or by collateral held by the County’s agent in the County’s name. The carrying amount of deposits at year end was \$51,085,289. County and fiduciary cash and investments are pooled.

**Management of Investment Risk.** At December 31, 2018, the County had the following investments:

<u>Nonfiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration in Years</u>
U.S. government and agency	\$ 945,375,779	2.04
Repurchase agreements	154,169,218	0.03
Commercial paper	55,000,000	0.04
Money market funds	4,403,206	0.07
Total fair value	<u>\$ 1,158,948,203</u>	
Effective duration		1.67
<u>Fiduciary Investments</u>	<u>Fair Value</u>	<u>Effective Duration in Years</u>
Money market funds	\$ 16,647,001	.07

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

**Credit Risk.** The County’s investments in the bonds of U.S. government and agencies were rated AA by Standard & Poor’s (S&P) and Aaa by Moody’s Investors Service (Moody’s), with the exception of \$11,214,126 of certain unrated U.S. government and agency issues. The County’s investments in money market funds were rated AAA by S&P and Aaa by Moody’s. Commercial paper was rated P-1 by Moody’s and A-1+ by S&P. The County’s general investment policy is to apply the prudent-investor rule: investments are made as a prudent investor would be expected to act. County policy allows investment in all instruments authorized by State law (detailed in Note 1), with the exception of bankers acceptances, guaranteed investment contracts, and shares of investment companies.

**Concentration of Credit Risk.** The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County’s total investments is in each of the following: 22% Federal Home Loan Mortgage Corporation, 20% Federal Farm Credit Banks Funding Corporation, 11% Federal National Mortgage Association, and 12% Federal Home Loan Bank.

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**

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

**Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses.** Cash from funds is pooled for deposit and investment purposes. Certain funds also hold non-pooled deposits and investments, with the related investment earnings reported in those funds. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the funds shown in the table below. Investment earnings are allocated based on average monthly cash and investment balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2018 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings
<u>Governmental Funds:</u>			
General	\$ 16,411,153	\$ (1,364,093)	\$ 15,047,060
Special Revenue:			
Library	93,950	(1,026)	92,924
Ballpark Sales Tax	108,753	-	108,753
Housing and Redevelopment	160,775	(60,545)	100,230
Regional Railroad	325,224	103,737	428,961
Debt Service	174,639	-	174,639
Capital Projects	2,191,306	2,991	2,194,297
	<u>19,465,800</u>	<u>(1,318,936)</u>	<u>18,146,864</u>
<u>Proprietary Funds:</u>			
Enterprise:			
Hennepin Health	965,343	8,476	973,819
Solid Waste	504,146	49,184	553,330
Medical Center	893,089	56,769	949,858
	<u>2,362,578</u>	<u>114,429</u>	<u>2,477,007</u>
Total	<u>\$ 21,828,378</u>	<u>\$ (1,204,507)</u>	<u>\$ 20,623,871</u>

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

	2018	2017
Investment income and realized gains and losses	\$ 21,828,378	\$ 16,022,421
Net annual increase (decrease) in the fair value of investments	(1,204,507)	(1,163,979)
Total Investment Earnings	<u>\$ 20,623,871</u>	<u>\$ 14,858,442</u>

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**

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

**Fair Value Measurements – continued.** The three levels of the fair value hierarchy are described below:

- Level 1: Inputs for quoted prices (unadjusted) for the identical investment in active markets that the County can directly observe and access on the date of measurement, December 31, 2018 (the last active market day).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement, or can be determined by third parties such as a pricing service using accepted methodologies.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2018. Investments that have a maturity of one year or less at the time of purchase, and that are allowed to be reported at cost, are excluded from the table below.

	Level 1	Level 2	Level 3	Total
U.S. Treasury Bills	\$ 90,206,823	\$ -	\$ -	\$ 90,206,823
U.S. Treasury Notes	73,886,000	-	-	73,886,000
U.S. Agency Debentures	-	760,375,529	-	760,375,529
U.S. Agency Mortgage-backed Securities	-	20,907,427	-	20,907,427
	<u>\$ 164,092,823</u>	<u>\$ 781,282,956</u>	<u>\$ -</u>	<u>\$ 945,375,779</u>

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

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

**Management of Investment Risk**

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The MCCUs limit exposure to interest rate risk by establishing separate pools of investments for shorter-term versus longer-term investment maturities (based on underlying securities) and by utilizing fixed income investment options. At December 31, 2018, the MCCUs had the following investments.

	Carrying Amount	Less than 1 Year	1 to 5 Years	Over 5 Years
Mutual funds				
– fixed income	\$ 19,301,728	<u>\$ 4,833,453</u>	<u>\$ 1,336,379</u>	<u>\$ 13,131,896</u>
Mutual funds – equities	25,461,511			
	<u>\$ 44,763,239</u>			

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**

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

**Management of Investment Risk – continued**

*Credit Risk.* The MCCU investments in fixed income mutual funds were rated as follows: \$13,131,896 rated A+ by S&P, \$4,833,453 rated Baa3 by Moody’s, and \$1,336,379 were unrated.

*Concentration of Credit Risk.* The MCCUs’ investment policies do not limit their investment choices or the amount of any investment that they may invest in. As of December 31, 2018, less than 5% of MCCU investments were invested in securities of any one issuer.

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

**Fair Value Measurements.** The following table summarizes MCCU financial investments according to the fair value hierarchy and observable or determinable value, as of December 29, 2018.

Investments	Fair Value Measurements at Report Date Using:		
	Level 1	Level 2	Level 3
Mutual funds – fixed income	\$ 19,301,728	\$ -	\$ -
Mutual funds – equities	25,461,511	-	-
Total Investments	<u>\$ 44,763,239</u>	<u>\$ -</u>	<u>\$ -</u>

**4. RESTRICTED CASH AND INVESTMENTS**

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

- \$500,000 Hennepin Health cash restricted by MN statute 62D.041 for protection in the event of insolvency
- \$10,996,548 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota statutes, section 383B.81.
- \$46,009,133 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2018
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Art & historical treasures	\$ 5,251,462	\$ 40,785	\$ -	\$ 5,292,247
Land	103,133,810	13,322,124	(13,490,009)	102,965,925
Construction in progress	144,629,883	108,918,825	(49,602,336)	203,946,372
<b>Total capital assets not being depreciated</b>	<b>253,015,155</b>	<b>122,281,734</b>	<b>(63,092,345)</b>	<b>312,204,544</b>
<i>Capital assets being depreciated:</i>				
Buildings	858,332,508	82,689,429	(72,500)	940,949,437
Equipment	168,616,403	21,927,607	(10,357,149)	180,186,861
Software	21,796,580	-	-	21,796,580
Library books and materials	54,403,041	5,626,279	(10,067,782)	49,961,538
Leasehold improvements	22,907,196	-	(3,599,271)	19,307,925
Land improvements	35,484,487	-	(1,940,864)	33,543,623
Infrastructure	1,575,011,511	28,132,447	(56,306)	1,603,087,652
<b>Total capital assets being depreciated</b>	<b>2,736,551,726</b>	<b>138,375,762</b>	<b>(26,093,872)</b>	<b>2,848,833,616</b>
<i>Less accumulated depreciation for:</i>				
Buildings	389,321,983	20,956,351	(72,500)	410,205,834
Equipment	119,532,710	17,685,624	(10,293,099)	126,925,235
Software	16,366,730	3,132,076	-	19,498,806
Library books and materials	34,563,281	6,817,914	(10,067,782)	31,313,413
Leasehold improvements	16,427,523	2,788,508	(3,599,271)	15,616,760
Land improvements	17,515,423	1,560,544	(396,260)	18,679,707
Infrastructure	458,032,591	21,031,225	(49,758)	479,014,058
<b>Total accumulated depreciation</b>	<b>1,051,760,241</b>	<b>73,972,242</b>	<b>(24,478,670)</b>	<b>1,101,253,813</b>
<b>Total capital assets being depreciated, net</b>	<b>1,684,791,485</b>	<b>64,403,520</b>	<b>(1,615,202)</b>	<b>1,747,579,803</b>
<b>Governmental activities capital assets, net</b>	<b>1,937,806,640</b>	<b>186,685,254</b>	<b>(64,707,547)</b>	<b>2,059,784,347</b>
<b>Business-type Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	37,768,072	-	-	37,768,072
Construction in progress	196,202,260	9,101,200	(196,202,260)	9,101,200
<b>Total capital assets not being depreciated</b>	<b>233,970,332</b>	<b>9,101,200</b>	<b>(196,202,260)</b>	<b>46,869,272</b>
<i>Capital assets being depreciated:</i>				
Buildings	546,921,986	199,029,645	-	745,951,631
Equipment	279,445,274	56,449,842	(1,101,746)	334,793,370
Leasehold improvements	24,137,447	1,483,996	(2,573,228)	23,048,215
Land improvements	1,893,908	-	-	1,893,908
<b>Total capital assets being depreciated</b>	<b>852,398,615</b>	<b>256,963,483</b>	<b>(3,674,974)</b>	<b>1,105,687,124</b>
<i>Less accumulated depreciation for:</i>				
Buildings	330,978,363	24,769,411	-	355,747,774
Equipment	190,254,663	23,151,561	(1,100,853)	212,305,371
Leasehold improvements	13,602,436	1,716,380	(2,196,000)	13,122,816
Land improvements	1,590,882	75,756	-	1,666,638
<b>Total accumulation depreciation</b>	<b>536,426,344</b>	<b>49,713,108</b>	<b>(3,296,853)</b>	<b>582,842,599</b>
<b>Total capital assets being depreciated, net</b>	<b>315,972,271</b>	<b>207,250,375</b>	<b>(378,121)</b>	<b>522,844,525</b>
<b>Business-type activities capital assets, net</b>	<b>549,942,603</b>	<b>216,351,575</b>	<b>(196,580,381)</b>	<b>569,713,797</b>
<b>Total Capital Assets, Net</b>	<b>\$ 2,487,749,243</b>	<b>\$ 403,036,829</b>	<b>\$ (261,287,928)</b>	<b>\$ 2,629,498,144</b>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**5. CAPITAL ASSETS – CONTINUED**

Depreciation expenses for each governmental function, including the relevant Internal Service Fund amounts, are shown in a separate column in the government-wide statement of activities. The governmental activities programs' depreciation expenses, excluding the Internal Service Funds' amounts, are: Operations \$7,431,514, Human Services \$4,843,374, Health \$1,015,629, Public Safety \$4,023,961, Public Works, \$23,055,003 and Libraries \$15,340,632, RRA \$22,206, and HRA \$632,729.

Of the capital assets shown in governmental activities in the table on the previous page, the RRA and HRA blended component units' capital asset activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>RRA:</b>				
<i>Capital assets not being depreciated:</i>				
Land (including rail corridor)	\$ 37,106,521	\$ -	\$ (13,470,009)	\$ 23,636,512
<i>Capital assets being depreciated:</i>				
Buildings	1,034,780	-	(72,500)	962,280
Less accumulated depreciation	857,128	22,206	(72,500)	806,834
	177,652	(22,206)	-	155,446
RRA Capital Assets, Net	\$ 37,284,173	\$ (22,206)	\$ (13,470,009)	\$ 23,791,958
<b>HRA:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,542,632	\$ 2,825,017	\$ (3,944,146)	\$ 1,423,503
Construction in progress <sup>1</sup>	15,123,506	-	(15,123,506)	-
<i>Total capital assets not being depreciated</i>	17,666,138	2,825,017	(19,067,652)	1,423,503
<i>Capital assets being depreciated:</i>				
Buildings	12,654,573	-	-	12,654,573
Less accumulated depreciation	7,373,412	632,729	-	8,006,141
<i>Total capital assets being depreciated, net</i>	5,281,161	(632,729)	-	4,648,432
HRA Capital Assets, Net	\$ 22,947,299	\$ 2,192,288	\$ (19,067,652)	\$ 6,071,935

<sup>1</sup> The HRA construction in progress deletion was a parking ramp that was completed and transferred from the HRA to the County.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**6. REVENUES AND RECEIVABLES**

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

Fund:	Taxes Receivable	Intergov- ernmental Receivable	Interest Receivable	Accounts Receivable	Allowance for Uncollectibles	Total Net Receivables
General	\$4,864,770	\$ 7,836,941	\$ 3,584,100	\$ 6,435,109	\$ (934,043)	\$ 21,786,877
Human Services	2,388,071	50,800,451	-	307,220	(653,041)	52,842,701
Library	638,658	-	-	103,974	(173,886)	568,746
Ballpark Sales Tax	-	6,787,279	-	-	-	6,787,279
Transportation Sales Tax	-	11,886,872	-	-	-	11,886,872
HRA	76,287	81,176	-	114,882	(20,841)	251,504
RRA	311,434	-	-	84,994	(87,030)	309,398
General Debt Service	829,406	-	-	-	(224,055)	605,351
Capital Projects	47,948	17,160,936	137,447	-	(12,691)	17,333,640
Hennepin Health	-	-	-	18,863,801	(63,734)	18,800,067
Solid Waste	-	-	-	4,888,016	-	4,888,016
Medical Center	-	-	-	239,190,382	(30,976,583)	208,213,799
Nonmajor Enterprise	-	-	-	455,664	-	455,664
Internal Service	-	-	-	1,076,767	-	1,076,767
<b>Total</b>	<b>\$9,156,574</b>	<b>\$ 94,553,655</b>	<b>\$ 3,721,547</b>	<b>\$ 271,520,809</b>	<b>\$ (33,145,904)</b>	<b>\$345,806,681</b>

**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 \$2,105,587 in the governmental funds.

**Medical Center Net Patient Service Revenue and Accounts Receivable.** Gross patient service revenue is recorded when services are provided at the Medical Center's established rates, with contractual adjustments deducted to arrive at net patient service revenue. The Medical Center has agreements with third-party payors, which provide for reimbursement to the Medical Center at amounts that differ from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, per diem payments, and risk-sharing contracts. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue, which is included in charges for service in the accompanying Statements of Revenues, Expenses and Changes in Net Position, consisted of the following:

	2018
Gross patient charges	\$ 2,478,035,742
Deductions from gross patient charges	(1,566,861,422)
Intergovernmental transfers	58,649,394
Uncompensated care reimbursements from County General Fund	25,943,000
Provision for bad debts	(44,902,394)
Net patient service revenue	\$ 950,864,320

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**6. REVENUES AND RECEIVABLES – CONTINUED**

**Medical Center Net Patient Service Revenue and Accounts Receivable – continued.** Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, adjusted by an estimate made for contractual adjustments or discounts provided to third-party payors. Patient accounts receivable due directly from the patient are carried at the original charge for the services provided less amounts covered by third-party payors, discounts applied for uninsured patients, and an estimated allowance for doubtful receivables based on a review of outstanding amounts. Management determines the allowance for doubtful receivables by identifying potentially uncollectible accounts, using historical experience applied to an aging of accounts and by taking into account current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad-debt expense when received. The Medical Center’s gross 2018 patient charges and related year-end receivables by payor category as a percent of totals were approximately as follows:

	Accounts Receivable	Gross Charges
Commercial/other	29%	20%
Medicaid	29	43
Medicare	18	30
Self-pay	24	7
	100%	100%

**Notes Receivable.** In addition to the receivables detailed in the preceding table, the County reports notes receivable totaling \$10,965,000 in the General Debt Service Fund relating to the County’s provision of assistance to the Minnehaha Watershed District in obtaining more favorable financing terms. The County issued G.O. bonds and loaned the proceeds to the Watershed District. The Watershed levies property taxes for repayment. Notes receivable of \$3,515,574 relating to transit-oriented development loans totaling \$4,687,430 are reported in the HRA Fund after netting a \$1,171,856 allowance for uncollectible amounts. Notes receivable relating to lead abatement totaling \$114,316 are reported in the General Fund at \$102,884 after netting an \$11,432 allowance for uncollectible amounts.

**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, 2018 there are 192 AHIF deferred loans outstanding, with original terms ranging from 10 to 45 years. Loans totaling \$24,216,075 are underwritten with no interest payments, and will be forgiven at the end of the loan period if all program conditions are met. Additional loans totaling \$33,393,060 are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met and are expected to be repaid or refinanced with extended terms at their due date. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero. A total of \$12,133,520 is outstanding at year-end for 603 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 5 to 50 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans and the uncertainty of repayment, at the time of origination they were fully reserved and net carrying value is zero.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**6. REVENUES AND RECEIVABLES – CONTINUED**

**Deferred Long-term Loans Receivable – continued.** The federal Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. As of December 31, 2018 there are 415 HOME deferred loans totaling \$36,488,765 outstanding, with original terms ranging from 5 to 43 years. Loans are structured with various terms, including those with principal and interest deferred until the end of the loan term and expected to be repaid or refinanced with extended terms at that date; forgivable loan agreements placed through Habitat for Humanity; forgivable loans providing funding to the West Hennepin Affordable Housing Land Trust; loans to low-income homebuyers in the form of deferred, zero interest loans that are payable at the end of their 30-year term; and other loan structures. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

**7. COMMITMENTS**

**Light Rail, Commuter Rail, and Bus Rapid Transit.** Commitments for the capital costs of light rail and bus rapid transit projects will be paid from future property tax revenues received by the RRA, as well as debt with debt service paid from future RRA Fund property tax revenues. As of December 31, 2018 the RRA has committed to expend:

- \$199,548,000 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$82,200,508 to the project. The total remaining commitment is \$117,347,492; and
- \$149,600,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$47,368,773 to the project. The total remaining commitment is \$102,231,227; and
- \$12,790,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the RRA has contributed \$4,750,000 to the project. The total remaining commitment is \$8,040,000.

Separately from the RRA commitments above, the County has also made funding commitments to the capital costs of light rail and bus rapid transit projects. Commitments will be paid from future .5% transportation sales and use tax and a \$20 per motor vehicle excise tax revenues received by the County (“transportation sales tax”), as well as debt with debt service paid from future transportation sales tax receipts. As of December 31, 2018, the County has committed to expend:

- \$592,953,000 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$69,814,789 to the project. The total remaining commitment is \$523,138,211; and
- \$530,100,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$2,694,667 to the project. The total remaining commitment is \$527,405,333; and
- \$24,923,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the County has contributed \$9,030,000 to the project. The total remaining commitment is \$15,893,000.

Beginning in 2018, the County committed to annually fund its share of the net operating costs of the existing METRO Blue Line, METRO Green Line, and Northstar Commuter Rail Line. Funding for transit operations will also come from transportation sales tax receipts.

**Solid Waste Facilities.** The County is obligated under service agreements to make certain payments and supply solid waste to eight solid waste facilities. Payments are being made from Solid Waste Fund user charges, and future expenses are expected to be \$38,315,055 in 2019, \$31,940,722 in 2020, \$28,594,411 in 2021, and \$28,529,729 each year in 2022 through 2025.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**8. INTERFUND BALANCES AND ACTIVITY**

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

**Interfund Balances** at December 31, 2018 consisted of the following:

<b>Fund Due From</b>	<b>Fund Due To</b>	<b>Purpose</b>	<b>Amount</b>
<b><i>Between Funds Within Governmental Activities:</i></b>			
General	Internal Service	Compensated absences benefits, \$12,000,000 is not expected to be repaid within one year	\$14,935,106
Human Services	Internal Service	Compensated absences benefits, \$4,000,000 is not expected to be repaid within one year	4,935,630
Internal Service	Library	Compensated absences benefits	925,950
<b><i>Between Funds Within Business-type Activities:</i></b>			
Medical Center	Nonmajor Enterprise	Radio communications services	27,101
<b><i>Between Governmental Activities and Business-type Activities:</i></b>			
General	Medical Center	Medical services	5,245,548
Hennepin Health	General	Risk-share arrangement	721,332
Hennepin Health	Human Services	Risk-share arrangement	1,527,748
Medical Center	General	Legal services, human services	415,287
Medical Center	Human Services	Human services	93,586
Medical Center	Debt Service	Liquidity/remarketing fees for variable rate debt	85,562
Medical Center	Capital Projects	Connectivity project	14,819
Medical Center	Internal Service	Provision of heat to buildings, self-insured workers compensation, vehicle rental	3,308,920

**Interfund transfers** during 2018 consisted of the following:

<b>Fund Transferred From</b>	<b>Fund Transferred To</b>	<b>Purpose</b>	<b>Amount</b>
General	Capital Projects	Contributions for building projects	\$ 600,000
General	Capital Projects	Wheelage tax support of transportation projects	500,000
General	General Debt Service	Central Library Parking Facility debt service	789,531
Ballpark Sales Tax	General	Sales tax support of youth sports	2,300,000
Ballpark Sales Tax	Library	Sales tax support of extended library hours	2,300,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	27,076,057
Transportation Sales Tax	Capital Projects	Light rail transit projects	63,434,153
HRA	Human Services	Northwest Family Service Center	646,568
RRA	General	Management of transportation projects	130,778
Capital Projects	HRA	NorthPoint Health & Wellness Center expansion	3,052,057
Capital Projects	HRA	Construction of South Minneapolis Human Services Center	7,140,532
			<b>\$ 107,969,676</b>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**9. LONG-TERM OBLIGATIONS**

Changes in long-term obligations for the year ended December 31, 2018 are as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Governmental Activities:</u></b>					
G.O. bonds & notes – levy supported RRA limited authority	\$ 751,464,753	\$ 220,937,035	\$ (131,539,557)	\$ 840,862,231	\$ 46,257,415
G.O. bonds	31,535,000	-	(1,670,000)	29,865,000	1,730,000
G.O. bonds – non-levy supported	11,630,000	-	(665,000)	10,965,000	690,000
Unamortized premiums	121,517,730	17,881,410	(13,159,214)	126,239,926	-
<b>Total G.O. bonds &amp; notes</b>	<b>916,147,483</b>	<b>238,818,445</b>	<b>(147,033,771)</b>	<b>1,007,932,157</b>	<b>48,677,415</b>
Sales tax revenue bonds	184,670,000	-	(17,575,000)	167,095,000	18,330,000
Unamortized premiums	20,231,559	-	(1,341,420)	18,890,139	-
<b>Total revenue bonds</b>	<b>204,901,559</b>	<b>-</b>	<b>(18,916,420)</b>	<b>185,985,139</b>	<b>18,330,000</b>
<b>Total G.O. &amp; revenue bonds and notes</b>	<b>1,121,049,042</b>	<b>238,818,445</b>	<b>(165,950,191)</b>	<b>1,193,917,296</b>	<b>67,007,415</b>
Notes payable	4,344,736	-	(518,092)	3,826,644	518,092
Compensated absences	94,354,040	15,631,378	(14,701,953)	95,283,465	10,610,000
Postemployment healthcare	119,980,718	11,430,718	(8,415,000)	122,996,436	7,923,000
<b>Governmental Activities Total</b>	<b>1,339,728,536</b>	<b>265,880,541</b>	<b>(189,585,236)</b>	<b>1,416,023,841</b>	<b>86,058,507</b>
<b><u>Business-type Activities:</u></b>					
G.O. bonds Golf Course	510,000	-	(165,000)	345,000	170,000
G.O. bonds Solid Waste	12,725,489	6,294,063	(495,966)	18,523,586	744,300
G.O. bonds Medical Center	149,219,758	42,547,965	(4,328,540)	187,439,183	4,658,285
<b>Total G.O. bonds</b>	<b>162,455,247</b>	<b>48,842,028</b>	<b>(4,989,506)</b>	<b>206,307,769</b>	<b>5,572,585</b>
Compensated absences	41,056,998	872,302	(1,817,690)	40,111,610	1,810,000
Postemployment healthcare	30,578,224	3,423,085	(2,820,000)	31,181,309	2,906,000
<b>Business-type Activities Total</b>	<b>234,090,469</b>	<b>53,137,415</b>	<b>(9,627,196)</b>	<b>277,600,688</b>	<b>10,288,585</b>
<b>Government-wide Total</b>	<b>\$ 1,573,819,005</b>	<b>\$ 319,017,956</b>	<b>\$ (199,212,432)</b>	<b>\$ 1,693,624,529</b>	<b>\$ 96,347,092</b>

The Schedule of Changes in Long-term Debt (page 120) provides additional detail on bonds and notes. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
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**10. DEBT SERVICE REQUIREMENTS**

**General obligation (G.O.) bonds and notes** are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities included in the County's annual five-year capital improvement program. During the year, G.O. bonds totaling \$263,485,000 were issued. Of this amount:

- \$42,547,965 was used for the Medical Center's Clinic and Specialty Center,
- \$157,452,035 was issued to finance the County's capital improvements.
- \$63,485,000 was issued and, together with \$15,000,000 of County cash, was used to refund the \$34,900,000 currently callable amount of series 2009B and the \$43,440,000 currently callable amount of series 2013C. The current refunding of 2009B resulted in a total reduction of the County's debt service payments of \$16,635,521 over the next six years and an economic loss (difference between the present value of the debt service payments for the old and new debt) of \$78,327. The current refunding of 2013C resulted in a total increase to the County's debt service payments of \$158,489 over the next twelve years and an economic loss (difference between the present value of the debt service payments for the old and new debt) of \$250,410.

In December 2018, \$6,294,063 of G.O. bond liabilities, along with the related capital assets, were transferred from governmental activities to the Solid Waste Fund (business-type activities), as the Solid Waste Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.

**Sales tax revenue bonds** are issued when sales tax revenue is pledged to pay debt service. Pledged revenue derived from a 0.15% Hennepin County sales tax is used to pay the debt service of the County's Ballpark Revenue Bonds. The revenue bonds were issued for the construction of Target Field in Minneapolis, the home of the Minnesota Twins. Target Field is owned by the Minnesota Ballpark Authority, which is not a County agency or component unit. At year-end, \$215,667,567 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2032. Principal and interest paid during the current year totaled \$24,613,022, and pledged net sales tax revenues received were \$37,696,559.

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

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

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

	<b>G.O. Bonds &amp; Capital Notes</b>		<b>Sales Tax Revenue Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
<b>Governmental Activities:</b>					
2019	\$ 48,677,415	\$ 42,450,929	\$ 18,330,000	\$ 6,839,272	\$ 116,297,616
2020	51,065,226	40,350,088	19,135,000	6,287,698	116,838,011
2021	51,218,129	38,127,713	19,900,000	5,708,814	114,954,656
2022	45,931,703	35,945,021	20,075,000	5,102,033	107,053,757
2023	52,721,328	33,879,383	7,495,000	4,482,750	98,578,461
2024-28	264,680,060	133,494,533	45,580,000	16,272,750	460,027,343
2029-33	181,149,144	77,455,524	36,580,000	3,879,250	299,063,918
2034-38	180,136,772	29,257,288	-	-	209,394,060
2039-41	6,112,454	1,274,296	-	-	7,386,751
	<u>881,692,231</u>	<u>432,234,775</u>	<u>167,095,000</u>	<u>48,572,567</u>	<u>1,529,594,573</u>
<b>Business-type Activities:</b>					
2019	5,572,585	4,708,089	-	-	10,280,674
2020	5,949,774	4,585,861	-	-	10,535,635
2021	6,161,871	4,454,333	-	-	10,616,204
2022	6,558,297	4,316,694	-	-	10,874,991
2023	6,968,672	4,169,263	-	-	11,137,935
2024-28	40,329,940	18,290,304	-	-	58,620,244
2029-33	47,445,856	13,371,673	-	-	60,817,529
2034-38	53,858,228	7,657,984	-	-	61,516,212
2039-41	33,462,546	1,580,275	-	-	35,042,821
	<u>206,307,769</u>	<u>63,134,476</u>	<u>-</u>	<u>-</u>	<u>269,442,245</u>
	<u>\$1,088,000,000</u>	<u>\$ 495,369,251</u>	<u>\$ 167,095,000</u>	<u>\$ 48,572,567</u>	<u>\$1,799,036,818</u>

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

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

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly. Standby bond purchase agreement that supports the general obligation bonds of variable rate series 2017B expires July 5, 2022. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2022 debt service for governmental activities' G.O. bond principal will be \$97,621,703, rather than the \$45,931,703 shown in the table on the previous page for the year 2022. The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2018B expires November 1, 2023. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2023 debt service for governmental activities' G.O. bond principal will be \$179,661,328, rather than the \$52,721,328 shown in the table on the previous page for the year 2023.

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

	<b>Notes Payable</b>		Total
	Principal	Interest	
<b>Governmental Activities:</b>			
2019	\$ 518,092	\$ -	\$ 518,092
2020	518,092	-	518,092
2021	518,092	-	518,092
2022	518,092	-	518,092
2023	518,092	-	518,092
2024-25	1,236,184	-	1,236,184
	\$ 3,826,644	\$ -	\$ 3,826,644

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

Date of Issuance	Par Amount	Interest Rate	Maturity Date
December 13	\$ 67,000,000	2.58%	February 11, 2019
December 13	\$ 8,000,000	2.55%	February 11, 2019

Hennepin County, Minnesota  
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**11. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING**

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

Conduit Financing, Agreement Date	Agreement(s) Not to Exceed	Balance December 31, 2017	Balance December 31, 2018
Opportunity Partners, Inc., September 2008	\$ 2,940,022	\$ 1,021,428	\$ -
Loring Park Apartments LLC, December 2001	17,250,000	17,250,000	17,250,000
Minneapolis Stone Arch Partners, LLC, May 2002	20,120,000	20,120,000	19,390,000
Ebenezer York Assisted Living LLC December 2009	16,000,000	13,630,507	13,232,873
4041 Hiawatha Millworks Lofts April 2016	24,946,367	22,479,555	-
East Town Apartments May 2017	9,885,638	50,001	9,840,825
	<u>\$ 91,142,027</u>	<u>\$ 74,551,491</u>	<u>\$ 59,713,698</u>

Hennepin County, Minnesota  
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**12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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

<b>Classification and Amount at December 31, 2018</b>				
<b>Fund and Purpose</b>	<b>Nonspendable</b>	<b>Restricted For</b>	<b>Committed For</b>	<b>Assigned For</b>
<b><u>General Fund</u></b>				
Inventories	\$ 1,845,838			
Prepays	602,057			
Grant requirements		\$ 624,629		
Statutory requirements - primarily relating to youth sports & County Recorder technology		14,426,466		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 37,305,151
<b><u>Human Services Fund</u></b>				
Prepays	237,297			
Grant requirements		543,142		
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 103,719,911	
<b><u>Library Fund</u></b>				
Endowments	1,969,625			
Prepays	1,130,251			
Donor requirements specific to media category or library location		4,677,678		
Extended Library hours		1,236,672		
Print/electronic collection and technology improvements			33,174,412	
<b><u>Ballpark Sales Tax Fund</u></b>				
Debt service & statutory requirements		13,148,641		
<b><u>Transportation Sales Tax Fund</u></b>				
Transportation & statutory requirements		54,419,619		
<b><u>HRA Fund</u></b>				
Prepays	275,659			
Land held for resale		5,353,789		
HRA general expenditures		16,139,813		
<b><u>RRA Fund</u></b>				
RRA general expenditures		11,074,266		
<b><u>RRA Debt Service Fund</u></b>				
Debt service		9,857,074		
<b><u>General Debt Service Fund</u></b>				
Debt service		11,861,846		
<b><u>Capital Projects Fund</u></b>				
Bond requirements relating to capital projects		124,528,467		

Hennepin County, Minnesota  
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**13. PROPERTY TAX ABATEMENTS**

The County is subject to property tax abatements granted by tax increment finance (TIF) authorities within the County. TIF authorities are defined in Minn. Stat. § 469.174 and include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property tax on the property subject to the TIF agreement.

In the case of the County, TIF agreements of other local governments may have resulted in reductions of County property tax revenues for the year ended December 31, 2018 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing:	
City of:	
Eden Prairie	\$ 932,933
Hopkins	1,020,832
Minneapolis	2,869,484
Minnetonka	577,805
Richfield	755,461
St Louis Park	3,547,086
Wayzata Housing & Redevelopment Authority	861,733
Fifteen other cities and authorities	1,205,384
	\$ 11,770,718

**14. RISK MANAGEMENT**

**A. Risk Management – Excluding the Medical Center**

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

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

Outstanding and incurred but not reported (IBNR) tort claims are evaluated through a combination of case-by-case reviews and application of historical experience. The balance of the estimated tort liability in the Self Insurance fund at December 31, 2018 is \$1,750,000, and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year.

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

**A. Risk Management – Excluding the Medical Center – continued**

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

	2018	2017
Estimated liability at beginning of year	\$ 1,500,000	\$ 500,000
Estimated incurred claims (including IBNR)	1,626,798	2,249,735
Claim payments	(1,376,798)	(1,249,735)
Estimated liability at end of year	\$ 1,750,000	\$ 1,500,000

In addition to the above estimated liability, the County has determined that it is reasonably possible that other claims may result in approximately \$650,000 of adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

**Workers' Compensation Claims.** The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$2,000,000 per occurrence. During 2018, \$2,777,821 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The liability reported at December 31, 2018 was \$13,716,000. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

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

	2018	2017
Estimated liability at beginning of year	\$ 15,109,236	\$ 16,109,236
Estimated incurred claims (including IBNR)	1,384,585	2,072,077
Claim payments and expenses	(2,777,821)	(3,072,077)
Estimated liability at end of year	\$ 13,716,000	\$ 15,109,236

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

**B. Risk Management – Medical Center**

The County's risk management structure, including insurance programs and actuarial studies is separate from Medical Center risk management, therefore, the Medical Center is disclosed separately from the County's information.

The Medical Center purchases commercial insurance to insure its risk of loss related to theft of, damage to and destruction of assets, business interruption, employee injuries and illnesses, natural disasters, cyber threats, and long-term disability benefits. The Medical Center is self-insured for claims arising from general, medical malpractice, and other professional liability matters, employee health and dental, short-term disability, and workers' compensation. Purchased insurance is used for certain professional liability claims.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**14. RISK MANAGEMENT – continued**

**B. Risk Management – Medical Center – continued**

**General and Professional Liability.** State law also limits the tort liability of the Medical Center as described for the County in section A, however, prior to eligibility for the statutory liability limits a MCCU was exposed to certain tort liabilities, which are estimated at \$4,637,432. A second MCCU is not eligible for the statutory liability limits, so liability coverage is purchased on a claims-made basis covering claims of up to \$5,000,000 per occurrence or \$7,000,000 in the aggregate, subject to certain deductible and self-retention amounts. The Medical Center self-insures for general, professional, and employment practices exposures. Actuarial valuations are the basis for the estimated general liability and professional claims liability, which are included in accrued expenses in the statements of net position.

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

	2018	2017
Estimated liability at beginning of year	\$ 15,150,000	\$ 14,150,000
Estimated incurred claims (including IBNR)	2,108,000	4,813,000
Claim payments and expenses	(3,358,000)	(3,813,000)
Estimated liability at end of year	\$ 13,900,000	\$ 15,150,000

**15. SELF-INSURED EMPLOYEE HEALTH PLANS**

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

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

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

	2018	2017
Estimated liability at beginning of year	\$ 7,861,998	\$ 9,413,076
Estimated incurred claims (including IBNR)	107,506,696	106,637,790
Claim payments and expenses	(107,986,949)	(108,188,868)
Estimated liability at end of year	\$ 7,381,745	\$ 7,861,998

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

**B. Employee Health Plan –Medical Center**

**Employee Health and Dental Claims** are self-insured. The accrual for estimated claims includes estimates of the ultimate cost for IBNR claims and are based upon estimated cost of settlement. The Medical Center purchased reinsurance on a specific-case basis for 2018 and 2017, in order to reduce its liability on individual risks. All reinsurance contracts are excess-of-loss contracts, which indemnify the Medical Center for losses in excess of stated reinsurance policy limits. As of December 31, 2018 and 2017, the limits were \$600,000 for specific claims and were \$98,500,000 and \$90,300,000 for claims in the aggregate, respectively. A liability was recorded at year-end for estimated open and IBNR claims. Outstanding and IBNR claims are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during the past two years are as follows:

	2018	2017
Estimated liability at beginning of year	\$ 596,334	\$ 1,724,392
Estimated incurred claims (including IBNR)	77,053,000	75,051,000
Claim payments and expenses	(76,789,364)	(76,179,058)
Estimated liability at end of year	\$ 859,970	\$ 596,334

**16. CONTINGENCIES**

The County is involved in disputes and litigation, which normally occur in governmental operations and often involve claims for money damages. These pending cases are not considered unusual in number or amount and, based on past experiences in similar litigation, should not have a material adverse effect on the financial position of the County; however, they could be material to an individual period. Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally Federal and State governments. Disallowed claims, if any, which could include amounts already received, may result in a liability for the applicable funds. The County does not believe such amounts will have a material effect on its financial position.

**17. OTHER EMPLOYEE BENEFITS**

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

The County has chosen the option of using an Internal Service Fund to account for the cost and liquidation of the governmental funds' compensated absences. As a result, the County reports these estimated earned and unused benefits on a full accrual basis.

**Compensated Absences.** Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 800 hours for most employees. The maximum is 1,280 hours for certain employees based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$6,636,850 in 2018. 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 \$97,194,477. At the government-wide level, \$1,911,012 is reported in business-type activities. The remaining amount of \$95,283,465 is reported in governmental activities, of which \$66,352,083 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**

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

**Single-Employer Postemployment Healthcare Benefit Program**

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

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

The current retiree healthcare benefit plan is approved by the County Board on a year-to-year basis. According to 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.

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

This benefit is not available to non-organized employees beginning County employment after January 1, 2007, or to organized employees beginning County employment after January 1, 2008, except for former employees of the Minneapolis Public Library who became county employees on January 1, 2008. Additionally, this benefit is not available to employees who traded their eligibility for the retiree healthcare benefit for participation in a Health Care Savings Program (HCSP) through a one-time opt-out offered to organized employees hired prior to January 1, 2008. The HCSP is funded by contributions of 1% of salary by the employee and \$500-\$700 per year by the County, beginning in January 2009. The County's contributions to the HCSP for the years ending December 31, 2018 and 2017 were \$721,000 and \$615,600, respectively.

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

Hennepin County, Minnesota  
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**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

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

**Single-Employer Postemployment Healthcare Benefit Program – continued**

**Funding Policy.** Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75. In 2018, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$90 per month to the County for the benefit. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

**Employees Covered by Benefit Terms.** At December 31, 2018 and 2017, the following employees were covered by the benefit terms:

	2018	2017
Inactive employees or beneficiaries currently receiving benefit payments	599	751
Active employees	8,030	7,573
	8,629	8,324

**Actuarial assumptions and other inputs.** The total OPEB liabilities as of December 31, 2018 and December 31, 2017 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2018	2017
Reporting date	December 31, 2018	December 31, 2017
Measurement date	December 31, 2017	December 31, 2016
Actuarial valuation date	December 31, 2017	December 31, 2017
Discount rate	3.44%	3.78%
Salary increase rate	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	6.63 years	6.63 years

\*\* 5.50% for healthcare costs, decreasing to an ultimate rate of 4.00% in 2089.

The discount rate is based on the 20-year Bond Buyer GO Index. Salary increase rates are consistent with those used by PERA, which range from 3.5% to 11.5% based on employees' years of service. The OPEB liabilities as of December 31, 2018 and December 31, 2017 were based on the results of an actuarial experience study for the period of June 30, 2015 and August 30, 2016 for the PERA General and PERA Police and Fire Plans, respectively. Actuarial valuations include assumptions of future event and if the actual events differ from the assumptions made, the actual cost of the OPEB plan would change.

Hennepin County, Minnesota  
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**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

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

**Single-Employer Postemployment Healthcare Benefit Program – continued**

**Total OPEB Liability - continued**

	Changes in Total OPEB Liability	
	2018	2017
Total OPEB liability, beginning (as restated)	\$ 121,221,723	\$ 122,704,399
Changes for the year:		
Service cost	4,476,499	4,500,514
Interest	4,592,534	4,384,787
Changes of assumptions or other inputs	2,461,877	(1,526,977)
Benefit payments	(8,484,000)	(8,841,000)
Total OPEB liability, ending	\$ 124,268,633	\$ 121,221,723

Changes of assumptions or other inputs reflect a change in the discount rate from 3.78% as of December 31, 2017, to 3.44% as of December 31, 2018. The participation rate for those not eligible for County-subsidized premiums has been updated from 15% in 2017 to 20% in 2018.

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

	1% Lower 2.44%	Current Discount Rate 3.44%	1% Higher 4.44%
Total OPEB Liability	\$ 131,637,827	\$ 124,268,633	\$ 117,107,328

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

	1% Lower 4.5% decreasing to 3%	Current Trend Rate 5.5% decreasing to 4%	1% Higher 6.5% decreasing to 5%
Total OPEB Liability	\$ 113,418,706	\$ 124,268,633	\$ 136,671,963

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

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

**Single-Employer Postemployment Healthcare Benefit Program – continued**

**OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB.** For the years ended December 31, 2018 and 2017, the County recognized OPEB expense of \$9,210,044 and \$8,654,988, respectively. At December 31, 2018 and 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 2,090,553	\$ (1,066,352)	\$ -	\$ (1,296,664)
Employer contributions subsequent to the measurement date	8,005,000	-	8,484,000	-
	<u>\$ 10,095,553</u>	<u>\$ (1,066,352)</u>	<u>\$ 8,484,000</u>	<u>\$ (1,296,664)</u>

Employer contributions subsequent to the measurement date of December 31, 2017 of \$8,005,000, which are reported as deferred outflows of resources as of December 31, 2018, will be recognized as a reduction of the OPEB liability in the County's fiscal year ending December 31, 2019. Other amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	2018
2019	\$ 141,011
2020	141,011
2021	141,011
2022	141,011
2023	226,225
Thereafter	233,932
	<u>\$ 1,024,201</u>

**B. Other Employee Benefits – Medical Center**

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

**Compensated Absences.** Medical Center compensated absences, including vacation and sick time, are reported as an expense and an accrued liability as the benefits are earned and expected to be paid. At December 31, the liability for accumulated compensated absences for all Medical Center employees totaled \$38,200,598.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

**B. Other Employee Benefits – Medical Center – Continued**

**Single-Employer Postemployment Healthcare Benefit Program**

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

**Plan Description.** Certain union Medical Center employees who have Medical Center-sponsored health coverage in force as of their termination date and who meet certain age and length of service requirements may be eligible for the Medical Center’s retiree health plan. In 2007, the Medical Center offered a retiree health alternative called the personal choice account (PCA) for nonunion employees, which can be used for qualifying health expenses of covered employees, as an alternative to the Medical Center’s health care benefits for retired nonunion employees. The liability for PCA is recorded at estimated present value, net of estimated forfeitures, and the current portion of the liability is included in accrued salaries, wages and benefits in the statements of net position. Nonunion employees who chose not to participate in the PCA benefit remained eligible to participate in the retiree health program.

**Benefits Provided.** While they are under age 65, eligible nonunion retirees who did not choose to participate in the PCA and certain eligible retirees who are unionized may participate in the Medical Center’s subsidized retiree health program, with access to the same health plan (and benefit levels) available to active employees. They may qualify to receive a Medical Center contribution toward health plan premiums in an amount equal to that contributed to an active employee electing employee-only health coverage until they reach age 65 by meeting one of the specific age and length of service requirements.

**Funding policy.** Retiree health care benefits are funded on a pay-as-you-go basis. Either the Medical Center’s Board or the County Board may change the funding policy at any time. In 2018, the Medical Center paid eligible single premium amounts for the enrolled retirees described above. Eligible retiree family members, as well as ineligible retirees, may pay their full premium to obtain coverage.

**Employees Covered by Benefit Terms.** At December 31, 2018 and 2017, the following employees were covered by the benefit terms:

	2018	2017
Inactive employees or beneficiaries currently receiving benefit payments	149	146
Active employees	5,984	5,982
	6,133	6,128

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

**B. Other Employee Benefits – Medical Center - continued**

**Single-Employer Postemployment Healthcare Benefit Program – continued**

**Actuarial assumptions and other inputs.** The total OPEB liabilities as of December 31, 2018 and December 31, 2017 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	2018	2017
Reporting date	December 31, 2018	December 31, 2017
Measurement date	December 31, 2017	December 31, 2016
Actuarial valuation date	December 31, 2017	December 31, 2017
Discount rate	3.44%	3.78%
Salary increase rate	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	9.7 years	9.7 years

\*\* 6.1% for healthcare costs, decreasing to an ultimate rate of 4% in 2082.

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

Changes in Total OPEB Liability		
	2018	2017
Total OPEB liability, beginning (as restated)	\$ 29,337,219	\$ 29,366,029
Changes for the year:		
Service cost	1,601,420	1,613,801
Interest	1,117,968	1,064,259
Changes of assumptions or other inputs	603,505	(348,870)
Benefit payments	(2,751,000)	(2,358,000)
Total OPEB liability, ending	<u>\$ 29,909,112</u>	<u>\$ 29,337,219</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.78% as of December 31, 2017, to 3.44% as of December 31, 2018.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

**B. Other Employee Benefits – Medical Center - continued**

**Single-Employer Postemployment Healthcare Benefit Program – continued**

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

	1% Lower 2.44%	Current Discount Rate 3.44%	1% Higher 4.44%
Total OPEB Liability	\$31,732,048	\$29,909,112	\$28,161,487

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

	1% Lower 5.1% decreasing to 3%	Current Trend Rate 6.1% decreasing to 4%	1% Higher 7.1% decreasing to 5%
Total OPEB Liability	\$ 27,680,445	\$29,909,112	\$32,552,594

**OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB.** For the years ended December 31, 2018 and 2017, the Medical Center recognized OPEB expense of \$2,745,639 and \$2,642,094, respectively. At December 31, 2018 and 2017, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 541,289	\$ (276,938)	\$ -	\$ (312,904)
Employer contributions subsequent to the measurement date	2,824,000	-	2,751,000	-
	\$ 3,365,289	\$ (276,938)	\$ 2,751,000	\$ (312,904)

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**17. OTHER EMPLOYEE BENEFITS – CONTINUED**

**B. Other Employee Benefits – Medical Center - continued**

**Single-Employer Postemployment Healthcare Benefit Program – continued**

Employer contributions subsequent to the measurement date of December 31, 2017 of \$2,824,000, which are reported as deferred outflows of resources as of December 31, 2018, will be recognized as a reduction of the OPEB liability in the Medical Center’s fiscal year ending December 31, 2019. Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2018, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

<u>Years ending December 31:</u>	<u>2018</u>
2019	\$ 26,251
2020	26,251
2021	26,251
2022	26,251
2023	26,251
Thereafter	133,096
	<u>\$ 264,351</u>

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

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

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

**1. General Employees Plan Benefits** are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

**2. Police and Fire Plan Benefits** for members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

**3. Correctional Plan Benefits** for members first hired after June 30, 2010 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. The annuity accrual rate is 1.9 percent of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the Correctional Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
 December 31, 2018

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

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

- 1. General Employees Fund Contributions.** Coordinated Plan members were required to contribute 6.5% of their annual covered salary in 2018 and the County was required to contribute 7.5% for Coordinated Plan members. The County's contributions to the General Employees Fund for the year ended December 31, 2018 were \$67,962,777. The County's contributions were equal to the required contributions as set by state statute.
- 2. Police and Fire Fund Contributions.** Plan members were required to contribute 10.8% of their annual covered salary in fiscal year 2018. The County was required to contribute 16.2% of pay for members in 2018. The County's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$7,087,821. The County's contributions were equal to the required contributions as set by state statute.
- 3. Correctional Fund Contributions.** Plan members were required to contribute 5.83% of their annual covered salary and the County was required to contribute 8.75% of pay for plan members in 2018. The County's contributions to the Correctional Fund for the year ended December 31, 2018 were \$3,150,059. The County's contributions were equal to the required contributions as set by state statute.

**Pension Costs.** As detailed in the three sections below, for the year ended December 31, 2018 the County recognized pension expense of \$68,344,725 in total for all pension plans.

- 1. General Employees Fund Pension Costs.** At December 31, 2018, the County reported a liability of \$734,362,227 for its proportionate share of the General Employees Fund's net pension liability. The County's net pension liability reflected a reduction due to the State of Minnesota's (State's) contribution of \$16,000,000 to the fund in 2018. The State's required contributions will be reduced to \$6,000,000 for State fiscal years 2019 to 2031. The State is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State's proportionate share of the net pension liability associated with the County totaled \$24,088,367. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportionate share of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018 the County's proportionate share was 13.24% which was a decrease of .41% from its proportion measured as of June 30, 2017.

County's proportionate share of the net pension liability	\$ 734,362,227
State's proportionate share of the net pension liability associated with the County	<u>24,088,367</u>
Total	<u><u>\$ 758,450,594</u></u>

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

**Pension Costs – continued.**

**1. General Employees Fund Pension Costs – continued.**

For the year ended December 31, 2018 the County recognized pension expense of \$62,666,497 for its proportionate share of the General Employees Plan's pension expense. In addition, the County recognized an additional \$5,617,360 as pension expense (and grant revenue) for its proportionate share of the State's contribution of \$16,000,000 to the General Employees Fund.

At December 31, 2018, the County reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 20,008,725	\$ (20,906,496)
Changes in actuarial assumptions	68,447,429	(84,278,007)
Difference between projected and actual investment earnings	-	(80,841,229)
Changes in proportion	31,612,178	(19,501,323)
Contributions paid to PERA subsequent to measurement date	35,104,807	-
	\$ 155,173,139	\$ (205,527,055)

The \$35,104,807 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2019	\$ 31,445,335
2020	(34,331,643)
2021	(67,191,391)
2022	(15,381,024)

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

**Pension Costs – continued.**

**2. Police and Fire Fund Pension Costs.** At December 31, 2018 the County reported a liability of \$43,648,482 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2018 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018 the County’s proportion was 4.09% which was a decrease of 0.02% from its proportion measured as of June 30, 2017. The County also recognized \$368,550 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State to begin contributing \$9,000,000 to the Police and Fire Fund each year, starting in fiscal year 2014, until the plan is funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs first. Additional annual state contributions will equal \$4,500,000 in fiscal years 2019 and 2020, and \$9,000,000 thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.

For the year ended December 31, 2018, the County recognized pension expense of \$4,042,494 for its proportionate share of the Police and Fire Plan’s pension expense. At year end, the County reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 1,777,104	\$ (10,583,832)
Changes in actuarial assumptions	55,347,201	(64,593,614)
Difference between projected and actual investment earnings	-	(9,386,400)
Changes in proportion	3,722,070	(1,668,049)
Contributions paid to PERA subsequent to measurement date	3,654,627	-
	\$ 64,501,002	\$ (86,231,895)

The \$3,654,627 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2019	\$ 1,151,120
2020	(3,119,392)
2021	(6,341,027)
2022	(16,882,802)
2023	(193,419)

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

**Pension Costs – continued.**

**3. Correctional Plan Pension Costs.** At December 31, 2018 the County reported a liability of \$2,836,910 for its proportionate share of the Correctional Plan’s net pension liability. The net pension liability was measured as of June 30, 2018 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018 the County’s proportion was 17.25% which was a decrease of 0.09% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the County recognized negative pension expense of \$4,350,176 for its proportionate share of the Correctional Plan’s pension expense. At year end the County reported its proportionate share of the Correctional Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual economic experience	\$ 148,035	\$ (304,838)
Changes in actuarial assumptions	13,367,550	(32,831,574)
Difference between projected and actual investment earnings	-	(3,248,777)
Changes in proportion	397,073	(385,680)
Contributions paid to PERA subsequent to measurement date	1,597,949	-
	\$ 15,510,607	\$ (36,770,869)

The \$1,597,949 reported as deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

Year Ended December 31	Pension Expense Amount
2019	\$ 1,349,310
2020	(12,590,683)
2021	(11,022,918)
2022	(593,920)

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

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

**Actuarial Assumptions.** The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% to 2% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.5%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based for all plans on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan, 1% per year for the Police and Fire Plan, and 2% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. The five-year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic stocks	36%	5.10%
International stocks	17%	5.30%
Bonds (fixed income)	20%	0.75%
Alternative assets (private markets)	25%	5.90%
Cash	2%	0.00%
	<u>100%</u>	

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
 December 31, 2018

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

**Discount Rate.** The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Sensitivity of Net Pension Liability (Asset) at Current Single Discount Rate (in thousands)**

	General Employees Fund		Police and Fire Fund		Correctional Fund	
1% lower	6.5%	\$ 1,193,432,637	6.5%	\$ 93,585,083	6.5%	\$ 24,279,066
Current %	7.5%	734,362,227	7.5%	43,648,482	7.5%	2,836,910
1% higher	8.5%	355,412,710	8.5%	2,352,987	8.5%	(14,316,159)

**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).

In 2018, County governmental activities’ pension liabilities were liquidated at a rate of approximately 53% General Fund 36% Human Services Fund, 5% Library Fund, and 6% internal service funds.

**19. NEW ACCOUNTING PRONOUNCEMENTS**

**Accounting Standards Adopted in the Current Year**

As described in Note 1, the County adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, in the current year. Additionally, GASB Statement No. 85, *Omnibus 2017*; GASB Statement No. 86, *Certain Debt Extinguishment Issues*; and GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* were also adopted with no impact in the current year.

**Accounting Standards Not Yet Adopted**

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

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

Hennepin County, Minnesota  
**Notes to the Basic Financial Statements**  
December 31, 2018

**19. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED**

GASB Statement No. 87, *Leases*, is effective for the County on January 1, 2020. This statement requires government lessees to recognize lease liabilities and intangible assets, and report amortization expense, interest expense, and note disclosures about the leases. Government lessors are required to recognize a lease receivable and deferred inflow of resources, in addition to reporting the leased assets. Lessors then report lease revenue, interest income, and note disclosures about the leases.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, is effective for the County on January 1, 2020. This statement establishes guidance relating to capital assets, interest cost incurred before the end of a construction period, and the cost of borrowing for a reporting period.

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

**20. SUBSEQUENT EVENTS**

On March 12, 2019, the Hennepin County Regional Railroad Authority issued \$80,000,000 of Limited Tax Bonds, Series 2019A for the METRO Green Line Extension (Southwest Light Rail Transit) project.



# **Required Supplementary Information**



Hennepin County, Minnesota  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Postemployment Healthcare Benefit Program**  
Last 2 Years

<u>Total OPEB Liability - Excluding the Medical Center</u>	<u>2018</u>	<u>2017</u>
Service cost . . . . .	\$ 4,476,499	\$ 4,500,514
Interest . . . . .	4,592,534	4,384,787
Changes in benefit terms . . . . .	-	-
Differences between expected and actual experience . . . . .	-	-
Changes in assumptions or other inputs . . . . .	2,461,877	(1,526,977)
Benefit payments . . . . .	<u>(8,484,000)</u>	<u>(8,841,000)</u>
Net change in total OPEB liability	3,046,910	(1,482,676)
Total OPEB liability, beginning . . . . .	121,221,723	122,704,399
Total OPEB liability, ending . . . . .	<u>\$ 124,268,633</u>	<u>\$ 121,221,723</u>
Covered payroll . . . . .	\$ 597,177,479	\$ 547,497,898
Total OPEB liability as a percentage of covered-employee payroll . . . .	20.81%	22.14%

<u>Total OPEB Liability - Medical Center</u>	<u>2018</u>	<u>2017</u>
Service cost . . . . .	\$ 1,601,420	\$ 1,613,801
Interest . . . . .	1,117,968	1,064,259
Changes in benefit terms . . . . .	-	-
Differences between expected and actual experience . . . . .	-	-
Changes in assumptions or other inputs . . . . .	603,506	(348,870)
Benefit payments . . . . .	<u>(2,751,000)</u>	<u>(2,358,000)</u>
Net change in total OPEB liability	571,894	(28,810)
Total OPEB liability, beginning . . . . .	29,337,219	29,366,029
Total OPEB liability, ending . . . . .	<u>\$ 29,909,113</u>	<u>\$ 29,337,219</u>
Covered payroll . . . . .	\$ 349,253,599	\$ 348,227,603
Total OPEB liability as a percentage of covered-employee payroll . . . .	8.56%	8.42%

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

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedule of Defined Benefit Pension Plan Contributions**  
 Last Four Calendar Years

<u>Year Ended</u>	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>General Employees Fund:</u>					
12/31/2015	\$ 59,766,423	\$ 59,766,423	\$ -	\$ 796,885,637	7.50%
12/31/2016	61,729,416	61,729,416	-	823,058,880	7.50%
12/31/2017	65,213,219	65,213,219	-	869,509,587	7.50%
12/31/2018	67,962,777	67,962,777	-	906,170,360	7.50%
<u>Police and Fire Fund:</u>					
12/31/2015	\$ 6,263,212	\$ 6,263,212	\$ -	\$ 38,661,801	16.20%
12/31/2016	6,394,335	6,394,335	-	39,471,204	16.20%
12/31/2017	6,917,586	6,917,586	-	42,701,148	16.20%
12/31/2018	7,087,821	7,087,821	-	43,751,982	16.20%
<u>Correctional Fund:</u>					
12/31/2015	\$ 2,752,592	\$ 2,752,592	\$ -	\$ 31,458,191	8.75%
12/31/2016	2,904,599	2,904,599	-	33,195,417	8.75%
12/31/2017	2,994,280	2,994,280	-	34,220,343	8.75%
12/31/2018	3,150,059	3,150,059	-	36,000,678	8.75%

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

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedule of County Proportionate Share of Defined Benefit Pension Plans**  
 Last Four Measurement Dates

Fiscal Year Ended	Proportion (Percentage) of the Net Pension Liability	The County's Proportionate Share (Amount) of the Net Pension Liability (a)	The State's Proportionate Share (Amount) of the Net Pension Liability Associated with the County (b)	Combined Proportionate Share of the Net Pension Liability Associated With the County (a+b)	County Covered Payroll (c)	County Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>General Employees Fund:</b>							
6/30/2015	12.7199%	\$ 659,211,482	\$ -	\$ 659,211,482	\$ 748,386,350	88.1%	78.2%
6/30/2016	12.9213%	1,049,141,410	13,702,696	1,062,844,106	802,521,842	132.4%	68.9%
6/30/2017	13.6448%	871,075,027	10,951,853	882,026,880	880,985,965	100.1%	75.9%
6/30/2018	13.2375%	734,362,227	24,088,367	758,450,594	891,568,889	85.1%	79.5%
<b>Police and Fire Fund:</b>							
6/30/2015	4.143%	\$ 47,074,163	\$ -	\$ 47,074,163	\$ 38,106,826	123.5%	86.6%
6/30/2016	4.010%	160,928,278	-	160,928,278	38,679,130	416.1%	63.9%
6/30/2017	4.117%	55,584,399	-	55,584,399	42,503,612	130.8%	85.4%
6/30/2018	4.095%	43,648,482	-	43,648,482	43,274,743	100.9%	88.8%
<b>Correctional Fund:</b>							
6/30/2015	17.09%	\$ 2,642,146	\$ -	\$ 2,642,146	\$ 30,694,935	8.6%	97.0%
6/30/2016	17.23%	62,943,603	-	62,943,603	42,770,433	147.2%	58.2%
6/30/2017	17.34%	49,419,174	-	49,419,174	34,650,138	142.6%	67.9%
6/30/2018	17.25%	2,836,910	-	2,836,910	35,245,309	8.0%	97.6%

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

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Comparisons by Department**  
**General Fund**  
For the Year Ended December 31, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2017 Actual
<b>REVENUES</b>					
Property taxes . . . . .	\$ 360,142,024	\$ 368,318,524	\$ 374,797,023	\$ 6,478,499	\$ 357,786,261
Wheelage tax . . . . .	10,000,000	10,000,000	10,468,350	468,350	9,973,509
Other taxes . . . . .	13,453,500	2,253,500	3,184,373	930,873	3,013,535
Intergovernmental . . . . .	102,712,259	103,084,259	100,245,569	(2,838,690)	94,394,280
Investment earnings (losses) . . . . .	14,250,000	14,250,000	15,047,060	797,060	11,230,335
Charges for services . . . . .	103,097,591	103,170,238	92,711,671	(10,458,567)	95,121,063
Fines and forfeits . . . . .	211,000	233,976	418,460	184,484	327,436
Licenses and permits . . . . .	6,836,200	6,836,200	6,529,831	(306,369)	6,394,048
Other . . . . .	19,079,968	19,124,968	18,436,194	(688,774)	19,186,323
<b>Total Revenues</b>	<b>629,782,542</b>	<b>627,271,665</b>	<b>621,838,531</b>	<b>(5,433,134)</b>	<b>597,426,790</b>
<b>EXPENDITURES - CURRENT</b>					
<b>Operations</b>					
County Board:					
Personal services . . . . .	2,701,011	2,701,011	2,632,526	68,485	2,519,521
Commodities . . . . .	54,850	70,962	15,612	55,350	57,621
Contractual services . . . . .	175,368	176,041	146,096	29,945	109,026
Capital outlay . . . . .	2,400	2,400	-	2,400	-
Other charges . . . . .	200,650	223,101	53,166	169,935	73,024
	<u>3,134,279</u>	<u>3,173,515</u>	<u>2,847,400</u>	<u>326,115</u>	<u>2,759,192</u>
County Administration:					
Personal services . . . . .	2,227,496	2,227,496	2,357,763	(130,267)	2,035,111
Commodities . . . . .	18,100	18,182	6,706	11,476	39,506
Contractual services . . . . .	1,091,045	1,441,045	795,427	645,618	825,404
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	51,300	51,300	33,267	18,033	43,826
	<u>3,387,941</u>	<u>3,738,023</u>	<u>3,193,163</u>	<u>544,860</u>	<u>2,943,847</u>
Budget & Finance:					
Personal services . . . . .	12,393,539	12,393,539	11,945,102	448,437	11,088,101
Commodities . . . . .	331,775	480,827	192,111	288,716	468,235
Contractual services . . . . .	3,953,139	4,128,061	4,304,784	(176,723)	4,092,703
Capital outlay . . . . .	1,500	1,500	208,268	(206,768)	(121,602)
Other charges . . . . .	337,160	337,160	179,192	157,968	157,305
	<u>17,017,113</u>	<u>17,341,087</u>	<u>16,829,457</u>	<u>511,630</u>	<u>15,684,742</u>
Facility Services:					
Personal services . . . . .	25,037,577	25,037,577	24,476,800	560,777	22,776,841
Commodities . . . . .	1,626,743	1,630,459	1,456,128	174,331	1,595,204
Contractual services . . . . .	32,845,210	33,166,424	33,252,636	(86,212)	33,834,076
Capital outlay . . . . .	26,000	26,689	21,056	5,633	174,893
Other charges . . . . .	694,099	757,666	752,507	5,159	750,330
	<u>60,229,629</u>	<u>60,618,815</u>	<u>59,959,127</u>	<u>659,688</u>	<u>59,131,344</u>
Information Technology:					
Personal services . . . . .	3,046,977	3,046,977	3,272,354	(225,377)	2,805,764
Commodities . . . . .	1,498	1,498	103,340	(101,842)	49,656
Contractual services . . . . .	3,137,707	3,076,919	2,053,787	1,023,132	2,385,822
Capital outlay . . . . .	-	-	200,000	(200,000)	-
Other charges . . . . .	51,175	51,175	29,657	21,518	22,032
	<u>6,237,357</u>	<u>6,176,569</u>	<u>5,659,138</u>	<u>517,431</u>	<u>5,263,274</u>
Real Property Group:					
Personal services . . . . .	33,427,119	33,427,119	33,288,823	138,296	30,649,595
Commodities . . . . .	286,900	231,312	380,635	(149,323)	437,866
Contractual services . . . . .	9,968,235	10,067,259	9,632,184	435,075	7,633,632
Capital outlay . . . . .	33,000	33,000	4,686	28,314	1,181,979
Other charges . . . . .	1,719,500	1,719,501	1,788,806	(69,305)	1,411,654
	<u>45,434,754</u>	<u>45,478,191</u>	<u>45,095,134</u>	<u>383,057</u>	<u>41,314,726</u>
Human Resources:					
Personal services . . . . .	10,069,527	10,069,527	10,700,525	(630,998)	9,781,096
Commodities . . . . .	100,208	100,285	77,121	23,164	128,402
Contractual services . . . . .	7,208,469	7,329,926	5,613,938	1,715,988	7,112,215
Capital outlay . . . . .	300	300	-	300	-
Other charges . . . . .	538,952	538,952	284,701	254,251	260,282
	<u>17,917,456</u>	<u>18,038,990</u>	<u>16,676,285</u>	<u>1,362,705</u>	<u>17,281,995</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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2017 Actual
<b>EXPENDITURES - CURRENT, continued</b>					
<b>Operations, continued</b>					
Audit, Compliance and Investigation Services:					
Personal services . . . . .	3,837,933	3,837,933	3,562,542	275,391	3,289,597
Commodities . . . . .	25,600	25,674	8,226	17,448	4,514
Contractual services . . . . .	841,218	840,927	732,865	108,062	742,785
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	77,075	77,075	50,202	26,873	47,356
	<u>4,781,826</u>	<u>4,781,609</u>	<u>4,353,835</u>	<u>427,774</u>	<u>4,084,252</u>
General County Purposes <sup>1</sup> :					
Personal services . . . . .	8,525,239	8,505,239	8,724,944	(219,705)	8,395,462
Commodities . . . . .	206,235	307,573	193,583	113,990	197,920
Contractual services . . . . .	5,700,134	5,752,024	5,222,002	530,022	4,985,311
Capital outlay . . . . .	80,000	80,000	(4,350)	84,350	(6,371)
Other charges . . . . .	16,227,614	12,038,986	5,109,967	6,929,019	5,053,711
	<u>30,739,222</u>	<u>26,683,822</u>	<u>19,246,146</u>	<u>7,437,676</u>	<u>18,626,033</u>
<b>Total Operations:</b>					
Personal services . . . . .	101,266,418	101,246,418	100,961,379	285,039	93,341,088
Commodities . . . . .	2,651,909	2,866,772	2,433,462	433,310	2,978,924
Contractual services . . . . .	64,920,525	65,978,626	61,753,719	4,224,907	61,720,974
Capital outlay . . . . .	143,200	143,889	429,660	(285,771)	1,228,899
Other charges . . . . .	19,897,525	15,794,916	8,281,465	7,513,451	7,819,520
	<u>188,879,577</u>	<u>186,030,621</u>	<u>173,859,685</u>	<u>12,170,936</u>	<u>167,089,405</u>
<b>Health</b>					
NorthPoint Health & Wellness Center:					
Personal services . . . . .	31,555,312	31,552,349	30,673,740	878,609	29,448,932
Commodities . . . . .	2,748,181	2,770,246	2,741,461	28,785	2,473,043
Contractual services . . . . .	6,199,519	6,342,432	6,491,721	(149,289)	6,071,319
Capital outlay . . . . .	80,400	346,783	177,070	169,713	986,131
Other charges . . . . .	655,870	655,370	550,502	104,868	838,038
	<u>41,239,282</u>	<u>41,667,180</u>	<u>40,634,494</u>	<u>1,032,686</u>	<u>39,817,463</u>
Medical Examiner:					
Personal services . . . . .	4,907,668	4,907,668	5,196,550	(288,882)	4,740,940
Commodities . . . . .	103,547	103,831	78,279	25,552	80,955
Contractual services . . . . .	1,435,844	1,435,844	1,310,281	125,563	1,382,423
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	163,200	163,200	23,899	139,301	101,526
	<u>6,610,259</u>	<u>6,610,543</u>	<u>6,609,009</u>	<u>1,534</u>	<u>6,305,844</u>
Uncompensated Care:					
Personal services . . . . .	-	-	-	-	-
Commodities . . . . .	-	-	-	-	-
Contractual services . . . . .	22,500,000	25,943,000	25,943,000	-	22,500,000
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	-	-	-	-	-
	<u>22,500,000</u>	<u>25,943,000</u>	<u>25,943,000</u>	<u>-</u>	<u>22,500,000</u>
Health Administration and Support:					
Personal services . . . . .	1,020,028	1,020,028	1,031,995	(11,967)	849,365
Commodities . . . . .	500	500	509	(9)	81
Contractual services . . . . .	17,500	94,500	81,733	12,767	34,458
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	3,200	3,200	3,403	(203)	5,125
	<u>1,041,228</u>	<u>1,118,228</u>	<u>1,117,640</u>	<u>588</u>	<u>889,029</u>
Sexual Assault Resources Service (SARS):					
Personal services . . . . .	-	-	-	-	-
Commodities . . . . .	-	-	-	-	-
Contractual services . . . . .	970,000	1,123,000	1,122,260	740	1,105,713
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	-	-	-	-	-
	<u>970,000</u>	<u>1,123,000</u>	<u>1,122,260</u>	<u>740</u>	<u>1,105,713</u>
<b>Total Health:</b>					
Personal services . . . . .	37,483,008	37,480,045	36,902,285	577,760	35,039,237
Commodities . . . . .	2,852,228	2,874,577	2,820,249	54,328	2,554,079
Contractual services . . . . .	31,122,863	34,938,776	34,948,995	(10,219)	31,093,913
Capital outlay . . . . .	80,400	346,783	177,070	169,713	986,131
Other charges . . . . .	822,270	821,770	577,804	243,966	944,689
	<u>72,360,769</u>	<u>76,461,951</u>	<u>75,426,403</u>	<u>1,035,548</u>	<u>70,618,049</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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				2017 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
<b>EXPENDITURES - CURRENT, continued</b>					
<b>Public Safety</b>					
Public Safety Administration & Integration:					
Personal services . . . . .	7,706,044	7,861,244	7,067,070	794,174	6,261,842
Commodities . . . . .	964,165	1,029,752	985,704	44,048	639,254
Contractual services . . . . .	5,481,529	6,213,814	5,356,901	856,913	5,265,223
Capital outlay . . . . .	61,000	61,000	164,036	(103,036)	77,599
Other charges . . . . .	195,506	204,246	168,258	35,988	151,120
	<u>14,408,244</u>	<u>15,370,056</u>	<u>13,741,969</u>	<u>1,628,087</u>	<u>12,395,038</u>
County Attorney:					
Personal services . . . . .	48,877,107	48,957,107	49,039,541	(82,434)	45,916,314
Commodities . . . . .	204,836	165,126	223,717	(58,591)	252,423
Contractual services . . . . .	7,878,610	8,061,477	7,767,272	294,205	8,199,509
Capital outlay . . . . .	-	-	12,464	(12,464)	755
Other charges . . . . .	206,170	206,170	345,349	(139,179)	215,435
	<u>57,166,723</u>	<u>57,389,880</u>	<u>57,388,343</u>	<u>1,537</u>	<u>54,584,436</u>
Court Functions:					
Personal services . . . . .	-	-	-	-	-
Commodities . . . . .	-	-	-	-	-
Contractual services . . . . .	2,185,000	2,254,642	2,032,472	222,170	2,003,284
Capital outlay . . . . .	-	-	-	-	-
Other charges . . . . .	-	-	-	-	-
	<u>2,185,000</u>	<u>2,254,642</u>	<u>2,032,472</u>	<u>222,170</u>	<u>2,003,284</u>
Public Defender:					
Personal services . . . . .	9,174,405	9,174,405	8,116,688	1,057,717	8,434,648
Commodities . . . . .	143,500	140,897	88,967	51,930	71,643
Contractual services . . . . .	7,350,892	6,162,892	5,712,070	450,822	5,797,820
Capital outlay . . . . .	-	-	-	-	1,721
Other charges . . . . .	85,700	85,700	55,076	30,624	70,148
	<u>16,754,497</u>	<u>15,563,894</u>	<u>13,972,801</u>	<u>1,591,093</u>	<u>14,375,980</u>
Sheriff:					
Personal services . . . . .	88,261,088	88,643,011	90,793,230	(2,150,219)	86,029,784
Commodities . . . . .	4,933,578	4,868,036	4,556,986	311,050	4,450,643
Contractual services . . . . .	14,108,190	13,591,539	11,612,794	1,978,745	12,790,346
Capital outlay . . . . .	361,700	296,855	219,316	77,539	235,687
Other charges . . . . .	1,229,541	1,275,158	1,193,113	82,045	1,126,163
	<u>108,894,097</u>	<u>108,674,599</u>	<u>108,375,439</u>	<u>299,160</u>	<u>104,632,623</u>
Community Corrections and Rehabilitation:					
Personal services . . . . .	97,445,644	97,538,467	95,421,734	2,116,733	90,739,102
Commodities . . . . .	3,274,296	3,163,908	2,977,470	186,438	3,234,681
Contractual services . . . . .	23,097,351	23,178,297	21,996,116	1,182,181	21,826,985
Capital outlay . . . . .	100,000	159,245	173,146	(13,901)	93,616
Other charges . . . . .	432,946	433,077	444,510	(11,433)	457,209
	<u>124,350,237</u>	<u>124,472,994</u>	<u>121,012,976</u>	<u>3,460,018</u>	<u>116,351,593</u>
<b>Total Public Safety</b>					
Personal services . . . . .	251,464,288	252,174,234	250,438,263	1,735,971	237,381,690
Commodities . . . . .	9,520,375	9,367,719	8,832,844	534,875	8,648,644
Contractual services . . . . .	60,101,572	59,462,661	54,477,625	4,985,036	55,883,167
Capital outlay . . . . .	522,700	517,100	568,962	(51,862)	409,378
Other charges . . . . .	2,149,863	2,204,351	2,206,306	(1,955)	2,020,075
	<u>323,758,798</u>	<u>323,726,065</u>	<u>316,524,000</u>	<u>7,202,065</u>	<u>304,342,954</u>
<b>Total Public Works:</b>					
Personal services . . . . .	39,112,707	39,112,707	36,955,966	2,156,741	34,607,926
Commodities . . . . .	7,600,270	4,858,187	5,852,170	(993,983)	7,013,645
Contractual services . . . . .	27,248,870	27,485,145	22,716,229	4,768,916	26,082,368
Capital outlay . . . . .	154,000	14,300	586,859	(572,559)	865,986
Other charges . . . . .	463,019	463,019	390,871	72,148	531,000
	<u>74,578,866</u>	<u>71,933,358</u>	<u>66,502,095</u>	<u>5,431,263</u>	<u>69,100,925</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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				2017 Actual
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	
<b>EXPENDITURES - CURRENT, continued</b>					
<b>TOTAL EXPENDITURES - CURRENT:</b>					
Personal services .....	429,326,421	430,013,404	425,257,893	4,755,511	400,369,941
Commodities .....	22,624,782	19,967,255	19,938,725	28,530	21,195,292
Contractual services .....	183,393,830	187,865,208	173,896,568	13,968,640	174,780,422
Capital outlay .....	900,300	1,022,072	1,762,551	(740,479)	3,490,394
Other charges .....	23,332,677	19,284,056	11,456,446	7,827,610	11,315,284
Total Expenditures	\$ 659,578,010	\$ 658,151,995	\$ 632,312,183	\$ 25,839,812	\$ 611,151,333
Excess (Deficiency) of Revenues Over Expenditures	(29,795,468)	(30,880,330)	(10,473,652)	20,406,678	(13,724,543)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in .....	695,468	695,468	2,430,778	1,735,310	2,300,000
Transfers out .....	-	-	(1,889,531)	(1,889,531)	(3,369,782)
Sale of capital assets .....	-	-	-	-	8,221,495
Total Other Financing Sources (Uses)	695,468	695,468	541,247	(154,221)	7,151,713
Net Change in Fund Balance	(29,100,000)	(30,184,862)	(9,932,405)	\$ 20,252,457	(6,572,830)
Fund Balance - Beginning, as Restated	214,084,011	214,084,011	214,084,011		220,656,841
Fund Balance - Ending	\$ 184,984,011	\$ 183,899,149	\$ 204,151,606		\$ 214,084,011

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

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Human Services Fund**  
For the Year Ended December 31, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 252,966,671	\$ 255,790,171	\$ 258,312,119	\$ 2,521,948		\$ 247,851,099
Other taxes . . . . .	-	-	186,232	186,232		189,804
Intergovernmental . . . . .	284,859,045	287,846,655	282,774,168	(5,072,487)		269,505,655
Charges for services . . . . .	48,098,685	48,098,685	51,952,721	3,854,036		47,049,492
Licenses and permits . . . . .	1,735,000	1,735,000	1,781,121	46,121		1,718,177
Other . . . . .	1,515,000	1,515,000	1,587,029	72,029		2,321,024
<b>Total Revenues</b>	<u>589,174,401</u>	<u>594,985,511</u>	<u>596,593,390</u>	<u>1,607,879</u>		<u>568,635,251</u>
<b>EXPENDITURES</b>						
<b>Human Services:</b>						
Personal services . . . . .	320,443,657	327,621,215	327,062,827	558,388		307,081,435
Commodities . . . . .	2,358,720	2,358,720	1,669,230	689,490		2,350,603
Contractual services . . . . .	54,665,886	54,665,886	54,281,208	384,678		53,124,565
Public aid assistance . . . . .	204,592,297	219,725,849	220,669,350	(943,501)		212,382,751
Capital outlay . . . . .	15,000	15,000	(89,728)	104,728		-
Other . . . . .	17,295,409	17,295,409	17,445,834	(150,425)		15,333,682
<b>Total Expenditures</b>	<u>599,370,969</u>	<u>621,682,079</u>	<u>621,038,721</u>	<u>643,358</u>		<u>590,273,036</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(10,196,568)</u>	<u>(26,696,568)</u>	<u>(24,445,331)</u>	<u>2,251,237</u>		<u>(21,637,785)</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in . . . . .	646,568	646,568	646,568	-		861,305
<b>Total Other Financing Sources (Uses)</b>	<u>646,568</u>	<u>646,568</u>	<u>646,568</u>	<u>-</u>		<u>861,305</u>
<b>Net Change in Fund Balance</b>	(9,550,000)	(26,050,000)	(23,798,763)	\$ <u>2,251,237</u>		(20,776,480)
Fund Balance - Beginning, as Restated	128,299,113	128,299,113	128,299,113			149,075,593
<b>Fund Balance - Ending</b>	<u>\$ 118,749,113</u>	<u>\$ 102,249,113</u>	<u>\$ 104,500,350</u>			<u>\$ 128,299,113</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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				
	Budgeted Amounts		Actual	Variance with Final Budget	2017 Actual
	Original	Final			
<b>REVENUES</b>					
Property taxes .....	\$ 69,245,350	\$ 69,245,350	\$ 69,889,153	\$ 643,803	\$ 67,466,347
Other taxes .....	-	-	45,670	45,670	51,443
Intergovernmental .....	4,450,636	4,450,636	4,670,699	220,063	6,101,916
Investment earnings (losses) .....	80,000	80,000	92,924	12,924	69,138
Charges for services .....	1,058,000	1,058,000	1,085,576	27,576	1,141,367
Fines and forfeits .....	1,200,400	1,200,400	656,804	(543,596)	1,143,785
Other .....	1,667,050	1,667,050	1,825,676	158,626	1,626,338
<b>Total Revenues</b>	<u>77,701,436</u>	<u>77,701,436</u>	<u>78,266,502</u>	<u>565,066</u>	<u>77,600,334</u>
<b>EXPENDITURES</b>					
<b>Libraries:</b>					
Personal services .....	50,301,695	50,301,695	48,226,051	2,075,644	45,587,781
Commodities .....	1,524,989	1,544,563	1,337,308	207,255	1,466,939
Contractual services .....	26,967,092	27,026,459	27,539,895	(513,436)	26,916,138
Capital outlay .....	6,608,650	6,688,391	6,154,399	533,992	6,822,579
Other .....	829,010	870,218	653,555	216,663	612,398
<b>Total Expenditures</b>	<u>86,231,436</u>	<u>86,431,326</u>	<u>83,911,208</u>	<u>2,520,118</u>	<u>81,405,835</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(8,530,000)	(8,729,890)	(5,644,706)	3,085,184	(3,805,501)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in .....	2,370,000	2,370,000	2,300,000	(70,000)	2,300,000
<b>Net Change in Fund Balance</b>	(6,160,000)	(6,359,890)	(3,344,706)	<u>\$ 3,015,184</u>	(1,505,501)
Fund Balance - Beginning, as Restated	45,533,344	45,533,344	45,533,344		47,038,845
<b>Fund Balance - Ending</b>	<u>\$ 39,373,344</u>	<u>\$ 39,173,454</u>	<u>\$ 42,188,638</u>		<u>\$ 45,533,344</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 Fund**  
For the Year Ended December, 31, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				
	Budgeted Amounts		Actual	Variance with Final Budget	2017 Actual
	Original	Final			
<b>REVENUES</b>					
Sales tax . . . . .	\$ 38,061,504	\$ 38,061,504	\$ 38,153,430	\$ 91,926	\$ 36,892,052
Investment earnings (losses) . . . . .	-	-	108,753	108,753	84,682
<b>Total Revenues</b>	<u>38,061,504</u>	<u>38,061,504</u>	<u>38,262,183</u>	<u>200,679</u>	<u>36,976,734</u>
<b>EXPENDITURES</b>					
<b>Operations</b>					
Contractual services . . . . .	500,000	500,000	456,872	43,128	447,205
Grants . . . . .	2,000,000	2,000,000	1,883,501	116,499	1,883,515
<b>Total Expenditures</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,340,373</u>	<u>159,627</u>	<u>2,330,720</u>
<b>Excess of Revenues Over Expenditures</b>	<u>35,561,504</u>	<u>35,561,504</u>	<u>35,921,810</u>	<u>360,306</u>	<u>34,646,014</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out . . . . .	(40,804,125)	(40,804,125)	(31,676,057)	9,128,068	(42,273,128)
<b>Net Change in Fund Balance</b>	(5,242,621)	(5,242,621)	4,245,753	<u>\$ 9,488,374</u>	(7,627,114)
Fund Balance - Beginning	<u>8,902,888</u>	<u>8,902,888</u>	<u>8,902,888</u>		<u>16,530,002</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,660,267</u>	<u>\$ 3,660,267</u>	<u>\$ 13,148,641</u>		<u>\$ 8,902,888</u>

See notes to required supplementary information.

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Transportation Sales Tax Fund**  
For the Year Ended December, 31, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018				
	Budgeted Amounts		Actual	Variance with Final Budget	2017 Actual
	Original	Final			
<b>REVENUES</b>					
Sales tax . . . . .	\$ 125,000,000	\$ 125,000,000	\$ 132,680,884	\$ 7,680,884	\$ 20,374,783
Intergovernmental . . . . .	-	-	5,137,263	5,137,263	-
<b>Total Revenues</b>	<u>125,000,000</u>	<u>125,000,000</u>	<u>137,818,147</u>	<u>12,818,147</u>	<u>20,374,783</u>
<b>EXPENDITURES</b>					
<b>Public Works</b>					
Contractual services . . . . .	-	-	753,516	(753,516)	173,007
Intergovernmental . . . . .	125,000,000	125,000,000	21,307,332	103,692,668	13,738,566
<b>Total Expenditures</b>	<u>125,000,000</u>	<u>125,000,000</u>	<u>22,060,848</u>	<u>102,939,152</u>	<u>13,911,573</u>
<b>Excess of Revenues Over Expenditures</b>	<u>-</u>	<u>-</u>	<u>115,757,299</u>	<u>115,757,299</u>	<u>6,463,210</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out . . . . .	-	-	(63,434,153)	(63,434,153)	(4,366,737)
<b>Net Change in Fund Balance</b>	-	-	52,323,146	\$ <u>52,323,146</u>	2,096,473
Fund Balance - Beginning	<u>2,096,473</u>	<u>2,096,473</u>	<u>2,096,473</u>		<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 2,096,473</u>	<u>\$ 2,096,473</u>	<u>\$ 54,419,619</u>		<u>\$ 2,096,473</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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 8,350,875	\$ 8,350,875	\$ 8,465,188	\$ 114,313		\$ 8,349,507
Intergovernmental . . . . .	526,000	526,000	646,625	120,625		195,616
Investment earnings (losses) . . . . .	102,000	102,000	100,230	(1,770)		69,519
Charges for services . . . . .	1,838,000	1,838,000	1,761,948	(76,052)		1,853,704
Other . . . . .	421,765	421,765	827,885	406,120		647,229
<b>Total Revenues</b>	<b>11,238,640</b>	<b>11,238,640</b>	<b>11,801,876</b>	<b>563,236</b>		<b>11,115,575</b>
<b>EXPENDITURES</b>						
<b>Housing and Redevelopment Authority:</b>						
Commodities . . . . .	1,250	1,250	12,778	(11,528)		2,612,890
Contractual services . . . . .	5,208,160	4,668,047	4,073,253	594,794		3,573,745
Capital outlay . . . . .	-	1,575,000	2,825,017	(1,250,017)		24,808,074
Other . . . . .	903,230	903,230	62,633	840,597		15,499
Grants and contributions . . . . .	5,126,000	5,126,000	6,419,419	(1,293,419)		5,461,397
<b>Total Expenditures</b>	<b>11,238,640</b>	<b>12,273,527</b>	<b>13,393,100</b>	<b>(1,119,573)</b>		<b>36,471,605</b>
Excess (Deficiency) of Revenues Over Expenditures	-	(1,034,887)	(1,591,224)	(556,337)		(25,356,030)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in . . . . .	-	1,575,000	10,192,589	8,617,589		27,725,607
Transfers out . . . . .	-	(550,000)	(646,568)	(96,568)		(861,305)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>1,025,000</b>	<b>9,546,021</b>	<b>8,521,021</b>		<b>26,864,302</b>
Net Change in Fund Balance	-	(9,887)	7,954,797	\$ 7,964,684		1,508,272
Fund Balance - Beginning	13,814,464	13,814,464	13,814,464			12,306,192
Fund Balance - Ending	\$ 13,814,464	\$ 13,804,577	\$ 21,769,261			\$ 13,814,464

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, 2018  
With Comparative Actual Amounts for Year Ended December 31, 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 27,056,469	\$ 27,056,469	\$ 27,713,144	\$ 656,675	\$ 25,498,199	
Other taxes . . . . .	-	-	18,976	18,976	8,270	
Intergovernmental . . . . .	1,100,000	1,100,000	4,932	(1,095,068)	4,928	
Investment earnings (losses) . . . . .	100,000	100,000	428,961	328,961	427,339	
Charges for services . . . . .	660,000	660,000	389,773	(270,227)	709,945	
Other . . . . .	4,000	4,000	99,043	95,043	3,928	
<b>Total Revenues</b>	<b>28,920,469</b>	<b>28,920,469</b>	<b>28,654,829</b>	<b>(265,640)</b>	<b>26,652,609</b>	
<b>EXPENDITURES</b>						
<b>Regional Railroad Authority:</b>						
Commodities . . . . .	18,750	18,750	1,156	17,594	24,225	
Contractual services . . . . .	100,431,406	100,384,224	39,807,645	60,576,579	54,833,336	
Other . . . . .	333,000	333,000	16,441	316,559	44,694	
<b>Total Expenditures</b>	<b>100,783,156</b>	<b>100,735,974</b>	<b>39,825,242</b>	<b>60,910,732</b>	<b>54,902,255</b>	
Excess (Deficiency) of Revenues Over Expenditures	(71,862,687)	(71,815,505)	(11,170,413)	60,645,092	(28,249,646)	
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt . . . . .	71,862,687	71,862,687	-	(71,862,687)	-	
Transfers out . . . . .	-	-	(130,778)	(130,778)	-	
Sale of capital assets . . . . .	-	-	10,482,804	10,482,804	1,094,855	
<b>Total Other Financing Sources</b>	<b>71,862,687</b>	<b>71,862,687</b>	<b>10,352,026</b>	<b>(61,510,661)</b>	<b>1,094,855</b>	
Net Change in Fund Balance	-	47,182	(818,387)	\$ (865,569)	(27,154,791)	
Fund Balance - Beginning	11,892,653	11,892,653	11,892,653		39,047,444	
Fund Balance - Ending	\$ 11,892,653	\$ 11,939,835	\$ 11,074,266		\$ 11,892,653	

See notes to required supplementary information.

Hennepin County, Minnesota  
**Notes to Required Supplementary Information**  
 December 31, 2018

**A. Stewardship, Compliance and Accountability**

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

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

Year	Appropriated Budget	Actual Expenditures	Remaining Budget
<u>HRA:</u>			
2014	\$ 4,900,000	\$ 4,187,128	\$ 712,872
2015	71,679,846	8,722,578	62,957,268
2016	25,900,000	39,138,054	(13,238,054)
2017	8,300,000	32,557,540	(24,257,540)
2018	6,475,000	9,634,629	(3,159,629)
	<u>\$ 117,254,846</u>	<u>\$ 94,239,929</u>	<u>\$ 23,014,917</u>
 <u>RRA:</u>			
2015	\$ 31,800,000	\$ 18,405,391	\$ 13,394,609
2016	50,100,000	14,009,691	36,090,309
2017	85,189,000	49,595,447	35,593,553
2018	92,736,416	35,016,165	57,720,251
	<u>\$ 259,825,416</u>	<u>\$ 117,026,694</u>	<u>\$ 142,798,722</u>

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

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

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

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

Hennepin County, Minnesota  
**Notes to Required Supplementary Information**  
December 31, 2018

**B. Internal Service Fund Long-Term Obligations**

In December 2018, \$1,159,646 of G.O. bond liabilities, along with the related capital assets, were transferred to the Energy Center Internal Service Fund, as the Energy Center Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.

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

**General Employees Fund**

**2018 Changes**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**2017 Changes**

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.50% per year thereafter.

**2016 Changes**

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.50% per year thereafter to 1% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**2015 Changes**

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.50% per year thereafter to 1% per year through 2035 and 2.50% per year thereafter.

Hennepin County, Minnesota  
**Notes to Required Supplementary Information**  
December 31, 2018

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

**Police and Fire Fund**

**2018 Changes**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

**2017 Changes**

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.50% thereafter.
- The Single Discount Rate was changed from 5.60% per annum to 7.50% per annum.

**2016 Changes**

Changes in Actuarial Assumptions:

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

**2015 Changes**

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

Hennepin County, Minnesota  
**Notes to Required Supplementary Information**  
December 31, 2018

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

**Correctional Fund**

**2018 Changes**

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96% per annum to 7.50% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.50% per year to 2% per year.

**2017 Changes**

Changes in Actuarial Assumptions:

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016 and is applied to healthy and disabled members. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the RP-2014 disabled annuitant mortality table (with future mortality improvement according to MP-2016).
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested, deferred members. The CSA has been changed to 35% for vested members and 1% for non-vested members.
- The Single Discount Rate was changed from 5.31% per annum to 5.96% per annum.

**2016 Changes**

Changes in Actuarial Assumptions:

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



# **Supplementary Information Governmental Funds**



Hennepin County, Minnesota  
**Balance Sheets**  
**General Fund**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and Investments . . . . .	\$ 327,031,000	\$ 277,369,091
Delinquent taxes receivable . . . . .	3,930,727	3,847,394
Due from other governmental agencies . . . . .	7,836,941	11,266,791
Accrued investment interest . . . . .	3,584,100	3,139,219
Interfund receivable . . . . .	1,136,619	1,533,249
Other receivable . . . . .	6,435,109	6,837,044
Prepaid items . . . . .	602,057	730,213
Inventories . . . . .	1,845,838	2,981,343
Note receivable . . . . .	102,884	84,674
 Total Assets	 \$ 352,505,275	 \$ 307,789,018
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable . . . . .	\$ 29,960,214	\$ 34,055,110
Accrued liabilities . . . . .	14,057,910	11,786,141
Interfund payable . . . . .	25,426,202	21,287,740
Commercial paper payable . . . . .	75,000,000	-
Unearned revenue . . . . .	39,457	21,291,758
 Total Liabilities	 144,483,783	 88,420,749
 <b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes . . . . .	3,534,628	3,327,894
Unavailable revenue - intergovernmental . . . . .	335,258	1,956,364
 Total Deferred Inflows of Resources	 3,869,886	 5,284,258
 <b>Fund Balances:</b>		
Nonspendable . . . . .	2,447,895	3,711,556
Restricted . . . . .	15,051,095	14,439,209
Assigned . . . . .	37,305,151	39,704,269
Unassigned . . . . .	149,347,465	156,228,977
 Total Fund Balances	 204,151,606	 214,084,011
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 \$ 352,505,275	 \$ 307,789,018

Hennepin County, Minnesota  
**Balance Sheets**  
**Special Revenue Funds**  
December 31, 2018 and 2017

	Human Services		Library	
	2018	2017	2018	2017
<b>ASSETS</b>				
Cash and investments . . . . .	\$ 91,646,149	\$ 129,489,920	\$ 36,050,839	\$ 42,759,207
Delinquent taxes receivable . . . . .	1,735,030	1,472,053	464,772	382,810
Due from other governmental agencies . . . . .	50,800,451	50,140,912	-	-
Interfund receivable . . . . .	1,621,334	1,787,848	925,950	906,405
Other receivables . . . . .	307,220	386,477	103,974	744,167
Prepaid items . . . . .	237,297	316,527	1,130,251	1,238,272
Land held for resale . . . . .	-	-	-	-
Notes receivable . . . . .	-	-	-	-
Restricted cash and investments . . . . .	-	-	6,011,121	6,026,820
	<u>\$ 146,347,481</u>	<u>\$ 183,593,737</u>	<u>\$ 44,686,907</u>	<u>\$ 52,057,681</u>
Total Assets	<u>\$ 146,347,481</u>	<u>\$ 183,593,737</u>	<u>\$ 44,686,907</u>	<u>\$ 52,057,681</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts and contracts payable . . . . .	\$ 26,949,023	\$ 26,306,222	\$ 1,085,834	\$ 1,407,393
Accrued liabilities . . . . .	6,393,257	5,216,418	921,903	741,111
Interfund payable . . . . .	4,935,630	4,234,302	-	-
Unearned revenue . . . . .	125,769	15,808,073	42,560	4,026,023
	<u>38,403,679</u>	<u>51,565,015</u>	<u>2,050,297</u>	<u>6,174,527</u>
Total Liabilities	<u>38,403,679</u>	<u>51,565,015</u>	<u>2,050,297</u>	<u>6,174,527</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes . . . . .	1,673,630	1,350,453	447,972	349,810
Unavailable revenue - intergovernmental . . . . .	1,769,822	2,379,156	-	-
	<u>3,443,452</u>	<u>3,729,609</u>	<u>447,972</u>	<u>349,810</u>
Total Deferred Inflows of Resources	<u>3,443,452</u>	<u>3,729,609</u>	<u>447,972</u>	<u>349,810</u>
<b>Fund Balances:</b>				
Nonspendable . . . . .	237,297	316,527	3,099,876	3,210,401
Restricted . . . . .	543,142	265,754	5,914,350	6,000,821
Committed . . . . .	103,719,911	127,716,832	33,174,412	36,322,122
	<u>104,500,350</u>	<u>128,299,113</u>	<u>42,188,638</u>	<u>45,533,344</u>
Total Fund Balances	<u>104,500,350</u>	<u>128,299,113</u>	<u>42,188,638</u>	<u>45,533,344</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 146,347,481</u>	<u>\$ 183,593,737</u>	<u>\$ 44,686,907</u>	<u>\$ 52,057,681</u>

Ballpark Sales Tax		Transportation Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2018	2017	2018	2017	2018	2017	2018	2017
\$ -	\$ -	\$ -	\$ -	\$ 14,002,499	\$ 6,721,410	\$ 20,728,862	\$ 15,465,439
-	-	-	-	55,446	44,663	224,404	168,910
6,787,279	6,077,953	11,886,872	14,374,783	81,176	136,829	-	-
-	-	-	-	-	-	-	-
-	-	-	-	114,882	28,401	84,994	118,430
-	-	-	-	275,659	257,265	-	-
-	-	-	-	5,353,789	5,353,789	-	-
-	-	-	-	3,515,574	15,424,690	-	-
6,435,818	2,905,670	42,655,704	1,633,263	934,839	853,953	477,513	455,840
<u>\$ 13,223,097</u>	<u>\$ 8,983,623</u>	<u>\$ 54,542,576</u>	<u>\$ 16,008,046</u>	<u>\$ 24,333,864</u>	<u>\$ 28,821,000</u>	<u>\$ 21,515,773</u>	<u>\$ 16,208,619</u>
\$ 74,456	\$ 80,735	\$ 122,957	\$ 13,911,573	\$ 2,469,489	\$ 1,176,025	\$ 10,225,703	\$ 2,181,607
-	-	-	-	-	-	-	-
-	-	-	-	-	13,198,051	-	-
-	-	-	-	-	480,876	-	2,047,252
74,456	80,735	122,957	13,911,573	2,469,489	14,854,952	10,225,703	4,228,859
-	-	-	-	53,447	40,463	215,804	87,107
-	-	-	-	41,667	111,121	-	-
-	-	-	-	95,114	151,584	215,804	87,107
-	-	-	-	275,659	257,265	-	-
13,148,641	8,902,888	54,419,619	2,096,473	21,493,602	13,557,199	11,074,266	11,892,653
-	-	-	-	-	-	-	-
13,148,641	8,902,888	54,419,619	2,096,473	21,769,261	13,814,464	11,074,266	11,892,653
<u>\$ 13,223,097</u>	<u>\$ 8,983,623</u>	<u>\$ 54,542,576</u>	<u>\$ 16,008,046</u>	<u>\$ 24,333,864</u>	<u>\$ 28,821,000</u>	<u>\$ 21,515,773</u>	<u>\$ 16,208,619</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**RRA Debt Service Fund**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and investments .....	\$ <u>9,857,074</u>	\$ <u>4,592,454</u>
 <b>FUND BALANCES</b>		
Restricted .....	\$ <u>9,857,074</u>	\$ <u>4,592,454</u>

Hennepin County, Minnesota  
**Balance Sheets**  
**General Debt Service Fund**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and investments . . . . .	\$ 9,967,776	\$ 19,763,038
Delinquent taxes receivable . . . . .	605,351	509,306
Interfund receivable . . . . .	85,562	-
Note receivable . . . . .	10,965,000	11,630,000
Restricted cash and investments . . . . .	2,636,388	-
Total Assets	\$ 24,260,077	\$ 31,902,344
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable . . . . .	\$ 849,480	\$ 1,037,290
Unearned revenue . . . . .	-	5,140,877
Total Liabilities	849,480	6,178,167
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes . . . . .	583,751	467,306
Unavailable revenue - intergovernmental . . . . .	10,965,000	11,630,000
Total Deferred Inflows of Resources	11,548,751	12,097,306
<b>Fund Balances:</b>		
Restricted . . . . .	11,861,846	13,626,871
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,260,077	\$ 31,902,344

Hennepin County, Minnesota  
**Balance Sheets**  
**Capital Projects Fund**  
December 31, 2018 and 2017

	2018	2017
<b>ASSETS</b>		
Cash and investments .....	\$ 183,744,366	\$ 117,430,461
Delinquent taxes receivable .....	35,257	31,883
Due from other governmental agencies .....	17,160,936	31,345,300
Accrued investment interest .....	137,447	188,198
Interfund receivable .....	14,819	14,942,575
Other receivable .....	-	104,000
Total Assets	\$ 201,092,825	\$ 164,042,417
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts and contracts payable .....	\$ 62,199,593	\$ 31,529,043
Interfund payable .....	-	817,318
Unearned revenue .....	13,735,536	5,545,823
Total Liabilities	75,935,129	37,892,184
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes .....	34,158	28,983
Unavailable revenue - intergovernmental .....	595,071	9,570,850
Total Deferred Inflows of Resources	629,229	9,599,833
<b>Fund Balances:</b>		
Restricted .....	124,528,467	116,550,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 201,092,825	\$ 164,042,417

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
For the Years Ended December 31, 2018 and 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes	\$ 360,142,024	\$ 368,318,524	\$ 374,797,023	\$ 6,478,499	\$ 357,786,261	
Wheelage tax	10,000,000	10,000,000	10,468,350	468,350	9,973,509	
Other taxes	13,453,500	2,253,500	3,184,373	930,873	3,013,535	
Intergovernmental	102,712,259	103,084,259	100,245,569	(2,838,690)	94,394,280	
Investment earnings (losses)	14,250,000	14,250,000	15,047,060	797,060	11,230,335	
Charges for services	103,097,591	103,170,238	92,711,671	(10,458,567)	95,121,063	
Fines and forfeits	211,000	233,976	418,460	184,484	327,436	
Licenses and permits	6,836,200	6,836,200	6,529,831	(306,369)	6,394,048	
Other	19,079,968	19,124,968	18,436,194	(688,774)	19,186,323	
<b>Total Revenues</b>	<b>629,782,542</b>	<b>627,271,665</b>	<b>621,838,531</b>	<b>(5,433,134)</b>	<b>597,426,790</b>	
<b>EXPENDITURES</b>						
Operations	188,879,577	186,030,621	173,859,685	12,170,936	167,089,405	
Health	72,360,769	76,461,951	75,426,403	1,035,548	70,618,049	
Public safety	323,758,798	323,726,065	316,524,000	7,202,065	304,342,954	
Public works	74,578,866	71,933,358	66,502,095	5,431,263	69,100,925	
<b>Total Expenditures</b>	<b>659,578,010</b>	<b>658,151,995</b>	<b>632,312,183</b>	<b>25,839,812</b>	<b>611,151,333</b>	
Excess (Deficiency) of Revenues Over Expenditures	(29,795,468)	(30,880,330)	(10,473,652)	20,406,678	(13,724,543)	
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	695,468	695,468	2,430,778	1,735,310	2,300,000	
Transfers out	-	-	(1,889,531)	(1,889,531)	(3,369,782)	
Sale of capital assets	-	-	-	-	8,221,495	
<b>Total Other Financing Sources (Uses)</b>	<b>695,468</b>	<b>695,468</b>	<b>541,247</b>	<b>(154,221)</b>	<b>7,151,713</b>	
Net Change in Fund Balance	(29,100,000)	(30,184,862)	(9,932,405)	\$ 20,252,457	(6,572,830)	
Fund Balance - Beginning, as Restated	214,084,011	214,084,011	214,084,011		220,656,841	
<b>Fund Balance - Ending</b>	<b>\$ 184,984,011</b>	<b>\$ 183,899,149</b>	<b>\$ 204,151,606</b>		<b>\$ 214,084,011</b>	

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**RRA Debt Service Fund**  
For the Years Ended December 31, 2018 and 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes .....	\$ 8,253,000	\$ 8,253,000	\$ 8,173,672	\$ (79,328)		\$ 7,193,118
Other taxes .....	-	-	5,648	5,648		5,262
Total Revenues	<u>8,253,000</u>	<u>8,253,000</u>	<u>8,179,320</u>	<u>(73,680)</u>		<u>7,198,380</u>
<b>EXPENDITURES</b>						
Debt Service:						
Principal retirement .....	6,960,000	6,960,000	1,670,000	5,290,000		1,610,000
Interest and fiscal charges .....	<u>1,293,000</u>	<u>1,293,000</u>	<u>1,244,700</u>	<u>48,300</u>		<u>1,293,000</u>
Total Expenditures	<u>8,253,000</u>	<u>8,253,000</u>	<u>2,914,700</u>	<u>5,338,300</u>		<u>2,903,000</u>
Net Change in Fund Balance	-	-	5,264,620	<u>\$ 5,264,620</u>		4,295,380
Fund Balance - Beginning	<u>4,592,454</u>	<u>4,592,454</u>	<u>4,592,454</u>			<u>297,074</u>
Fund Balance - Ending	<u>\$ 4,592,454</u>	<u>\$ 4,592,454</u>	<u>\$ 9,857,074</u>			<u>\$ 4,592,454</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Debt Service Fund**  
For the Years Ended December 31, 2018 and 2017

	2018					2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
<b>REVENUES</b>						
Property taxes . . . . .	\$ 90,400,000	\$ 90,400,000	\$ 90,023,600	\$ (376,400)		\$ 86,755,741
Other taxes . . . . .	-	-	64,434	64,434		65,510
Intergovernmental . . . . .	3,089,926	13,509,176	3,157,271	(10,351,905)		98,024,343
Investment earnings . . . . .	-	-	174,639	174,639		59,106
<b>Total Revenues</b>	<u>93,489,926</u>	<u>103,909,176</u>	<u>93,419,944</u>	<u>(10,489,232)</u>		<u>184,904,700</u>
<b>EXPENDITURES</b>						
Debt Service:						
Principal retirement . . . . .	82,819,296	82,819,296	78,120,449	4,698,847		183,799,020
Interest and fiscal charges . . . . .	63,483,655	63,483,655	44,930,108	18,553,547		54,688,166
<b>Total Expenditures</b>	<u>146,302,951</u>	<u>146,302,951</u>	<u>123,050,557</u>	<u>23,252,394</u>		<u>238,487,186</u>
<b>Excess (Deficiency) of Revenues</b>	<u>(52,813,025)</u>	<u>(42,393,775)</u>	<u>(29,630,613)</u>	<u>12,763,162</u>		<u>(53,582,486)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt . . . . .	-	-	63,485,000	63,485,000		189,040,000
Payment to refunded bond escrow agent . . . . .	-	-	(63,485,000)	(63,485,000)		(210,502,726)
Transfers in . . . . .	49,417,774	38,998,524	27,865,588	(11,132,936)		40,809,386
Debt premiums . . . . .	-	-	-	-		21,462,726
<b>Total Other Financing Sources (Uses)</b>	<u>49,417,774</u>	<u>38,998,524</u>	<u>27,865,588</u>	<u>(11,132,936)</u>		<u>40,809,386</u>
<b>Net Change in Fund Balance</b>	<u>(3,395,251)</u>	<u>(3,395,251)</u>	<u>(1,765,025)</u>	<u>\$ 1,630,226</u>		<u>(12,773,100)</u>
<b>Fund Balance - Beginning</b>	<u>13,626,871</u>	<u>13,626,871</u>	<u>13,626,871</u>			<u>26,399,971</u>
<b>Fund Balance - Ending</b>	<u>\$ 10,231,620</u>	<u>\$ 10,231,620</u>	<u>\$ 11,861,846</u>			<u>\$ 13,626,871</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
For the Years Ended December 31, 2018 and 2017

	2018				2017 Actual
	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final			
<b>REVENUES</b>					
Property taxes . . . . .	\$ 4,850,218	\$ 5,050,218	\$ 5,114,656	\$ 64,438	\$ 5,946,214
Other taxes . . . . .	-	-	9,188	9,188	4,525
Intergovernmental . . . . .	66,025,008	70,920,903	88,082,563	17,161,660	79,133,308
Investment earnings . . . . .	-	-	2,194,297	2,194,297	1,014,728
Other . . . . .	<u>1,650,000</u>	<u>1,650,000</u>	<u>2,187,089</u>	<u>537,089</u>	<u>1,146,119</u>
Total Revenues	<u>72,525,226</u>	<u>77,621,121</u>	<u>97,587,793</u>	<u>19,966,672</u>	<u>87,244,894</u>
<b>EXPENDITURES</b>					
Operations . . . . .	50,000,000	50,000,000	72,882,675	(22,882,675)	10,984,250
Capital projects . . . . .	<u>383,368,226</u>	<u>388,464,121</u>	<u>246,422,060</u>	<u>142,042,061</u>	<u>172,583,098</u>
Total Expenditures	<u>433,368,226</u>	<u>438,464,121</u>	<u>319,304,735</u>	<u>119,159,386</u>	<u>183,567,348</u>
Excess (Deficiency) of Revenues	<u>(360,843,000)</u>	<u>(360,843,000)</u>	<u>(221,716,942)</u>	<u>139,126,058</u>	<u>(96,322,454)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt . . . . .	360,343,000	360,343,000	157,452,035	(202,890,965)	73,717,592
Transfers in . . . . .	500,000	500,000	64,534,153	64,034,153	4,977,300
Transfers out . . . . .	-	-	(10,192,589)	(10,192,589)	(28,102,646)
Sale of capital assets . . . . .	-	-	20,000	20,000	-
Debt premiums . . . . .	<u>-</u>	<u>-</u>	<u>17,881,410</u>	<u>17,881,410</u>	<u>20,946,713</u>
Total Other Financing Sources (Uses)	<u>360,843,000</u>	<u>360,843,000</u>	<u>229,695,009</u>	<u>(131,147,991)</u>	<u>71,538,959</u>
Net Change in Fund Balance	-	-	7,978,067	<u>7,978,067</u>	(24,783,495)
Fund Balance - Beginning	<u>116,550,400</u>	<u>116,550,400</u>	<u>116,550,400</u>		<u>141,333,895</u>
Fund Balance - Ending	<u>\$ 116,550,400</u>	<u>\$ 116,550,400</u>	<u>\$ 124,528,467</u>		<u>\$ 116,550,400</u>



Hennepin County, Minnesota  
**Schedule of Changes in Long-term Debt**  
For the Year Ended December 31, 2018

	Repayment Terms	Interest Rates	Amount of Original Issue
<b>General Obligation -</b>			
<b><u>Levy Supported Bonds and Notes</u></b>			
December 1, 2009 Series B	Retired		\$ 108,530,000
December 1, 2009 Series C	Retired		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	\$555,000 in 2019, \$605,000 in 2020, \$655,000 in 2021, and \$4,905,000 in various increments from 2022 through 2028	3.125 to 4.0%	10,215,000
September 15, 2010 Series B	\$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	\$1,110,000 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 through 2029	3.5 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, \$6,145,000 in 2032 and \$19,615,000 in various increments from 2033 through 2035	4.65 to 4.875%	37,375,000
November 15, 2011 Series A	\$2,560,000 in 2019, \$2,665,000 in 2020, \$2,770,000 in 2021 and \$33,630,000 in various increments from 2022 through 2031	3.0 to 4.0%	55,285,000
January 25, 2012 Series A	\$2,000,000 in 2019, \$1,960,000 in 2020, \$1,915,000 in 2021 and \$3,650,000 in various increments from 2022 through 2023	2.0 to 3.0%	25,230,000
March 08, 2012 Series B	\$3,225,000 in 2019, \$3,180,000 in 2020, \$3,130,000 in 2021 and \$11,705,000 in various increments from 2022 through 2025	2.0 to 3.0%	36,375,000
January 29, 2013 Series A	\$4,000,000 in 2019, 2020 and 2021	3.0 to 5.0%	40,000,000
December 03, 2013 Series C	Retired		85,000,000
November 04, 2014 Series A	\$2,815,000 in 2019, \$2,900,000 in 2020, \$3,020,000 in 2021 and \$86,405,000 in various increments from 2022 through 2039	5.0%	100,000,000
November 04, 2014 Series B	\$6,540,000 in 2019, \$5,950,000 in 2020, \$6,250,000 in 2021 and \$38,970,000 in various increments from 2022 through 2027	4.0 to 5.0%	80,615,000
July 13, 2016 Series A	\$1,525,000 in 2019, \$1,800,000 in 2020, \$2,095,000 in 2021 and \$97,595,000 in various increments from 2022 through 2041	5.0%	104,285,000
October 19, 2016 Series B	\$3,000,000 in 2019, 2020, 2021 and \$80,000,000 in various increments from 2022 through 2036	5.0%	95,000,000
October 19, 2016 Series C	\$5,100,000 in 2019, \$4,115,000 in 2020, \$4,330,000 in 2021 and \$37,015,000 in various increments from 2022 through 2028	5.0%	59,865,000
July 6, 2017 Series B	\$1,595,000 in 2019, \$1,660,000 in 2020, \$1,725,000 in 2021 and \$53,485,000 in various increments from 2022 through 2041	Variable - Est. 1.38%	60,000,000
August 29, 2017 Series C	\$3,215,000 in 2019, \$3,375,000 in 2020, \$3,545,000 in 2021 and \$87,995,000 in various increments from 2022 through 2037	5.0%	100,000,000
July 17, 2018 Series A	\$1,680,000 in 2020 and 2021, \$3,770,000 in 2022 and \$92,870,000 in various increments from 2023 through 2038	5.0%	100,000,000
November 1, 2018 Series B	\$6,740,000 in 2019, \$8,370,000 in 2020, \$8,235,000 in 2021 and \$140,140,000 in various increments from 2022 through 2038	Variable - Est. 1.44%	163,485,000
<b><u>G.O. Non-Levy Supported Bonds</u></b>			
September 15, 2010 Series B, Watershed District	\$150,000 in 2019, \$155,000 in 2020 and \$160,000 in 2021 and \$1,680,000 in various increments from 2022 through 2030	2.0 to 4.0%	3,190,000
November 15, 2011 Series A, Watershed District	\$215,000 in 2019, \$220,000 in 2020, \$230,000 in 2021 and \$2,795,000 in various increments from 2022 through 2031	3.0 to 4.0%	4,715,000
January 29, 2013 Series B, Watershed District	\$325,000 in 2019, \$335,000 in 2020, \$345,000 in 2021 and \$4,355,000 in various increments from 2022 through 2032	2.0 to 3.0%	7,075,000
<b><u>Sales Tax Revenue Bonds</u></b>			
Ballpark: January 30, 2017 Series A	\$4,230,000 in 2019, \$4,535,000 in 2020, \$4,900,000 in 2021 and \$94,875,000 in various increments from 2022 through 2032	5.0%	116,885,000
Ballpark: December 14, 2017 Series D	\$14,100,000 in 2019, \$14,600,000 in 2020, \$15,000,000 in 2021 and \$14,855,000 in 2022	Variable - Est. 2.41%	72,155,000
<b><u>Limited Tax Bonds</u></b>			
Regional Railroad Authority (RRA) March 17, 2010 Series A	\$1,730,000 in 2019, \$1,810,000 in 2020, \$1,895,000 in 2021 and \$24,430,000 in various increments from 2022 through 2031	4.0%	42,595,000

<sup>1</sup>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>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, 2017	Additions	Payments	Balance Dec. 31, 2018	Due Within One Year	Total	Due Within One Year
<b>General Obligation - Levy Supported Bonds and Notes</b>							
December 1, 2009 Series B	\$ 44,325,000	\$ -	\$ 44,325,000	\$ -	\$ -	\$ -	\$ -
December 1, 2009 Series C	3,770,000	-	3,770,000	-	-	-	-
December 1, 2009 Series D, <sup>1</sup> Taxable	52,020,000	-	-	52,020,000	3,960,000	16,824,560	2,564,858
May 4, 2010 Series A	7,235,000	-	515,000	6,720,000	555,000	1,497,669	257,150
September 15, 2010 Series B	11,640,000	-	3,780,000	7,860,000	3,890,000	395,400	236,600
September 15, 2010 Series B, Capital Notes	3,320,000	-	1,080,000	2,240,000	1,110,000	112,600	67,400
September 15, 2010 Series C, <sup>1</sup>	41,060,000	-	-	41,060,000	-	12,235,065	1,656,155
September 15, 2010 Series D, <sup>2</sup> Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	25,990,180	1,780,009
November 15, 2011 Series A	44,090,000	-	2,465,000	41,625,000	2,560,000	11,359,618	1,513,019
January 25, 2012 Series A	11,560,000	-	2,035,000	9,525,000	2,000,000	642,838	234,588
March 08, 2012 Series B	24,515,000	-	3,275,000	21,240,000	3,225,000	1,896,400	510,100
January 29, 2013 Series A	16,000,000	-	4,000,000	12,000,000	4,000,000	800,000	440,000
December 03, 2013 Series C	43,440,000	-	43,440,000	-	-	-	-
November 04, 2014 Series A	97,640,000	-	2,500,000	95,140,000	2,815,000	60,447,000	4,757,000
November 04, 2014 Series B	64,180,000	-	6,470,000	57,710,000	6,540,000	12,392,349	2,627,750
July 13, 2016 Series A	104,285,000	-	1,270,000	103,015,000	1,525,000	74,914,250	5,150,750
October 19, 2016 Series B	92,000,000	-	3,000,000	89,000,000	3,000,000	55,291,500	4,450,000
October 19, 2016 Series C	55,465,000	-	4,905,000	50,560,000	5,100,000	14,633,250	2,528,000
July 6, 2017 Series B AOSC & CIP	60,000,000	-	1,535,000	58,465,000	1,595,000	11,079,106	808,422
August 29, 2017 Series C	100,000,000	-	1,870,000	98,130,000	3,215,000	56,145,000	4,906,500
July 17, 2018 Series A		100,000,000	-	100,000,000	-	63,984,250	5,000,000
November 1, 2018 Series B		163,485,000		163,485,000	6,740,000	63,104,384	6,146,498
<b>Total G.O. Levy Supported</b>	<b>913,920,000</b>	<b>263,485,000</b>	<b>130,235,000</b>	<b>1,047,170,000</b>	<b>51,830,000</b>	<b>483,745,419</b>	<b>45,634,799</b>
<b>G.O. Non-Levy Supported Bonds</b>							
September 15, 2010 Series B, Watershed District	2,290,000	-	145,000	2,145,000	150,000	466,587	66,462
November 15, 2011 Series A, Watershed District	3,665,000	-	205,000	3,460,000	215,000	943,820	125,769
January 29, 2013 Series B, Watershed District	5,675,000	-	315,000	5,360,000	325,000	1,107,425	137,388
<b>Total G.O. Non-Levy Supported</b>	<b>11,630,000</b>	<b>-</b>	<b>665,000</b>	<b>10,965,000</b>	<b>690,000</b>	<b>2,517,832</b>	<b>329,619</b>
<b>Sales Tax Revenue Bonds</b>							
Ballpark: January 30, 2017, Series A	112,515,000	-	3,975,000	108,540,000	4,230,000	45,009,750	5,427,000
Ballpark: December 14, 2017, Series D Refunding Notes	72,155,000	-	13,600,000	58,555,000	14,100,000	3,562,817	1,412,272
<b>Total Sales Tax Revenue</b>	<b>184,670,000</b>	<b>-</b>	<b>17,575,000</b>	<b>167,095,000</b>	<b>18,330,000</b>	<b>48,572,567</b>	<b>6,839,272</b>
<b>Limited Tax Bonds</b>							
Regional Railroad Authority (RRA) March 17, 2010 Series A	31,535,000	-	1,670,000	29,865,000	1,730,000	9,106,000	1,194,600
<b>Total of Long-Term Debt Payable</b>	<b>\$ 1,141,755,000</b>	<b>\$ 263,485,000</b>	<b>\$ 150,145,000</b>	<b>\$ 1,255,095,000</b>	<b>\$ 72,580,000</b>	<b>\$ 543,941,818</b>	<b>\$ 53,998,290</b>



# **Supplementary Information Enterprise Funds**



Hennepin County, Minnesota  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
December 31, 2018  
With Comparative Totals for December 31, 2017

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
	2018	2017	2018	2017
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash. ....	\$ 22,345	\$ 2,543,908	\$ 2,566,253	\$ 3,970,710
Interfund receivable. ....	-	27,101	27,101	32,392
Other receivables. ....	-	455,664	455,664	354,625
Inventories. ....	1,580	-	1,580	3,548
Prepaid items. ....	1,929	-	1,929	2,619
 Total Current Assets	 25,854	 3,026,673	 3,052,527	 4,363,894
<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. ....	-	14,545,207	14,545,207	11,734,418
Total capital assets	3,722,167	14,545,207	18,267,374	15,456,585
Less accumulated depreciation. ....	2,413,591	6,640,329	9,053,920	8,443,197
Net Capital Assets	1,308,576	7,904,878	9,213,454	7,013,388
 Total Assets	 \$ 1,334,430	 \$ 10,931,551	 \$ 12,265,981	 \$ 11,377,282
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts and contracts payable. ....	\$ 16,444	\$ 159,292	\$ 175,736	\$ 103,715
General obligation bonds. ....	170,000	-	170,000	165,000
 Total Current Liabilities	 186,444	 159,292	 345,736	 268,715
<b>Noncurrent Liabilities, Net of Current Portion:</b>				
General obligation bonds. ....	175,000	-	175,000	345,000
 Total Liabilities	 361,444	 159,292	 520,736	 613,715
<b>NET POSITION</b>				
Net investment in capital assets. ....	963,576	7,904,878	8,868,454	6,503,388
Unrestricted. ....	9,410	2,867,381	2,876,791	4,260,179
 Total Net Position	 972,986	 10,772,259	 11,745,245	 10,763,567
 <b>Total Liabilities and Net Position</b>	 \$ 1,334,430	 \$ 10,931,551	 \$ 12,265,981	 \$ 11,377,282

Hennepin County, Minnesota  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
For the Year Ended December 31, 2018  
With Comparative Totals for December 31, 2017

	<u>Glen Lake Golf Course</u>	<u>Radio Communications</u>	<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES</b>				
Charges for services. . . . .	\$ 887,859	\$ 3,478,823	\$ 4,366,682	\$ 3,941,747
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	528,790	1,640,129	2,168,919	2,113,449
Commodities. . . . .	94,086	153,190	247,276	250,465
Contractual services. . . . .	134,276	245,024	379,300	360,806
Depreciation. . . . .	87,801	1,273,775	1,361,576	1,008,593
Other. . . . .	<u>21,275</u>	<u>191,076</u>	<u>212,351</u>	<u>213,481</u>
Total Operating Expenses	<u>866,228</u>	<u>3,503,194</u>	<u>4,369,422</u>	<u>3,946,794</u>
Operating Income (Loss)	<u>21,631</u>	<u>(24,371)</u>	<u>(2,740)</u>	<u>(5,047)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense. . . . .	(10,200)	-	(10,200)	(13,400)
Gain (Loss) on capital asset disposal. . . . .	<u>-</u>	<u>(1,156)</u>	<u>(1,156)</u>	<u>(4,711)</u>
Total Nonoperating Revenues (Expenses)	<u>(10,200)</u>	<u>(1,156)</u>	<u>(11,356)</u>	<u>(18,111)</u>
Income (Loss) Before Capital Contributions	11,431	(25,527)	(14,096)	(23,158)
Capital contributions. . . . .	<u>-</u>	<u>995,774</u>	<u>995,774</u>	<u>995,774</u>
Change in Net Position	11,431	970,247	981,678	972,616
Total Net Position - Beginning, as Restated	<u>961,555</u>	<u>9,802,012</u>	<u>10,763,567</u>	<u>9,790,951</u>
Total Net Position-Ending	<u>\$ 972,986</u>	<u>\$ 10,772,259</u>	<u>\$ 11,745,245</u>	<u>\$ 10,763,567</u>

Hennepin County, Minnesota  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
For the Year Ended December 31, 2018

	Glen Lake Golf Course	Radio Communications	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users. . . . .	\$ 887,859	\$ 3,383,075	\$ 4,270,934
Payments to suppliers for goods and services. . . . .	(223,597)	(328,300)	(551,897)
Payments to employees for services. . . . .	(528,790)	(1,640,129)	(2,168,919)
Other operating disbursements. . . . .	(21,275)	(191,076)	(212,351)
Net Cash Provided by Operating Activities	114,197	1,223,570	1,337,767
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets. . . . .	-	(2,567,024)	(2,567,024)
Interest paid. . . . .	(10,200)	-	(10,200)
Principal payments. . . . .	(165,000)	-	(165,000)
Net Cash Used by Capital and Related Financing Activities	(175,200)	(2,567,024)	(2,742,224)
Net Decrease In Cash	(61,003)	(1,343,454)	(1,404,457)
Cash at Beginning of Year	83,348	3,887,362	3,970,710
Cash at End of Year	\$ 22,345	\$ 2,543,908	\$ 2,566,253
<b>CASH COMPONENTS:</b>			
Cash. . . . .	\$ 22,345	\$ 2,543,908	\$ 2,566,253
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss). . . . .	\$ 21,631	\$ (24,371)	\$ (2,740)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization. . . . .	87,801	1,273,775	1,361,576
(Increase) decrease in:			
Receivables and prepaid items. . . . .	690	(95,748)	(95,058)
Inventories. . . . .	1,968	-	1,968
Increase (decrease) in:			
Accounts payable and accrued expenses. . . . .	2,107	69,914	72,021
Net Cash Provided by Operating Activities	\$ 114,197	\$ 1,223,570	\$ 1,337,767
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contributions of capital assets. . . . .	\$ -	\$ 995,774	\$ 995,774
Loss on disposal of capital assets. . . . .	-	(1,156)	(1,156)

Hennepin County, Minnesota  
**Schedules of Net Position**  
**Enterprise Funds**  
December 31, 2018 and 2017

	Hennepin Health		Solid Waste	
	2018	2017	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Current Assets:</b>				
Cash .....	\$ 79,584,316	\$ 84,929,218	\$ 19,398,912	\$ 20,353,026
Interfund receivable .....	-	-	-	-
Other receivables .....	18,800,067	19,478,637	4,888,016	5,237,688
Inventories .....	-	-	2,723,424	2,897,887
Prepaid items .....	48,271	19,451	-	2,215
Total Current Assets	<u>98,432,654</u>	<u>104,427,306</u>	<u>27,010,352</u>	<u>28,490,816</u>
<b>Noncurrent Assets:</b>				
Cash and investments .....	-	-	-	-
Restricted cash and investments .....	500,000	500,000	10,996,548	9,523,275
Notes receivable and other .....	-	-	885,606	986,521
<b>Capital Assets:</b>				
Land .....	-	-	8,179,432	8,179,432
Land improvements .....	-	-	-	-
Buildings .....	-	-	163,806,816	163,806,816
Equipment .....	746,004	746,004	38,519,392	32,997,245
Software .....	-	-	-	-
Leasehold improvements .....	1,301,599	1,301,599	-	-
Construction in progress .....	41,440	-	1,092,901	71,968
Total capital assets	2,089,043	2,047,603	211,598,541	205,055,461
Less accumulated depreciation and amortization .....	417,727	215,865	94,468,674	86,199,530
Net Capital Assets	<u>1,671,316</u>	<u>1,831,738</u>	<u>117,129,867</u>	<u>118,855,931</u>
Total Noncurrent Assets	<u>2,171,316</u>	<u>2,331,738</u>	<u>129,012,021</u>	<u>129,365,727</u>
Total Assets	<u>100,603,970</u>	<u>106,759,044</u>	<u>156,022,373</u>	<u>157,856,543</u>
<b>Deferred Outflows of Resources:</b>				
Pension related .....	476,067	1,285,381	636,014	1,221,881
Postemployment healthcare related .....	65,000	48,000	38,402	21,000
Total Deferred Outflows of Resources	<u>541,067</u>	<u>1,333,381</u>	<u>674,416</u>	<u>1,242,881</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 101,145,037</u>	<u>\$ 108,092,425</u>	<u>\$ 156,696,789</u>	<u>\$ 159,099,424</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>Current liabilities:</b>				
Interfund payable .....	\$ 2,249,080	\$ 2,668,454	\$ -	\$ -
Accounts and contracts payable .....	4,151,016	4,957,327	7,690,157	3,691,717
Accrued expenses .....	31,826,553	38,436,640	161,092	127,370
Unearned revenue .....	13,699,223	17,941,158	-	-
Current portion of:				
Workers' compensation claims .....	-	-	-	-
General obligation bonds and notes .....	-	-	744,300	495,966
Postemployment healthcare benefits .....	55,000	48,000	27,000	21,000
Compensated absences .....	140,000	150,000	70,000	50,000
Total Current Liabilities	<u>52,120,872</u>	<u>64,201,579</u>	<u>8,692,549</u>	<u>4,386,053</u>
<b>Noncurrent liabilities, net of current portion:</b>				
Workers' compensation claims .....	-	-	-	-
General obligation bonds and notes .....	-	-	17,779,286	12,229,523
Net pension .....	5,466,522	6,484,616	4,862,170	5,599,174
Postemployment healthcare benefits .....	539,454	531,879	650,743	640,126
Compensated absences .....	556,081	542,170	1,144,931	1,099,201
Total Noncurrent Liabilities	<u>6,562,057</u>	<u>7,558,665</u>	<u>24,437,130</u>	<u>19,568,024</u>
Total Liabilities	<u>58,682,929</u>	<u>71,760,244</u>	<u>33,129,679</u>	<u>23,954,077</u>
<b>Deferred Inflows of Resources:</b>				
Pension related .....	1,048,364	1,027,565	824,363	809,306
Postemployment healthcare related .....	5,101	6,203	5,816	7,072
Total Deferred Inflows of Resources	<u>1,053,465</u>	<u>1,033,768</u>	<u>830,179</u>	<u>816,378</u>
<b>Net Position:</b>				
Net investment in capital assets .....	1,671,316	1,831,738	98,606,281	106,130,442
Restricted for:				
Statutory requirements relating to:				
Metropolitan health plan .....	39,737,327	33,466,675	-	-
Solid waste management .....	-	-	24,072,276	28,155,789
Medical Center expendable .....	-	-	-	-
Medical Center nonexpendable .....	-	-	-	-
Brownfield assessment and cleanup .....	-	-	58,374	42,738
Unrestricted (deficit) .....	-	-	-	-
Total Net Position	<u>41,408,643</u>	<u>35,298,413</u>	<u>122,736,931</u>	<u>134,328,969</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 101,145,037</u>	<u>\$ 108,092,425</u>	<u>\$ 156,696,789</u>	<u>\$ 159,099,424</u>

Medical Center		Total Nonmajor	
2018	2017	2018	2017
\$ 42,594,649	\$ 52,435,426	\$ 2,566,253	\$ 3,970,710
5,245,548	2,926,405	27,101	32,392
208,213,799	205,610,284	455,664	354,625
7,486,664	5,947,651	1,580	3,548
9,105,734	7,546,438	1,929	2,619
<u>272,646,394</u>	<u>274,466,204</u>	<u>3,052,527</u>	<u>4,363,894</u>
12,608,596	11,752,047	-	-
46,009,133	46,267,585	-	-
8,346,344	7,826,976	-	-
28,603,548	28,603,548	985,092	985,092
-	-	1,893,908	1,893,908
581,301,648	382,272,003	843,167	843,167
276,481,686	230,025,637	14,545,207	11,734,418
4,501,081	3,941,970	-	-
21,746,616	22,835,848	-	-
7,966,859	196,130,292	-	-
920,601,438	863,809,298	18,267,374	15,456,585
478,902,278	441,567,752	9,053,920	8,443,197
<u>441,699,160</u>	<u>422,241,546</u>	<u>9,213,454</u>	<u>7,013,388</u>
<u>508,663,233</u>	<u>488,088,154</u>	<u>9,213,454</u>	<u>7,013,388</u>
<u>781,309,627</u>	<u>762,554,358</u>	<u>12,265,981</u>	<u>11,377,282</u>
80,579,504	186,761,153	-	-
3,365,289	2,751,000	-	-
83,944,793	189,512,153	-	-
<u>\$ 865,254,420</u>	<u>\$ 952,066,511</u>	<u>\$ 12,265,981</u>	<u>\$ 11,377,282</u>
\$ 3,945,275	\$ 7,715,300	\$ -	\$ -
29,528,986	28,500,073	175,736	103,715
65,786,345	73,560,098	-	-
-	-	-	-
1,700,000	1,700,000	-	-
4,658,285	4,328,540	170,000	165,000
2,824,000	2,751,000	-	-
1,600,000	1,600,000	-	-
<u>110,042,891</u>	<u>120,155,011</u>	<u>345,736</u>	<u>268,715</u>
12,200,000	13,450,000	-	-
182,780,898	144,891,218	175,000	345,000
290,048,135	361,936,998	-	-
27,085,112	26,586,219	-	-
36,600,598	37,615,627	-	-
<u>548,714,743</u>	<u>584,480,062</u>	<u>175,000</u>	<u>345,000</u>
<u>658,757,634</u>	<u>704,635,073</u>	<u>520,736</u>	<u>613,715</u>
118,124,060	172,659,978	-	-
276,938	312,904	-	-
<u>118,400,998</u>	<u>172,972,882</u>	<u>-</u>	<u>-</u>
248,596,977	270,459,201	8,868,454	6,503,388
-	-	-	-
-	-	-	-
30,559,813	28,251,421	-	-
18,648,677	20,748,955	-	-
-	-	-	-
<u>(209,709,679)</u>	<u>(245,001,021)</u>	<u>2,876,791</u>	<u>4,260,179</u>
<u>88,095,788</u>	<u>74,458,556</u>	<u>11,745,245</u>	<u>10,763,567</u>
<u>\$ 865,254,420</u>	<u>\$ 952,066,511</u>	<u>\$ 12,265,981</u>	<u>\$ 11,377,282</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual**  
**Hennepin Health Fund**  
For the Years Ended December 31, 2018 and 2017

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
<b>OPERATING REVENUES</b>				
Net charges for services. . . . .	\$ 256,502,454	\$ 234,468,514	\$ (22,033,940)	\$ 231,003,831
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	13,877,473	11,808,473	2,069,000	10,464,269
Commodities. . . . .	21,788	49,382	(27,594)	27,305
Contractual services. . . . .	233,407,832	209,059,470	24,348,362	208,457,007
Depreciation and amortization. . . . .	197,031	201,862	(4,831)	199,596
Other. . . . .	5,905,839	8,142,001	(2,236,162)	8,079,066
Total Operating Expenses	<u>253,409,963</u>	<u>229,261,188</u>	<u>24,148,775</u>	<u>227,227,243</u>
Operating Income (Loss)	<u>3,092,491</u>	<u>5,207,326</u>	<u>2,114,835</u>	<u>3,776,588</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings (losses). . . . .	846,169	973,819	127,650	648,043
Interest expense. . . . .	(139,377)	(70,915)	68,462	(83,763)
Total Nonoperating Revenues (Expenses)	<u>706,792</u>	<u>902,904</u>	<u>196,112</u>	<u>564,280</u>
Change in Net Position	3,799,283	6,110,230	\$ <u>2,310,947</u>	4,340,868
Total Net Position - Beginning, as Restated	<u>35,298,413</u>	<u>35,298,413</u>		<u>30,957,545</u>
Total Net Position - Ending	<u>\$ 39,097,696</u>	<u>\$ 41,408,643</u>		<u>\$ 35,298,413</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, 2018 and 2017

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>OPERATING REVENUES</b>				
Charges for services. . . . .	\$ 51,747,298	\$ 50,812,125	\$ (935,173)	\$ 53,834,305
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	7,922,976	8,160,160	(237,184)	7,963,492
Commodities. . . . .	472,172	244,204	227,968	302,175
Contractual services. . . . .	42,879,641	45,467,581	(2,587,940)	44,562,387
Depreciation and amortization. . . . .	7,945,879	8,269,144	(323,265)	7,554,213
Other. . . . .	10,125,446	2,340,234	7,785,212	1,586,538
Total Operating Expenses	<u>69,346,114</u>	<u>64,481,323</u>	<u>4,864,791</u>	<u>61,968,805</u>
Operating Income (Loss)	<u>(17,598,816)</u>	<u>(13,669,198)</u>	<u>3,929,618</u>	<u>(8,134,500)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental. . . . .	5,678,143	4,256,043	(1,422,100)	4,977,117
Investment earnings (losses). . . . .	300,000	553,330	253,330	288,966
Interest expense. . . . .	(424,018)	(374,982)	49,036	(287,542)
Other. . . . .	3,630,879	3,784,044	153,165	3,743,368
Environmental grants awarded. . . . .	(1,300,000)	(6,141,275)	(4,841,275)	(6,498,476)
Total Nonoperating Revenues (Expenses)	<u>7,885,004</u>	<u>2,077,160</u>	<u>(5,807,844)</u>	<u>2,223,433</u>
Change in Net Position	(9,713,812)	(11,592,038)	\$ <u>(1,878,226)</u>	(5,911,067)
Total Net Position - Beginning, as Restated	<u>134,328,969</u>	<u>134,328,969</u>		<u>140,240,036</u>
Total Net Position - Ending	<u>\$ 124,615,157</u>	<u>\$ 122,736,931</u>		<u>\$ 134,328,969</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Medical Center Fund**  
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
	Actual	Actual
<b>OPERATING REVENUES</b>		
Net charges for services. . . . .	\$ 981,700,323	\$ 939,043,280
Grants. . . . .	<u>66,249,422</u>	<u>59,256,840</u>
Total Operating Revenues	<u>1,047,949,745</u>	<u>998,300,120</u>
<b>OPERATING EXPENSES</b>		
Personal services. . . . .	715,564,143	717,717,513
Commodities. . . . .	224,668,819	219,809,482
Contractual services. . . . .	53,718,517	47,274,165
Depreciation and amortization. . . . .	39,880,526	33,997,745
Other. . . . .	<u>6,679,840</u>	<u>7,426,995</u>
Total Operating Expenses	<u>1,040,511,845</u>	<u>1,026,225,900</u>
Operating Income (Loss)	<u>7,437,900</u>	<u>(27,925,780)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings (losses). . . . .	(1,381,002)	7,309,358
Interest expense. . . . .	(3,556,660)	-
Other. . . . .	<u>356,400</u>	<u>(475,849)</u>
Total Nonoperating Revenues (Expenses)	<u>(4,581,262)</u>	<u>6,833,509</u>
Income (Loss) Before Contributions	2,856,638	(21,092,271)
Capital contributions. . . . .	<u>10,780,594</u>	<u>7,400,234</u>
Change in Net Position	13,637,232	(13,692,037)
Total Net Position - Beginning, as Restated	<u>74,458,556</u>	<u>88,150,593</u>
Total Net Position - Ending	<u>\$ 88,095,788</u>	<u>\$ 74,458,556</u>



Hennepin County, Minnesota  
**Schedules of Cash Flows**  
**Enterprise Funds**  
For the Years Ended December 31, 2018 and 2017

	Hennepin Health	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users.....	\$ 224,295,062	\$ 251,049,827
Operating grants.....	-	-
Payments to suppliers for goods and services.....	(209,943,983)	(205,860,276)
Payments to employees for services.....	(11,996,070)	(9,967,909)
Other operating disbursements.....	(8,142,001)	(8,079,066)
	(5,786,992)	27,142,576
Net Cash Provided (Used) by Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net grants and contributions.....	-	-
Net Interfund loans.....	(419,374)	(2,715,225)
	(419,374)	(2,715,225)
Net Cash Provided (Used) by Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets.....	(41,440)	(46,518)
Interest paid.....	(70,915)	(83,763)
Proceeds from issuance of debt.....	-	-
Debt issuance cost and principal payments.....	-	-
	(112,355)	(130,281)
Net Cash Provided (Used) by Capital and Related Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income.....	973,819	648,043
Purchase of investments.....	-	-
Sale of investments.....	-	-
	973,819	648,043
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	(5,344,902)	24,945,113
Cash at Beginning of Year	85,429,218	60,484,105
Cash at End of Year	\$ 80,084,316	\$ 85,429,218
<b>CASH COMPONENTS:</b>		
Cash.....	\$ 79,584,316	\$ 84,929,218
Restricted cash.....	500,000	500,000
Cash at End of Year	\$ 80,084,316	\$ 85,429,218
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss).....	\$ 5,207,326	\$ 3,776,588
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization.....	201,862	199,596
(Increase) decrease in:		
Receivables and prepaid items.....	649,750	(8,049,989)
Inventories.....	-	-
Increase (decrease) in:		
Accounts payable and accrued expenses.....	(7,397,912)	23,226,710
Unearned revenue.....	(4,241,935)	7,558,802
Net pension liability.....	(1,018,094)	(1,213,593)
Deferred outflows.....	792,314	933,933
Deferred inflows.....	19,697	710,529
	(5,786,992)	27,142,576
Net Cash Provided (Used) by Operating Activities		
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of capital assets.....	\$ -	\$ -
Gain (loss) on disposal of capital assets.....	-	-
Increase (decrease) in fair value of investments.....	8,476	(45,779)
Capitalized interest.....	-	-

Solid Waste		Medical Center		Nonmajor			
				Glen Lake Golf Course		Radio Communications	
2018	2017	2018	2017	2018	2017	2018	2017
\$ 51,195,519	\$ 53,894,241	\$ 969,003,912	\$ 930,134,114	\$ 887,859	\$ 942,191	\$ 3,383,075	\$ 2,875,175
-	-	66,249,422	59,256,840	-	-	-	-
(41,536,667)	(46,785,174)	(282,677,732)	(274,139,091)	(223,597)	(221,634)	(328,300)	(402,106)
(8,232,551)	(7,513,566)	(738,150,666)	(696,059,928)	(528,790)	(541,888)	(1,640,129)	(1,571,561)
(2,340,234)	(1,586,538)	(6,679,840)	(7,426,995)	(21,275)	(23,344)	(191,076)	(190,137)
(913,933)	(1,991,037)	7,745,096	11,764,940	114,197	155,325	1,223,570	711,371
1,999,727	2,319,760	(162,968)	(475,849)	-	-	-	-
-	-	(3,770,025)	4,826,359	-	-	-	-
1,999,727	2,319,760	(3,932,993)	4,350,510	-	-	-	-
(249,017)	(610,316)	(48,557,546)	(111,402,105)	-	-	(2,567,024)	(860,920)
(374,982)	(287,542)	(3,556,660)	-	(10,200)	(13,400)	-	-
-	-	44,768,965	86,282,408	-	-	-	-
(495,966)	-	(4,328,540)	-	(165,000)	(160,000)	-	-
(1,119,965)	(897,858)	(11,673,781)	(25,119,697)	(175,200)	(173,400)	(2,567,024)	(860,920)
553,330	288,966	2,851,107	1,832,054	-	-	-	-
-	-	(4,332,203)	(3,820,028)	-	-	-	-
-	-	2,131,797	1,502,864	-	-	-	-
553,330	288,966	650,701	(485,110)	-	-	-	-
519,159	(280,169)	(7,210,977)	(9,489,357)	(61,003)	(18,075)	(1,343,454)	(149,549)
29,876,301	30,156,470	59,391,626	68,880,983	83,348	101,423	3,887,362	4,036,911
\$ 30,395,460	\$ 29,876,301	\$ 52,180,649	\$ 59,391,626	\$ 22,345	\$ 83,348	\$ 2,543,908	\$ 3,887,362
\$ 19,398,912	\$ 20,353,026	\$ 52,180,649	\$ 59,391,626	\$ 22,345	\$ 83,348	\$ 2,543,908	\$ 3,887,362
10,996,548	9,523,275	-	-	-	-	-	-
\$ 30,395,460	\$ 29,876,301	\$ 52,180,649	\$ 59,391,626	\$ 22,345	\$ 83,348	\$ 2,543,908	\$ 3,887,362
\$ (13,669,198)	\$ (8,134,500)	\$ 7,437,900	\$ (27,925,780)	\$ 21,631	\$ 67,052	\$ (24,371)	\$ (72,099)
8,269,144	7,554,213	39,880,526	33,997,745	87,801	87,851	1,273,775	920,742
351,887	51,406	(6,481,954)	(24,687,957)	690	(591)	(95,748)	(124,381)
174,463	(2,897,887)	(1,539,013)	143,540	1,968	759	-	-
4,114,509	1,071,713	(10,658,976)	8,963,643	2,107	254	69,914	(12,891)
-	-	-	-	-	-	-	-
(737,004)	(1,067,840)	(71,888,863)	(111,378,728)	-	-	-	-
568,465	805,050	105,567,360	46,268,663	-	-	-	-
13,801	626,808	(54,571,884)	86,383,814	-	-	-	-
\$ (913,933)	\$ (1,991,037)	\$ 7,745,096	\$ 11,764,940	\$ 114,197	\$ 155,325	\$ 1,223,570	\$ 711,371
\$ -	\$ -	\$ 10,780,594	\$ 7,400,234	\$ -	\$ -	\$ 995,774	\$ 995,774
-	-	(376,965)	8,448	-	-	(1,156)	(4,711)
49,184	(144,431)	(4,168,100)	5,577,796	-	-	-	-
-	-	1,122,000	3,060,000	-	-	-	-



# **Supplementary Information Other**





Hennepin County, Minnesota  
**Combining Statement of Net Position**  
**Internal Service Funds**  
December 31, 2018  
With Comparative Totals for December 31, 2017

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
<b>ASSETS &amp; DEFERRED OUTFLOWS</b>				
<b>Current Assets:</b>				
Cash .....	\$ 1,288,200	\$ 20,605,830	\$ 34,452,758	\$ 1,392,613
Interfund receivable .....	7,919	722,393	-	1,168,195
Receivables from users .....	18,961	96,825	178,054	406,535
Inventories .....	94,629	197,071	-	282,996
Prepaid items .....	174,077	2,071	3,679,073	-
Total Current Assets	1,583,786	21,624,190	38,309,885	3,250,339
<b>Capital Assets:</b>				
Land .....	-	-	-	1,040,600
Buildings .....	-	-	-	46,567,337
Equipment .....	4,348,748	60,873,143	44,927,986	280,965
Software .....	-	-	4,702,015	-
Construction in progress .....	-	3,350,089	-	-
Total capital assets	4,348,748	64,223,232	49,630,001	47,888,902
Less accumulated depreciation .....	2,580,999	35,946,913	35,343,460	25,688,035
Net Capital Assets	1,767,749	28,276,319	14,286,541	22,200,867
<b>Total Assets</b>	<b>3,351,535</b>	<b>49,900,509</b>	<b>52,596,426</b>	<b>25,451,206</b>
<b>Deferred Outflows of Resources:</b>				
Postemployment healthcare related .....	42,275	4,043	274,787	122
<b>Total Assets and Deferred Outflows</b>	<b>\$ 3,393,810</b>	<b>\$ 49,904,552</b>	<b>\$ 52,871,213</b>	<b>\$ 25,451,328</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>Current Liabilities:</b>				
Interfund payable .....	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable .....	273,625	1,245,246	2,880,785	515,456
Accrued expenses .....	108,934	46,246	814,889	2,828
Current portion of:				
Workers' compensation claims .....	-	-	-	-
General obligation bonds .....	-	-	-	2,006,615
Postemployment healthcare benefits .....	34,000	-	233,000	-
Compensated absences .....	30,000	50,000	490,000	-
Total Current Liabilities	446,559	1,341,492	4,418,674	2,524,899
<b>Noncurrent Liabilities, Net of Current Portion:</b>				
Workers' compensation claims .....	-	-	-	-
General obligation bonds .....	-	-	-	15,801,426
Postemployment healthcare benefits .....	457,918	240,304	2,250,960	7,246
Compensated absences .....	285,624	65,348	3,631,578	43,846
Total Noncurrent Liabilities	743,542	305,652	5,882,538	15,852,518
Total Liabilities	1,190,101	1,647,144	10,301,212	18,377,417
<b>Deferred Inflows of Resources:</b>				
Postemployment healthcare related .....	4,221	2,062	21,316	62
<b>Net Position:</b>				
Net investment in capital assets .....	1,767,749	28,276,319	14,286,541	4,392,826
Unrestricted .....	431,739	19,979,027	28,262,144	2,681,023
Total Net Position	2,199,488	48,255,346	42,548,685	7,073,849
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 3,393,810</b>	<b>\$ 49,904,552</b>	<b>\$ 52,871,213</b>	<b>\$ 25,451,328</b>

	Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
				2018	2017
\$	19,365,769	\$ 48,925,723	\$ 66,352,083	\$ 192,382,976	\$ 179,470,289
	1,410,413	-	25,116,284	28,425,204	28,698,695
	-	376,392	-	1,076,767	543,831
	-	-	-	574,696	336,481
	-	-	-	3,855,221	7,413,321
	<u>20,776,182</u>	<u>49,302,115</u>	<u>91,468,367</u>	<u>226,314,864</u>	<u>216,462,617</u>
	-	-	-	1,040,600	1,040,600
	-	-	-	46,567,337	45,401,501
	65,850	-	-	110,496,692	99,321,532
	-	-	-	4,702,015	4,702,015
	-	-	-	3,350,089	6,346,383
	65,850	-	-	166,156,733	156,812,031
	65,850	-	-	99,625,257	91,527,698
	-	-	-	66,531,476	65,284,333
	<u>20,776,182</u>	<u>49,302,115</u>	<u>91,468,367</u>	<u>292,846,340</u>	<u>281,746,950</u>
	2,245	57	-	323,529	342,000
\$	<u>20,778,427</u>	<u>49,302,172</u>	<u>91,468,367</u>	<u>293,169,869</u>	<u>282,088,950</u>
\$	-	\$ -	\$ 925,950	\$ 925,950	\$ 906,405
	1,930,495	535,569	-	7,381,176	10,071,781
	12,794	7,391,508	-	8,377,199	8,692,053
	2,500,000	-	-	2,500,000	2,400,000
	-	-	-	2,006,615	2,617,854
	2,000	-	-	269,000	342,000
	-	10,000	10,030,000	10,610,000	10,600,000
	<u>4,445,289</u>	<u>7,937,077</u>	<u>10,955,950</u>	<u>32,069,940</u>	<u>35,630,093</u>
	11,216,000	-	-	11,216,000	12,709,236
	-	-	-	15,801,426	16,648,395
	12,545	3,381	-	2,972,354	2,819,879
	96,798	37,854	80,512,417	84,673,465	83,754,040
	<u>11,325,343</u>	<u>41,235</u>	<u>80,512,417</u>	<u>114,663,245</u>	<u>115,931,550</u>
	<u>15,770,632</u>	<u>7,978,312</u>	<u>91,468,367</u>	<u>146,733,185</u>	<u>151,561,643</u>
	125	30	-	27,816	33,821
	-	-	-	48,723,435	46,018,084
	5,007,670	41,323,830	-	97,685,433	84,475,402
	5,007,670	41,323,830	-	146,408,868	130,493,486
\$	<u>20,778,427</u>	<u>49,302,172</u>	<u>91,468,367</u>	<u>293,169,869</u>	<u>282,088,950</u>

Hennepin County, Minnesota  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
For the Year Ended December 31, 2018  
With Comparative Totals for December 31, 2017

	Central Services	Central Mobile Equipment	Information Technology	Energy Center
<b>OPERATING REVENUES</b>				
Charges for services. . . . .	\$ 10,645,903	\$ 8,663,302	\$ 77,764,379	\$ 9,359,522
<b>OPERATING EXPENSES</b>				
Personal services. . . . .	5,403,501	2,077,247	39,737,633	133,433
Commodities. . . . .	471,740	2,934,942	9,736,587	4,445,469
Contractual services. . . . .	5,172,645	1,717,946	16,039,358	2,553,756
Depreciation. . . . .	595,020	8,068,995	7,342,593	1,600,586
Other charges. . . . .	197,346	365,180	2,006,007	87,697
Total Operating Expenses	<u>11,840,252</u>	<u>15,164,310</u>	<u>74,862,178</u>	<u>8,820,941</u>
Operating Income (Loss)	(1,194,349)	(6,501,008)	2,902,201	538,581
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense. . . . .	-	-	-	(507,965)
Gain (Loss) on capital asset disposal. . . . .	(24,955)	1,429,437	-	-
Total Nonoperating Revenues (Expenses)	<u>(24,955)</u>	<u>1,429,437</u>	<u>-</u>	<u>(507,965)</u>
Income (Loss) Before Contributions	<u>(1,219,304)</u>	<u>(5,071,571)</u>	<u>2,902,201</u>	<u>30,616</u>
Capital contributions. . . . .	-	2,240,669	354,168	-
Change in Net Position	(1,219,304)	(2,830,902)	3,256,369	30,616
Total Net Position - Beginning, as Restated	<u>3,418,792</u>	<u>51,086,248</u>	<u>39,292,316</u>	<u>7,043,233</u>
Total Net Position - Ending	<u>\$ 2,199,488</u>	<u>\$ 48,255,346</u>	<u>\$ 42,548,685</u>	<u>\$ 7,073,849</u>

Self Insurance	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2018	2017
\$ 8,580,114	\$ 131,363,187	\$ 14,965,952	\$ 261,342,359	\$ 249,269,748
4,961,582	107,992,944	14,965,952	175,272,292	172,980,807
2,414	9,813	-	17,600,965	20,651,005
459,932	9,346,063	-	35,289,700	28,850,545
-	-	-	17,607,194	18,701,680
475,560	16,390	-	3,148,180	4,042,238
5,899,488	117,365,210	14,965,952	248,918,331	245,226,275
2,680,626	13,997,977	-	12,424,028	4,043,473
-	-	-	(507,965)	(482,189)
-	-	-	1,404,482	645,253
-	-	-	896,517	163,064
2,680,626	13,997,977	-	13,320,545	4,206,537
-	-	-	2,594,837	1,270,705
2,680,626	13,997,977	-	15,915,382	5,477,242
2,327,044	27,325,853	-	130,493,486	125,016,244
\$ 5,007,670	\$ 41,323,830	\$ -	\$ 146,408,868	\$ 130,493,486

Hennepin County, Minnesota  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
For the Year Ended December 31, 2018

	Central Services	Central Mobile Equipment	Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users. . . . .	\$ 10,679,285	\$ 8,599,504	\$ 77,830,063
Payments to suppliers for goods and services. . . . .	(5,515,523)	(6,754,506)	(23,218,958)
Payments to employees for services. . . . .	(5,394,750)	(2,140,954)	(39,699,230)
Other operating disbursements. . . . .	(197,346)	(365,180)	(2,006,007)
Net Cash Provided (Used) by Operating Activities	(428,334)	(661,136)	12,905,868
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net interfund loans. . . . .	-	-	-
Net Cash Used by Noncapital Financing Activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets. . . . .	(832,520)	(3,704,989)	(9,151,673)
Interest paid. . . . .	-	-	-
Proceeds from issuance of debt. . . . .	-	-	-
Debt issuance cost and principal payments. . . . .	-	-	-
Net Cash Used by Capital and Related Financing Activities	(832,520)	(3,704,989)	(9,151,673)
Net Increase (Decrease) in Cash	(1,260,854)	(4,366,125)	3,754,195
Cash at Beginning of Year	2,549,054	24,971,955	30,698,563
Cash at End of Year	\$ 1,288,200	\$ 20,605,830	\$ 34,452,758
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss). . . . .	\$ (1,194,349)	\$ (6,501,008)	\$ 2,902,201
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization. . . . .	595,020	8,068,995	7,342,593
(Increase) decrease in:			
Receivables and prepaid items. . . . .	53,501	(79,118)	3,458,586
Inventories. . . . .	(17,364)	(36,347)	-
Increase (decrease) in:			
Accounts payable and accrued expenses. . . . .	132,045	(2,124,170)	(792,122)
Deferred outflows. . . . .	3,725	10,957	(787)
Deferred inflows. . . . .	(912)	(445)	(4,603)
Net Cash Provided (Used) by Operating Activities	\$ (428,334)	\$ (661,136)	\$ 12,905,868
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>			
Contributions of capital assets. . . . .	-	\$ 2,240,669	\$ 354,168
Loss on disposal of capital assets. . . . .	(24,955)	-	-

Energy Center	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$ 10,436,367	\$ 9,283,103	\$ 130,677,116	\$ 13,262,622	\$ 260,768,060
(7,642,668)	(245,335)	(8,884,395)	-	(52,261,385)
(132,987)	(6,342,481)	(107,991,003)	(13,942,757)	(175,644,162)
(87,697)	(475,560)	(16,390)	-	(3,148,180)
<u>2,573,015</u>	<u>2,219,727</u>	<u>13,785,328</u>	<u>(680,135)</u>	<u>29,714,333</u>
-	-	-	19,545	19,545
-	-	-	19,545	19,545
(1,165,836)	-	-	-	(14,855,018)
(507,965)	-	-	-	(507,965)
1,159,646	-	-	-	1,159,646
(2,617,854)	-	-	-	(2,617,854)
<u>(3,132,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,821,191)</u>
(558,994)	2,219,727	13,785,328	(660,590)	12,912,687
1,951,607	17,146,042	35,140,395	67,012,673	179,470,289
<u>\$ 1,392,613</u>	<u>\$ 19,365,769</u>	<u>\$ 48,925,723</u>	<u>\$ 66,352,083</u>	<u>\$ 192,382,976</u>
\$ 538,581	\$ 2,680,626	\$ 13,997,977	\$ -	\$ 12,424,028
1,600,586	-	-	-	17,607,194
1,076,698	699,632	(207,314)	(1,703,330)	3,298,655
(184,504)	-	-	-	(238,215)
(458,210)	(1,165,259)	(5,274)	1,023,195	(3,389,795)
(122)	4,755	(57)	-	18,471
(14)	(27)	(4)	-	(6,005)
<u>\$ 2,573,015</u>	<u>\$ 2,219,727</u>	<u>\$ 13,785,328</u>	<u>\$ (680,135)</u>	<u>\$ 29,714,333</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,594,837
-	-	-	-	(24,955)

Hennepin County, Minnesota  
**Schedules of Net Position**  
**Internal Service Funds**  
For the Years Ended December 31, 2018 and 2017

	Central Services		Central Mobile Equipment		Information Technology	
	2018	2017	2018	2017	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Current Assets:</b>						
Cash	\$ 1,288,200	\$ 2,549,054	\$ 20,605,830	\$ 24,971,955	\$ 34,452,758	\$ 30,698,563
Interfund receivable	7,919	27,455	722,393	698,185	-	-
Receivables from users	18,961	9,841	96,825	43,986	178,054	119,554
Inventories	94,629	77,265	197,071	160,724	-	-
Prepaid items	174,077	217,162	2,071	-	3,679,073	7,196,159
Total Current Assets	<u>1,583,786</u>	<u>2,880,777</u>	<u>21,624,190</u>	<u>25,874,850</u>	<u>38,309,885</u>	<u>38,014,276</u>
<b>Capital Assets:</b>						
Land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Equipment	4,348,748	4,406,031	60,873,143	55,485,011	44,927,986	39,083,675
Software	-	-	-	-	4,702,015	4,702,015
Construction in progress	-	-	3,350,089	6,346,383	-	-
Total capital assets	4,348,748	4,406,031	64,223,232	61,831,394	49,630,001	43,785,690
Less accumulated depreciation	2,580,999	2,850,827	35,946,913	32,861,175	35,343,460	31,662,397
Net Capital Assets	<u>1,767,749</u>	<u>1,555,204</u>	<u>28,276,319</u>	<u>28,970,219</u>	<u>14,286,541</u>	<u>12,123,293</u>
Total Assets	<u>3,351,535</u>	<u>4,435,981</u>	<u>49,900,509</u>	<u>54,845,069</u>	<u>52,596,426</u>	<u>50,137,569</u>
<b>Deferred Outflows of Resources</b>						
Postemployment healthcare related	42,275	46,000	4,043	15,000	274,787	274,000
Total Assets and Deferred Outflows of Resources	<u>\$ 3,393,810</u>	<u>\$ 4,481,981</u>	<u>\$ 49,904,552</u>	<u>\$ 54,860,069</u>	<u>\$ 52,871,213</u>	<u>\$ 50,411,569</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
<b>Current Liabilities:</b>						
Interfund payable	-	-	-	-	-	-
Accounts and contracts payable	273,625	170,484	1,245,246	3,308,446	2,880,785	3,840,884
Accrued expenses	108,934	85,968	46,246	32,997	814,889	690,705
Unearned revenue	-	-	-	-	-	-
Current portion of:						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	34,000	46,000	-	15,000	233,000	274,000
Compensated absences	30,000	50,000	50,000	60,000	490,000	475,000
Total Current Liabilities	<u>446,559</u>	<u>352,452</u>	<u>1,341,492</u>	<u>3,416,443</u>	<u>4,418,674</u>	<u>5,280,589</u>
<b>Noncurrent Liabilities, Net of Current Portion:</b>						
Workers' compensation claims	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-
Postemployment healthcare benefits	457,918	433,857	240,304	219,412	2,250,960	2,149,056
Compensated absences	285,624	271,747	65,348	135,459	3,631,578	3,663,689
Total Noncurrent Liabilities	<u>743,542</u>	<u>705,604</u>	<u>305,652</u>	<u>354,871</u>	<u>5,882,538</u>	<u>5,812,745</u>
Total Liabilities	<u>1,190,101</u>	<u>1,058,056</u>	<u>1,647,144</u>	<u>3,771,314</u>	<u>10,301,212</u>	<u>11,093,334</u>
<b>Deferred Inflows of Resources</b>						
Postemployment healthcare related	4,221	5,133	2,062	2,507	21,316	25,919
<b>Net Position:</b>						
Net investment in capital assets	1,767,749	1,555,204	28,276,319	28,970,219	14,286,541	12,123,293
Unrestricted	431,739	1,863,588	19,979,027	22,116,029	28,262,144	27,169,023
Total Net Position	<u>2,199,488</u>	<u>3,418,792</u>	<u>48,255,346</u>	<u>51,086,248</u>	<u>42,548,685</u>	<u>39,292,316</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,393,810</u>	<u>\$ 4,481,981</u>	<u>\$ 49,904,552</u>	<u>\$ 54,860,069</u>	<u>\$ 52,871,213</u>	<u>\$ 50,411,569</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2018	2017	2018	2017	2018	2017	2018	2017
\$ 1,392,613	\$ 1,951,607	\$ 19,365,769	\$ 17,146,042	\$ 48,925,723	\$ 35,140,395	\$ 66,352,083	\$ 67,012,673
1,168,195	2,450,056	1,410,413	2,110,045	-	-	25,116,284	23,412,954
406,535	201,372	-	-	376,392	169,078	-	-
282,996	98,492	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,250,339</u>	<u>4,701,527</u>	<u>20,776,182</u>	<u>19,256,087</u>	<u>49,302,115</u>	<u>35,309,473</u>	<u>91,468,367</u>	<u>90,425,627</u>
1,040,600	1,040,600	-	-	-	-	-	-
46,567,337	45,401,501	-	-	-	-	-	-
280,965	280,965	65,850	65,850	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>47,888,902</u>	<u>46,723,066</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,688,035</u>	<u>24,087,449</u>	<u>65,850</u>	<u>65,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,200,867</u>	<u>22,635,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,451,206</u>	<u>27,337,144</u>	<u>20,776,182</u>	<u>19,256,087</u>	<u>49,302,115</u>	<u>35,309,473</u>	<u>91,468,367</u>	<u>90,425,627</u>
122	-	2,245	7,000	57	-	-	-
<u>\$ 25,451,328</u>	<u>\$ 27,337,144</u>	<u>\$ 20,778,427</u>	<u>\$ 19,263,087</u>	<u>\$ 49,302,172</u>	<u>\$ 35,309,473</u>	<u>\$ 91,468,367</u>	<u>\$ 90,425,627</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 925,950	\$ 906,405
515,456	974,395	1,930,495	1,713,484	535,569	64,088	-	-
2,828	2,681	12,794	9,437	7,391,508	7,870,265	-	-
-	-	-	-	-	-	-	-
-	-	2,500,000	2,400,000	-	-	-	-
2,006,615	2,617,854	-	-	-	-	-	-
-	-	2,000	7,000	-	-	-	-
-	-	-	15,000	10,000	-	10,030,000	10,000,000
<u>2,524,899</u>	<u>3,594,930</u>	<u>4,445,289</u>	<u>4,144,921</u>	<u>7,937,077</u>	<u>7,934,353</u>	<u>10,955,950</u>	<u>10,906,405</u>
-	-	11,216,000	12,709,236	-	-	-	-
15,801,426	16,648,395	-	-	-	-	-	-
7,246	7,068	12,545	7,188	3,381	3,298	-	-
43,846	43,442	96,798	74,546	37,854	45,935	80,512,417	79,519,222
<u>15,852,518</u>	<u>16,698,905</u>	<u>11,325,343</u>	<u>12,790,970</u>	<u>41,235</u>	<u>49,233</u>	<u>80,512,417</u>	<u>79,519,222</u>
<u>18,377,417</u>	<u>20,293,835</u>	<u>15,770,632</u>	<u>16,935,891</u>	<u>7,978,312</u>	<u>7,983,586</u>	<u>91,468,367</u>	<u>90,425,627</u>
62	76	125	152	30	34	-	-
4,392,826	3,369,368	-	-	-	-	-	-
2,681,023	3,673,865	5,007,670	2,327,044	41,323,830	27,325,853	-	-
<u>7,073,849</u>	<u>7,043,233</u>	<u>5,007,670</u>	<u>2,327,044</u>	<u>41,323,830</u>	<u>27,325,853</u>	<u>-</u>	<u>-</u>
<u>\$ 25,451,328</u>	<u>\$ 27,337,144</u>	<u>\$ 20,778,427</u>	<u>\$ 19,263,087</u>	<u>\$ 49,302,172</u>	<u>\$ 35,309,473</u>	<u>\$ 91,468,367</u>	<u>\$ 90,425,627</u>

Hennepin County, Minnesota  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
For the Years Ended December 31, 2018 and 2017

	Central Services		Central Mobile Equipment		Information Technology	
	2018	2017	2018	2017	2018	2017
<b>OPERATING REVENUES</b>						
Charges for services.....	\$ 10,645,903	\$ 10,410,047	\$ 8,663,302	\$ 16,632,637	\$ 77,764,379	\$ 73,339,372
<b>OPERATING EXPENSES</b>						
Personal services.....	5,403,501	5,340,811	2,077,247	2,045,367	39,737,633	39,770,143
Commodities.....	471,740	452,408	2,934,942	2,816,741	9,736,587	13,185,556
Contractual services.....	5,172,645	4,676,987	1,717,946	1,590,339	16,039,358	12,362,435
Depreciation.....	595,020	491,636	8,068,995	7,515,243	7,342,593	9,138,139
Other charges.....	197,346	187,988	365,180	344,174	2,006,007	2,150,444
Total Operating Expenses	<u>11,840,252</u>	<u>11,149,830</u>	<u>15,164,310</u>	<u>14,311,864</u>	<u>74,862,178</u>	<u>76,606,717</u>
Operating Income (Loss)	<u>(1,194,349)</u>	<u>(739,783)</u>	<u>(6,501,008)</u>	<u>2,320,773</u>	<u>2,902,201</u>	<u>(3,267,345)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest expense.....	-	-	-	-	-	-
Gain (Loss) on capital asset disposal.....	(24,955)	(890)	1,429,437	646,143	-	-
Total Nonoperating Revenues (Expenses)	<u>(24,955)</u>	<u>(890)</u>	<u>1,429,437</u>	<u>646,143</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions	<u>(1,219,304)</u>	<u>(740,673)</u>	<u>(5,071,571)</u>	<u>2,966,916</u>	<u>2,902,201</u>	<u>(3,267,345)</u>
Capital contributions.....	-	-	2,240,669	863,787	354,168	406,918
Change in Net Position	(1,219,304)	(740,673)	(2,830,902)	3,830,703	3,256,369	(2,860,427)
Total Net Position - Beginning, as Restated	<u>3,418,792</u>	<u>4,159,465</u>	<u>51,086,248</u>	<u>47,255,545</u>	<u>39,292,316</u>	<u>42,152,743</u>
Total Net Position - Ending	<u>\$ 2,199,488</u>	<u>\$ 3,418,792</u>	<u>\$ 48,255,346</u>	<u>\$ 51,086,248</u>	<u>\$ 42,548,685</u>	<u>\$ 39,292,316</u>

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2018	2017	2018	2017	2018	2017	2018	2017
\$ 9,359,522	\$ 8,644,111	\$ 8,580,114	\$ 7,854,837	\$ 131,363,187	\$ 119,603,786	\$ 14,965,952	\$ 12,784,958
133,433	167,101	4,961,582	5,803,961	107,992,944	107,068,466	14,965,952	12,784,958
4,445,469	4,178,334	2,414	1,932	9,813	16,034	-	-
2,553,756	2,310,377	459,932	389,302	9,346,063	7,521,105	-	-
1,600,586	1,556,662	-	-	-	-	-	-
87,697	109,090	475,560	1,239,833	16,390	10,709	-	-
<u>8,820,941</u>	<u>8,321,564</u>	<u>5,899,488</u>	<u>7,435,028</u>	<u>117,365,210</u>	<u>114,616,314</u>	<u>14,965,952</u>	<u>12,784,958</u>
<u>538,581</u>	<u>322,547</u>	<u>2,680,626</u>	<u>419,809</u>	<u>13,997,977</u>	<u>4,987,472</u>	-	-
(507,965)	(482,189)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(507,965)	(482,189)	-	-	-	-	-	-
<u>30,616</u>	<u>(159,642)</u>	<u>2,680,626</u>	<u>419,809</u>	<u>13,997,977</u>	<u>4,987,472</u>	-	-
-	-	-	-	-	-	-	-
30,616	(159,642)	2,680,626	419,809	13,997,977	4,987,472	-	-
<u>7,043,233</u>	<u>7,202,875</u>	<u>2,327,044</u>	<u>1,907,235</u>	<u>27,325,853</u>	<u>22,338,381</u>	-	-
<u>\$ 7,073,849</u>	<u>\$ 7,043,233</u>	<u>\$ 5,007,670</u>	<u>\$ 2,327,044</u>	<u>\$ 41,323,830</u>	<u>\$ 27,325,853</u>	<u>\$ -</u>	<u>\$ -</u>

Hennepin County, Minnesota  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
December 31, 2018

	<u>Balance</u> <u>January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2018</u>
<b>ASSETS</b>				
Cash and investments . . . . .	\$ 351,048,123	\$ 3,505,180,569	\$ 3,739,762,058	\$ 116,466,634
Delinquent taxes receivable, net . . . . .	<u>22,394,196</u>	<u>(2,150,726)</u>	<u>(2,823,769)</u>	<u>23,067,239</u>
Total Assets	<u>\$ 373,442,319</u>	<u>\$ 3,503,029,843</u>	<u>\$ 3,736,938,289</u>	<u>\$ 139,533,873</u>
<b>LIABILITIES</b>				
Amounts due as agent . . . . .	<u>\$ 373,442,319</u>	<u>\$ 4,593,683,846</u>	<u>\$ 4,827,592,292</u>	<u>\$ 139,533,873</u>

# **Statistical Section**



**STATISTICAL SECTION**

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

	Governmental Activities Net Position <sup>1</sup>				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2009	\$ 900,266,414 100.0 %	46,719,328 5.2	(46,472,797) (5.2)	\$ 900,512,945 100.0 %	\$ 85,306,608 55.3 %	62,218,479 40.3
2010	\$ 898,211,927 94.7 %	50,119,533 5.3	50,423 -	\$ 948,381,883 100.0 %	\$ 95,462,682 59.1 %	58,685,118 36.4
2011	\$ 916,329,293 66.2 %	39,712,366 2.9	426,570,581 30.9	\$ 1,382,612,240 100.0 %	\$ 96,131,096 55.9 %	69,434,575 40.3
2012	\$ 964,510,097 64.9 %	39,587,431 2.7	480,512,309 32.4	\$ 1,484,609,837 100.0 %	\$ 101,486,495 55.7 %	74,927,264 41.2
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2
2016	\$ 1,219,864,333 134.4 %	55,598,868 6.1	(367,758,308) (40.5)	\$ 907,704,893 100.0 %	\$ 395,059,037 154.8 %	100,921,673 39.6
2017	\$ 1,206,561,675 146.6 %	33,310,365 4.0	(416,536,711) (50.6)	\$ 823,335,329 100.0 %	\$ 384,924,769 151.0 %	110,665,578 43.4
2018	\$ 1,262,978,840 135.4 %	107,904,209 11.6	(438,421,345) (47.0)	\$ 932,461,704 100.0 %	\$ 357,743,028 135.5 %	113,076,467 42.8

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

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

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

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

Unaudited

Activities Net Position <sup>1</sup>			Total Primary Government Net Position			
Unrestricted	Total		Net Investment in Capital Assets	Restricted	Unrestricted	Total
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 0.6	\$ 180,667,088 100.0 %		\$ 1,122,827,940 64.9 %	106,567,213 6.1	501,043,232 29.0	\$ 1,730,438,385 100.0 %
1,499,952 0.8	\$ 184,095,096 100.0 %		\$ 1,152,205,914 62.8 %	122,288,891 6.7	560,625,624 30.5	\$ 1,835,120,429 100.0 %
4,927,906 2.8	\$ 176,248,043 100.0 %		\$ 1,240,213,006 102.4 %	106,269,489 8.8	(135,624,961) (11.2)	\$ 1,210,857,534 100.0 %
(240,873,069) (94.4)	\$ 255,107,641 100.0 %		\$ 1,614,923,370 138.8 %	156,520,541 13.5	(608,631,377) (52.3)	\$ 1,162,812,534 100.0 %
(240,740,842) (94.4)	\$ 254,849,505 100.0 %		\$ 1,591,486,444 147.6 %	143,975,943 13.4	(657,277,553) (61.0)	\$ 1,078,184,834 100.0 %
(206,832,888) (78.3)	\$ 263,986,607 100.0 %		1,620,721,868 135.5 %	220,980,676 18.5	(645,254,233) (53.9)	\$ 1,196,448,311 100.1 %

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

Governmental Activities Change in Net Position <sup>1</sup>					
		Net Program Expense	General Revenue	Transfers In (Out)	Total
2009	\$	(653,158,848)	729,866,662	(59,855)	76,647,959
2010	\$	(689,695,831)	737,659,888	(95,120)	47,868,937
2011	\$	(658,870,142)	769,264,740	1,637,007	112,031,605
2012	\$	(653,557,888)	755,555,485	-	101,997,597
2013	\$	(673,663,528)	746,149,988	(1,823,612)	70,662,848
2014	\$	(676,641,873)	777,420,470	475,439	101,254,036
2015	\$	(743,751,041)	859,497,012	1,043,430	116,789,401
2016	\$	(860,383,897)	853,717,908	(17,323,096)	(23,989,085)
2017	\$	(939,947,496)	915,334,413	(8,396,008)	(33,009,091)
2018	\$	(943,600,045)	1,064,502,788	(11,776,368)	109,126,375

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

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

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

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

Unaudited

Table 2

Business-type Activities Change in Net Position <sup>1</sup>				
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Total	Total Change in Net Position
10,173,193	5,112,193	59,855	15,345,241	\$ 91,993,200
4,288,848	2,634,928	95,120	7,018,896	\$ 54,887,833
10,376,736	2,073,929	(1,637,007)	10,813,658	\$ 122,845,263
6,829,225	2,988,795	-	9,818,020	\$ 111,815,617
(705,949)	1,373,368	1,823,612	2,491,031	\$ 73,153,879
1,367,401	2,536,046	(475,439)	3,428,008	\$ 104,682,044
(10,480,718)	3,677,095	(1,043,430)	(7,847,053)	\$ 108,942,348
(45,026,903)	3,647,892	17,323,096	(24,055,915)	\$ (48,045,000)
(26,428,996)	3,743,368	8,396,008	(14,289,620)	\$ (47,298,711)
(6,779,710)	4,140,444	11,776,368	9,137,102	\$ 118,263,477

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
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	\$ 123,946,247 8.6 %	449,290,676 31.5	103,977,207 7.2	271,313,487 18.9	127,796,822 8.9	75,579,889 5.3	7,695,959 0.5
2014	\$ 139,216,988 9.2 %	486,567,994 32.5	100,984,162 6.7	283,974,464 18.8	113,177,930 7.5	80,800,565 5.4	9,930,939 0.7
2015	\$ 172,795,992 11.4 %	518,754,330 34.3	72,266,334 4.8	290,419,591 19.2	90,238,102 6.0	77,458,171 5.1	10,170,173 0.7
2016	\$ 180,740,603 6.8 %	578,786,579 22.0	66,712,310 2.5	348,219,386 13.2	95,340,184 3.6	89,976,637 3.4	11,037,512 0.4
2017	\$ 188,375,379 6.6 %	606,245,245 21.3	68,619,425 2.4	347,612,537 12.1	116,853,788 4.1	92,575,200 3.2	12,340,350 0.4
2018	\$ 225,045,000 7.8 %	611,146,772 21.2	78,387,060 2.7	319,194,885 11.0	125,680,478 4.3	93,545,971 3.2	11,282,225 0.4

<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.

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

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

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

Unaudited

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Total
		Hennepin Health	Environmental Services	Medical Center	Other Enterprises	
8,508,837 0.6	37,594,607 2.8	137,801,872 10.3	61,017,157 4.5		3,349,923 0.2	\$ 1,342,513,440 100.0 %
12,742,915 0.9	38,486,038 2.8	139,534,807 10.0	49,869,035 3.6		2,986,527 0.2	\$ 1,388,663,643 100.0 %
12,332,871 0.9	46,766,669 3.4	155,794,678 11.3	51,987,897 3.8		3,800,130 0.3	\$ 1,380,873,226 100.0 %
16,485,333 1.2	43,094,396 3.2	127,748,836 9.6	54,417,425 4.1		2,996,077 0.2	\$ 1,334,456,961 100.0 %
23,971,130 1.7	45,159,276 3.1	150,299,117 10.4	56,132,775 3.9		3,325,288 0.2	\$ 1,438,487,873 100.0 %
29,180,649 1.9	42,719,174 2.8	159,611,117 10.6	58,056,471 3.9		2,959,443 0.2	\$ 1,507,179,896 100.0 %
23,908,644 1.6	43,205,097 2.9	148,124,869 9.8	63,285,558 4.2		3,339,214 0.2	\$ 1,513,966,075 100.0 %
24,713,823 0.9	44,024,761 1.7	128,098,502 4.8	59,055,113 2.2	1,015,357,256 38.4	3,630,950 0.1	\$ 2,645,693,616 100.0 %
54,407,297 1.9	48,127,742 1.7	227,311,006 7.9	68,754,823 2.4	1,026,701,749 35.9	3,964,905 0.1	\$ 2,861,889,446 100.0 %
42,915,345 1.5	35,450,382 1.2	229,332,103 7.9	70,997,580 2.5	1,044,068,505 36.1	4,380,778 0.2	\$ 2,891,427,084 100.0 %

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

Program Revenues								
Year	Charges for Services					Operating Grants and Contributions	Capital Grants and Contributions	
	Operations	Human Services	Hennepin Health	Environmental Services	Medical Center <sup>2</sup>			Other
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	\$ 21,370,765 1.4 %	52,099,614 3.4	154,552,561 10.2	48,136,426 3.2		68,832,677 4.6	334,913,319 22.2	84,213,034 5.6
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	161,168,368 10.0	51,262,909 3.2		69,363,314 4.3	356,302,561 22.1	126,468,869 7.8
2015	\$ 34,555,322 2.1 %	47,429,213 2.9	144,120,318 8.9	50,713,519 3.1		62,755,921 3.9	344,250,910 21.2	75,909,113 4.7
2016	\$ 31,996,677 1.2 %	47,896,357 1.8	127,883,397 4.9	52,352,065 2.0	912,560,574 35.1	65,745,283 2.5	412,009,659 15.9	89,838,804 3.5
2017	\$ 32,495,916 1.2 %	52,685,114 1.9	231,003,831 8.2	53,834,305 1.9	939,043,280 33.3	67,759,787 2.4	439,130,074 15.6	79,560,647 2.8
2018	\$ 32,735,156 1.1 %	58,597,385 1.9	234,468,514 7.8	50,812,125 1.7	981,700,323 32.6	61,739,433 2.1	432,482,869 14.4	88,511,524 2.9

<sup>1</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.

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

Unaudited

General Revenues							
Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses) <sup>1</sup>	Change in Equity Interest in Component Unit <sup>2</sup>	Total Revenues
647,845,390 45.1	27,129,142 1.9		6,608,526 0.5	41,160,085 2.9	12,235,712 0.9	- -	\$ 1,434,506,640 100.0 %
677,621,762 46.9	28,244,445 2.0		4,710,284 0.3	22,438,585 1.6	7,279,740 0.5	- -	\$ 1,443,551,476 100.0 %
670,718,384 44.6	30,094,848 2.0		4,047,276 0.3	22,463,157 1.5	13,811,054 0.9	30,203,950 2.0	\$ 1,503,718,489 100.0 %
690,356,320 47.7	31,601,050 2.2		5,923,149 0.4	18,868,727 1.3	9,493,981 0.7	2,301,053 0.2	\$ 1,446,272,578 100.0 %
704,236,338 46.5	33,446,430 2.2		4,470,781 0.3	26,023,981 1.7	(1,807,848) (0.1)	(18,846,326) (1.2)	\$ 1,511,641,752 100.0 %
673,098,851 41.8	34,254,757 2.1		14,806,538 0.9	32,185,948 2.0	10,847,530 0.7	14,762,892 0.9	\$ 1,611,861,940 100.0 %
736,107,711 45.3	35,769,164 2.2		17,112,605 1.1	32,451,058 2.0	8,350,369 0.5	33,383,200 2.1	\$ 1,622,908,423 100.0 %
765,198,455 29.6	36,468,191 1.4	9,918,363 0.4	7,161,937 0.3	32,451,058 1.2	6,167,796 0.2	- 0.0	\$ 2,597,648,616 100.0 %
800,979,263 28.5	57,266,835 2.0	9,973,509 0.4	7,088,190 0.3	31,242,476 1.1	12,527,508 0.4	- 0.0	\$ 2,814,590,735 100.0 %
829,362,438 27.6	170,834,314 5.7	10,468,350 0.3	7,654,965 0.3	32,605,262 1.1	17,717,903 0.6	- 0.0	\$ 3,009,690,561 100.1 %

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

General Fund

<u>Year</u>	<u>Reserved</u>	<u>Unreserved</u>	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
2009	\$ 24,897,832 15.8%	132,674,829 84.2%	-	-	-	-	-	157,572,661 100.0%
2010	\$ -	-	9,569,544 6.9%	18,762,937 13.5%	-	28,685,391 20.7%	81,507,843 58.8%	138,525,715 100.0%
2011	\$ -	-	10,389,781 6.7%	16,031,074 10.4%	-	21,257,943 13.7%	106,965,647 69.2%	154,644,445 100.0%
2012	\$ -	-	12,483,267 7.1%	16,251,456 9.3%	-	24,461,198 14.0%	121,504,946 69.6%	174,700,867 100.0%
2013	\$ -	-	3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ -	-	3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%
2015	\$ -	-	3,786,580 1.9%	14,538,052 7.4%	- 0.0%	39,060,573 19.9%	138,845,323 70.8%	196,230,528 100.0%
2016	\$ -	-	3,634,594 1.9%	15,085,450 7.9%	- 0.0%	42,751,107 22.6%	128,298,246 67.6%	189,769,397 100.0%
2017	\$ -	-	3,711,556 1.7%	14,439,209 6.7%	- 0.0%	39,704,269 18.5%	156,228,977 73.0%	214,084,011 100.0%
2018	\$ -	-	2,447,895 1.2%	15,051,095 7.4%	- 0.0%	37,305,151 18.3%	149,347,465 73.2%	204,151,606 100.0%

<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.

Unaudited

All Other Governmental Funds								
Reserved	Unreserved, Reported in Fund Type			Nonspendable	Restricted	Committed	Unassigned	Total
	Special Revenue	Debt Service	Capital Projects					
131,373,498	229,830,077	5,958,620	(79,684,999)	-	-	-	-	\$ 287,477,196
-	-	-	-	4,630,576 1.4%	142,576,354 44.4%	173,928,767 54.2%	-	\$ 321,135,697 100.0%
-	-	-	-	2,417,777 6.3%	147,127,578 40.5%	169,814,896 53.2%	-	\$ 319,360,251 100.0%
-	-	-	-	3,171,716 6.8%	103,313,359 31.8%	169,132,402 61.4%	-	\$ 275,617,477 100.0%
-	-	-	-	4,222,433 6.4%	144,182,010 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
-	-	-	-	3,739,660 4.4%	220,495,528 50.3%	185,971,038 45.3%	-	\$ 410,206,226 100.0%
-	-	-	-	9,807,491 6.9%	164,488,646 44.2%	167,233,245 49.0%	-	\$ 341,529,382 100.0%
-	-	-	-	10,772,803 2.7%	234,651,766 58.2%	157,639,040 39.1%	-	\$ 403,063,609 100.0%
-	-	-	-	3,784,193 1.1%	177,485,513 51.4%	164,038,954 47.5%	-	\$ 345,308,660 100.0%
-	-	-	-	3,612,832 0.9%	252,841,007 64.3%	136,894,323 34.8%	-	\$ 393,348,162 100.0%

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)			Sale of Capital Assets
		Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	
2009	\$ (41,986,530)	129,403,455	37,666,116	(37,221,555)	-
2010	\$ (225,908,371)	227,517,381	43,510,554	(43,510,554)	37,030
2011	\$ (49,233,555)	60,000,000	137,599,217	(137,762,210)	541,836
2012	\$ (25,770,131)	(3,274,334)	64,182,162	(64,182,162)	1,487,416
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	1,483,608
2016	\$ (171,544,571)	160,908,146	62,603,156	(62,603,156)	483,806
2017	\$ (197,273,841)	52,254,866	78,973,598	(78,973,598)	9,316,350
2018	\$ (147,729,152)	157,452,035	107,969,676	(107,969,676)	10,502,804

<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> The County's optional payments for early redemption of outstanding bond issues are included in the debt service amount used to calculate this percentage, including \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$10,000,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, \$22,000,000 in 2016, \$127,822,940 in 2017, and \$15,000,000 in 2018. The ratio would be lower if it was based only on required debt service expenditures. For example, 2016 would be 6.5%, 2017 would be 5.8% and 2018 would be 6.7%.

Unaudited

Table 6

<u>Bond and Note Premiums</u>	<u>Total</u>	<u>Net Change in Fund Balances</u>	<u>Debt Service as a Percentage of Noncapital Expenditures <sup>2</sup></u>
14,475,857	\$ 144,323,873	\$ 102,337,343	7.2 %
12,965,515	\$ 240,519,926	\$ 14,611,555	6.4 %
3,197,996	\$ 63,576,839	\$ 14,343,284	9.5 %
3,870,697	\$ 2,083,779	\$ (23,686,352)	10.3 %
5,767,852	\$ 140,414,202	\$ 34,992,442	10.9 %
31,239,950	\$ 132,424,197	\$ 123,385,541	10.3 %
-	\$ 2,609,504	\$ (70,936,417)	9.5 %
65,225,715	\$ 226,617,667	\$ 55,073,096	8.0 %
42,409,439	\$ 103,980,655	\$ (93,293,186)	13.7 %
17,881,410	\$ 185,836,249	\$ 38,107,097	7.6 %

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>
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>2</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>2</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	\$ 180,808,866 12.1 %	515,973,604 34.5	70,720,068 4.7	266,219,052 17.8	67,495,212 4.5	74,876,993 5.0
2016 <sup>3</sup>	\$ 181,340,867 11.1 %	553,443,954 33.6	62,204,105 3.8	285,755,221 17.4	71,479,236 4.4	78,033,098 4.8
2017 <sup>4</sup>	\$ 180,404,375 9.9 %	590,273,036 32.5	70,618,049 3.9	304,342,954 16.8	69,273,932 3.8	81,405,835 4.5
2018 <sup>2</sup>	\$ 249,082,733 13.4 %	621,038,721 33.5	75,426,403 4.1	316,524,000 17.0	67,255,611 3.6	83,911,208 4.5

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

<sup>2</sup> Significant Operations expenditure fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed to the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project. Light rail transit projects totaling \$63.4 million were contributed to the Metropolitan Council in 2018.

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

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

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
6,206,858 0.5	8,254,918 0.6	155,790,148 12.2	44,200,987 3.5	38,074,982 3.0	- -	\$ 1,273,346,992 100 %
9,072,189 0.6	12,468,700 0.8	131,177,963 8.8	49,000,152 3.3	39,890,104 2.7	113,277,589 7.6	\$ 1,497,289,609 100 %
6,864,613 0.5	12,056,194 0.9	144,434,094 10.9	68,463,497 5.2	48,118,335 3.6	4,715,000 0.4	\$ 1,323,642,251 100 %
8,914,176 0.7	18,829,460 1.4	104,290,650 8.0	78,545,914 6.0	47,146,561 3.6	- -	\$ 1,301,261,894 100 %
7,024,936 0.5	22,605,137 1.6	135,084,237 9.5	96,959,103 6.8	46,559,602 3.3	7,285,547 0.5	\$ 1,424,165,736 100 %
9,264,852 0.6	24,025,579 1.7	137,325,079 9.5	93,594,868 6.5	47,070,712 3.3	- -	\$ 1,447,845,295 100 %
13,003,451 0.9	23,768,353 1.6	150,822,026 10.1	83,567,824 5.6	47,073,271 3.2	- -	\$ 1,494,328,720 100 %
43,224,198 2.6	24,538,111 1.5	183,261,307 11.2	111,689,556 6.8	45,864,968 2.8	- -	\$ 1,640,834,621 100 %
36,471,605 2.0	54,902,255 3.0	172,583,098 9.5	185,409,020 10.2	55,981,166 3.1	13,738,566 0.8	\$ 1,815,403,891 100 %
13,393,100 0.7	39,825,242 2.1	246,422,060 13.2	79,790,449 4.3	46,174,808 2.5	21,307,332 1.1	\$ 1,860,151,667 100 %

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
2009	\$ 644,310,101 52.3 %	27,129,142 2.2	- -	2,172,588 0.2	378,370,681 30.7	117,222,921 9.6
2010	\$ 681,934,811 53.6 %	28,244,445 2.2	- -	2,079,744 0.2	397,419,467 31.3	129,977,637 10.1
2011	\$ 675,091,343 53.0 %	30,094,848 2.4	- -	1,973,347 0.2	392,952,707 30.8	131,474,018 10.2
2012	\$ 696,125,253 54.6 %	31,601,050 2.5	- -	2,934,354 0.2	376,050,675 29.5	132,028,560 10.3
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	- -	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9
2016	\$ 771,058,972 52.5 %	36,468,191 2.5	9,918,363 0.7	3,514,045 0.2	472,035,912 32.1	137,518,611 9.4
2017 <sup>2</sup>	\$ 806,840,013 49.9 %	57,266,835 3.5	9,973,509 0.6	3,344,822 0.2	547,360,046 33.8	145,875,571 9.1
2018	\$ 842,488,555 49.2 %	170,834,314 10.0	10,468,350 0.6	3,514,521 0.2	484,719,090 28.3	147,901,689 8.5

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

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

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Investment Earnings <sup>1</sup>	Other	Total
2,295,170 0.2	5,781,279 0.5	12,854,534 1.0	41,224,046 3.3	\$ 1,231,360,462 100 %
1,967,673 0.2	5,900,134 0.5	7,470,397 0.6	16,386,930 1.3	\$ 1,271,381,238 100 %
1,932,048 0.2	6,407,791 0.5	14,370,838 1.1	20,111,756 1.6	\$ 1,274,408,696 100 %
1,742,784 0.1	6,499,196 0.5	9,911,877 0.8	18,598,014 1.5	\$ 1,275,491,763 100 %
1,873,560 0.1	7,041,106 0.5	(1,991,204) (0.2)	17,887,085 1.4	\$ 1,318,743,976 100 %
1,662,357 0.1	7,549,567 0.5	11,188,951 0.8	20,333,357 1.4	\$ 1,438,806,639 100 %
1,767,015 0.1	7,816,949 0.6	8,631,414 0.6	21,812,197 1.5	\$ 1,420,782,799 100 %
1,627,304 0.1	7,978,466 0.5	6,337,260 0.4	22,832,926 1.6	\$ 1,469,290,050 100 %
1,471,221 0.1	8,112,225 0.5	12,954,847 0.8	24,930,961 1.5	\$ 1,618,130,050 100 %
1,075,264 0.1	8,310,952 0.5	18,146,864 1.1	24,962,916 1.5	\$ 1,712,422,515 100 %

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>
2009	\$ 102,430,703 63.7 %	8,628,975 5.4	28,723,247 17.9	773,764 0.5	58,310 0.0	18,965,624 11.8
2010	\$ 95,810,842 62.3 %	8,126,550 5.3	26,455,131 17.2	686,687 0.4	50,655 0.0	21,249,594 13.8
2011	\$ 92,367,575 61.8 %	8,141,313 5.5	25,566,334 17.1	667,293 0.4	32,528 0.0	21,249,594 14.2
2012	\$ 87,386,034 60.4 %	8,465,660 5.8	25,628,865 17.7	645,946 0.4	31,188 0.0	21,249,594 14.7
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8
2016	\$ 105,538,203 60.2 %	15,110,310 8.6	31,057,471 17.7	626,311 0.4	37,624 0.0	21,249,594 12.1
2017	\$ 112,595,483 60.5 %	16,998,612 9.1	32,745,319 17.6	625,310 0.4	40,490 0.0	21,249,594 11.4
2018	\$ 121,055,934 58.6 %	19,169,684 9.3	34,298,045 16.6	609,956 0.3	39,389 0.0	29,293,485 14.2

<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>
159,580,623 99.2	1,238,596 0.8	\$ 160,819,219 100 %	\$ 141,853,595	40 %
152,379,459 99.2	1,295,495 0.8	\$ 153,674,954 100 %	\$ 132,425,360	43 %
148,024,637 99.1	1,333,422 0.9	\$ 149,358,059 100 %	\$ 128,108,465	46 %
143,407,287 99.0	1,449,118 1.0	\$ 144,856,405 100 %	\$ 123,606,811	48 %
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100 %	\$ 134,691,712	46 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100 %	\$ 144,409,721	45 %
173,619,513 99.0	1,750,967 1.0	\$ 175,370,480 100 %	\$ 154,120,886	46 %
184,254,808 99.0	1,825,398 1.0	\$ 186,080,206 100 %	\$ 164,830,612	43 %
204,466,493 99.0	1,993,722 1.0	\$ 206,460,215 100 %	\$ 177,166,730	42 %

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	
2009	18.302 %	3.522 %	18.589 %	40.413 %	\$ 2,542,570,232
2010	21.230	3.500	17.910	42.640	2,559,559,665
2011	22.374	4.377	19.089	45.840	2,586,972,956
2012	23.370	5.169	19.131	47.670	2,578,977,362
2013	23.210	5.560	20.770	49.540	2,620,562,626
2014	21.510	5.400	19.335	46.245	2,692,058,025
2015	20.710	5.400	19.220	45.330	2,743,541,472
2016	20.144	5.016	20.570	45.730	2,869,712,621
2017	19.857	4.878	18.033	42.768	2,958,325,463
2018	19.640	4.523	17.643	41.806	3,109,776,988

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

Unaudited

Table 10

<u>Metropolitan Transit Commission Tax</u>		<u>Metropolitan Council Tax</u>		<u>Metropolitan Mosquito Control District Tax</u>	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.273 % \$	19,455,492	0.817 % \$	13,156,461	0.489 % \$	7,874,542
1.366	20,612,822	0.793	12,720,347	0.461	7,417,379
1.539	21,333,915	0.885	12,917,499	0.525	7,648,210
1.607	21,217,262	0.940	13,046,142	0.537	7,481,049
1.689	21,903,368	0.997	13,568,768	0.556	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028
1.463	23,980,023	0.883	15,228,763	0.475	8,170,878
1.383	24,308,615	0.844	15,562,741	0.456	8,405,155

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

Taxpayer	2018			2009		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOA Mall Holdings LLC	\$ 16,799,250	1	0.85 %	\$ 10,953,250	1	0.68 %
Xcel Energy (NSP)	7,362,884	2	0.37	2,562,838	10	0.16
BRI 1855 IDS Center LLC	5,489,450	3	0.28			
NWC Limited Partnership	5,082,250	4	0.26	3,775,250	4	0.23
SRI Eleven Mpls 225 LLC	4,891,850	5	0.25	4,167,250	3	0.26
City Center 33 So Prop LLC	4,329,850	6	0.22			
US Bank N.A.	3,669,250	7	0.19	3,191,250	5	0.20
Wells REIT	3,615,450	8	0.18	3,139,250	6	0.19
Hilton Hotels Corporation	3,069,250	9	0.16			
South Sixth Office LLC	2,908,050	10	0.15			
MB Minneapolis 8th St LLC				4,185,250	2	0.26
Best Buy Co Inc				2,757,790	7	0.17
Flanagan-AMEX				2,657,250	8	0.16
Riversource Life Insurance Co				2,599,250	9	0.16
<b>Total</b>	<b>\$ 57,217,534</b>		<b>2.91 %</b>	<b>\$ 39,988,628</b>		<b>2.47 %</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
2009	\$ 684,646,270	\$ 1,868,975,826	\$ (11,051,864)	\$ 2,542,570,232	\$ 2,487,064,241	97.82 %
2010	725,906,127	1,847,810,295	(14,156,757)	2,559,559,665	2,503,659,872	97.82
2011	716,809,208	1,885,286,295	(15,122,547)	2,586,972,956	2,543,273,613	98.31
2012	704,763,947	1,885,464,012	(11,250,597)	2,578,977,362	2,551,959,374	98.95
2013	713,992,585	1,912,964,824	(6,394,783)	2,620,562,626	2,603,084,407	99.33
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59
2016	788,618,398	2,091,614,243	(10,520,020)	2,869,712,621	2,863,352,382	99.78
2017	823,315,723	2,157,324,318	(22,314,578)	2,958,325,463	2,948,159,290	99.66
2018	856,817,660	2,265,626,291	(12,666,963)	3,109,776,988	3,090,563,442	99.38

<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>
\$	28,971,428	\$ 2,516,035,669	\$ 55,505,991	2.18 %
	27,483,337	2,531,143,209	55,899,793	2.18
	7,102,887	2,550,376,500	43,699,343	1.69
	7,145,515	2,559,104,889	27,017,988	1.05
	9,086,657	2,612,171,064	17,478,219	0.67
	(4,695,777)	2,659,412,970	27,949,278	1.04
	2,373,939	2,734,757,834	11,157,577	0.41
	(1,470,007)	2,861,882,375	6,360,239	0.22
	(4,870,907)	2,943,288,383	10,166,173	0.34
	(851,579)	3,089,711,863	19,213,546	0.62

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
2009	\$ 1,161,337,991	\$ 104,631,351,200	\$ 439,141,541	\$ 36,953,274,630
2010	1,082,056,515	97,304,713,300	394,912,341	34,860,700,280
2011	1,025,993,612	90,736,199,171	371,615,754	32,064,749,581
2012	996,253,340	87,086,742,774	373,715,553	31,019,695,820
2013	993,329,908	87,321,591,088	374,174,247	31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	104,113,040,700	454,641,259	40,296,679,900
2016	1,225,469,292	110,053,361,401	493,479,516	44,067,523,400
2017	1,304,690,419	116,882,680,100	533,535,674	47,947,932,200
2018	1,392,585,502	124,441,323,900	586,430,142	52,725,405,700

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
\$	1,600,479,532	\$ 141,584,625,830	1.1 %	72.6 %	27.4 %
	1,476,968,856	132,165,413,580	1.1	73.3	26.7
	1,397,609,366	122,800,948,752	1.1	73.4	26.6
	1,369,968,893	118,106,438,594	1.2	72.7	27.3
	1,367,504,155	119,027,889,660	1.1	72.6	27.4
	1,489,879,943	129,650,721,822	1.1	72.4	27.6
	1,602,471,674	144,409,720,600	1.1	71.6	28.4
	1,718,948,808	154,120,884,801	1.1	71.3	28.7
	1,838,226,093	164,830,612,300	1.1	71.0	29.0
	1,979,015,644	177,166,729,600	1.1	70.4	29.6

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	\$ 179,087,361	\$ 1,493,356	\$ 180,580,717	\$ (14,430,978)	\$ (12,054,371)	\$ 154,095,368	115 %
Brooklyn Center	25,525,066	412,752	25,937,818	4,474,229	(3,873,826)	26,538,221	154
Brooklyn Park	83,495,183	1,158,636	84,653,819	4,342,105	(1,322,592)	87,673,332	125
Champlin	24,588,720	300,813	24,889,533	2,376,495	(190,317)	27,075,711	106
Chanhassen (part)	1,503,560	6,002	1,509,562	(583,016)	-	926,546	94
Corcoran	8,886,135	472,088	9,358,223	79,452	-	9,437,675	128
Crystal	19,670,763	296,918	19,967,681	3,362,141	(226,174)	23,103,648	129
Dayton (part)	8,197,657	383,057	8,580,714	(126,142)	(200,126)	8,254,446	130
Deephaven	15,144,366	56,134	15,200,500	(1,396)	-	15,199,104	88
Eden Prairie	128,777,793	1,995,250	130,773,043	(10,302,116)	(1,869,603)	118,601,324	107
Edina	150,677,000	602,391	151,279,391	(9,966,983)	(5,229,452)	136,082,956	107
Excelsior	6,410,434	68,406	6,478,840	(582,031)	(122,192)	5,774,617	100
Fort Snelling	-	129,508	129,508	-	-	129,508	85
Golden Valley	49,442,493	525,094	49,967,587	(5,071,578)	(834,500)	44,061,509	133
Greenfield	4,895,361	197,902	5,093,263	(13,436)	-	5,079,827	121
Greenwood	4,154,368	15,544	4,169,912	(79,135)	-	4,090,777	89
Hanover (part)	888,095	11,424	899,519	102,756	-	1,002,275	124
Hopkins	24,941,160	307,238	25,248,398	(43,831)	(2,271,106)	22,933,461	151
Independence	7,296,030	209,528	7,505,558	58,549	-	7,564,107	118
International Airport	-	11,132,382	11,132,382	-	-	11,132,382	51
Long Lake	3,239,201	41,436	3,280,637	(273,184)	(87,941)	2,919,512	112
Loretto	756,981	11,360	768,341	10,403	(15,076)	763,668	143
Maple Grove	108,016,640	1,903,329	109,919,969	(4,624,290)	(417,852)	104,777,827	113
Maple Plain	2,338,137	35,368	2,373,505	(70,422)	-	2,303,083	138
Medicine Lake	1,051,623	4,166	1,055,789	3,800	-	1,059,589	119
Medina	19,516,551	415,982	19,932,533	(803,145)	(535,236)	18,594,152	100
Minneapolis	652,090,217	10,140,276	662,230,493	(19,372,202)	(56,428,149)	586,430,142	128
Minnnetonka	118,361,055	1,007,217	119,368,272	(9,809,213)	(3,179,163)	106,379,896	112
Minnnetonka Beach	4,118,778	10,708	4,129,486	(17,853)	-	4,111,633	100
Minnetrista	18,105,070	324,780	18,429,850	333,431	-	18,763,281	105
Mound	13,799,220	117,952	13,917,172	719,620	(697,017)	13,939,775	115
New Hope	22,506,796	275,032	22,781,828	1,241,316	(948,691)	23,074,453	149
Orono	34,422,178	250,290	34,672,468	(239,756)	(83,038)	34,349,674	91
Osseo	3,404,450	60,215	3,464,665	19,429	(588,064)	2,896,030	135
Plymouth	144,760,798	1,982,616	146,743,414	(9,303,014)	(1,861,190)	135,579,210	104
Richfield	41,066,384	414,280	41,480,664	2,479,881	(3,892,447)	40,068,098	139
Robbinsdale	11,325,311	195,196	11,520,507	2,734,178	(474,215)	13,780,470	132
Rockford	312,254	154,126	466,380	672	-	467,052	140
Rogers	25,075,985	444,801	25,520,786	(3,519,401)	(329,546)	21,671,839	115
St. Anthony (part)	6,839,475	84,576	6,924,051	428,950	-	7,353,001	158
St. Bonifacius	2,290,652	35,488	2,326,140	204,594	-	2,530,734	112
St. Louis Park	88,023,090	747,358	88,770,448	(4,741,344)	(10,129,650)	73,899,454	126
Shorewood	19,352,293	161,512	19,513,805	64,127	(201,352)	19,376,580	102
Spring Park	3,512,881	26,583	3,539,464	(91,081)	(118,122)	3,330,261	104
Tonka Bay	6,708,288	21,836	6,730,124	(48,334)	-	6,681,790	91
Wayzata	27,057,724	164,062	27,221,786	(2,557,010)	(3,353,691)	21,311,085	98
Woodland	3,738,633	7,928	3,746,561	-	-	3,746,561	83
<b>Total</b>	<b>\$ 2,125,372,210</b>	<b>\$ 38,812,896</b>	<b>\$ 2,164,185,106</b>	<b>\$ (73,634,763)</b>	<b>\$ (111,534,699)</b>	<b>\$ 1,979,015,644</b>	

<sup>1</sup> Tax capacity is for the 2018 assessment year, for taxes payable in 2019. 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
2009	\$ 663,901,487	\$ 13,966,378	\$ 339,451,067	\$ 15,852,849	\$ 18,729,815
2010 <sup>3</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
2016 <sup>4</sup>	984,173,168	6,525,000	236,295,534	-	4,862,828
2017 <sup>3</sup>	912,827,483	3,320,000	204,901,559	-	4,344,736
2018	1,005,692,157	2,240,000	185,985,139	-	3,826,644

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

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

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

Unaudited

Table 15

Business-type Activities		Total Primary Government		
General Obligation Bonds	Revenue Bonds	Total Outstanding Debt	Total Debt as a Percentage of Personal Income <sup>2</sup>	Total Debt Per Capita <sup>2</sup>
\$ 1,820,000	\$ 20,625,895	\$ 1,074,347,491	1.66%	\$ 929
1,610,000	8,197,034	1,242,637,249	1.99%	1,078
1,405,000	4,099,772	1,229,536,293	1.94%	1,052
1,265,000	-	1,155,046,992	1.72%	975
1,120,000	-	1,191,273,779	1.71%	994
975,000	-	1,223,915,046	1.68%	1,010
825,000	-	1,133,356,884	1.44%	927
73,356,771	-	1,305,213,301	1.64%	1,067
162,455,247	-	1,287,849,025	1.55%	1,045
206,307,769	-	1,404,051,709	1.58%	1,121

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>1,4</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 Debt Not Supported by Tax Levy	Less Amount Available for Debt Service	Net				
2009	\$ 679,687,865	\$ 21,525,000	\$ 7,688,195	\$ 650,474,670	\$ 141,853,595,000	1,156,212	0.46 %	\$ 562.59
2010	877,501,652	112,295,000	7,256,597	757,950,055	132,425,360,000	1,152,425	0.57	657.70
2011	890,532,326	108,060,000	6,621,844	775,850,482	128,108,465,000	1,168,431	0.61	664.01
2012	839,693,608	100,275,000	5,817,703	733,600,905	123,606,811,000	1,184,576	0.59	619.29
2013	895,923,943	96,440,000	13,088,237	786,395,706	124,508,068,000	1,198,778	0.63	656.00
2014	948,130,842	105,960,000	14,597,849	827,572,993	134,691,712,000	1,212,064	0.61	682.78
2015	878,478,211	101,195,000	17,702,437	759,580,774	144,409,721,000	1,223,149	0.53	621.00
2016	1,064,054,939	96,250,000	26,697,045	941,107,894	154,120,886,000	1,232,483	0.61	763.59
2017	1,078,602,730	11,630,000	18,219,325	1,048,753,405	164,830,612,000	1,252,024	0.64	837.65
2018	1,214,239,926	10,965,000	21,718,920	1,181,556,006	177,166,730,000	1,259,428	0.67	938.17

<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> 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>1,4</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				
2009	\$ 679,687,865	\$ 7,688,195	\$ 671,999,670	\$ 141,853,595,000	1,156,212	0.47 %	\$ 581.21
2010	877,501,652	7,256,597	870,245,055	132,425,360,000	1,152,425	0.66	755.14
2011	890,532,326	6,621,844	883,910,482	128,108,465,000	1,168,431	0.69	756.49
2012	839,693,608	5,817,703	833,875,905	123,606,811,000	1,184,576	0.67	703.94
2013	895,923,943	13,088,237	882,835,706	124,508,068,000	1,198,778	0.71	736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74
2016	1,064,054,939	26,697,045	1,037,357,894	154,120,886,000	1,232,483	0.67	841.68
2017	1,078,602,730	18,219,325	1,060,383,405	164,830,612,000	1,252,024	0.64	846.94
2018	1,214,239,926	21,718,920	1,192,521,006	177,166,730,000	1,259,428	0.67	946.88

<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> 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, 2018

Governmental Unit	Debt <sup>1</sup>		Percent Applicable To County <sup>2</sup>	Amount Applicable to County
	Total	Net		
<b>Direct:</b>				
Hennepin County	\$ 1,047,170,000	\$ 1,037,202,224	100.00 %	\$ 1,037,202,224
Hennepin County Regional Railroad	29,865,000	20,007,926	100.00	20,007,926
Total Direct Debt	<u>1,077,035,000</u>	<u>1,057,210,150</u>		<u>1,057,210,150</u>
<b>Overlapping:</b>				
Metropolitan Council <sup>3</sup>	1,549,087,966	75,902,689	51.20	38,862,177
Metropolitan Airport Commission	1,402,780,000	-	-	-
Total Overlapping Debt	<u>2,951,867,966</u>	<u>75,902,689</u>		<u>38,862,177</u>
<b>Underlying:</b>				
School Districts	2,285,635,906	1,999,105,034	100.00	1,999,105,034
Municipalities	1,684,531,877	552,270,157	100.00	552,270,157
Three Rivers Park District	66,300,000	43,575,708	100.00	43,575,708
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	32,710,000	16,438,129	100.00	16,438,129
Total Underlying Debt	<u>4,069,177,783</u>	<u>2,611,389,028</u>		<u>2,611,389,028</u>
<b>Total</b>	<b>\$ <u>8,098,080,749</u></b>	<b>\$ <u>3,744,501,867</u></b>		<b>\$ <u>3,707,461,355</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 amounts on refundings are not included in the amounts shown.

<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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding <sup>1</sup></u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to County</u>
<b>Direct:</b>			
Hennepin County	\$ 1,167,878,940	100.00 %	\$ 1,167,878,940
Hennepin County Regional Railroad	29,865,000	100.00	29,865,000
Total Direct Debt	<u>1,197,743,940</u>		<u>1,197,743,940</u>
<b>Overlapping:</b>			
Metropolitan Council	1,549,087,966	51.20	793,133,039
Metropolitan Airport Commission	1,402,780,000	51.20	718,223,360
Total Overlapping Debt	<u>2,951,867,966</u>		<u>1,511,356,399</u>
Total Direct and Overlapping Debt	<u>\$ 4,149,611,906</u>		<u>\$ 2,709,100,339</u>
<b>Underlying:</b>			
School Districts	2,285,635,906	100.00	2,285,635,906
Municipalities	1,684,531,877	100.00	1,684,531,877
Three Rivers Park District	66,300,000	100.00	66,300,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	32,710,000	100.00	32,710,000
Total Underlying Debt	<u>\$ 4,069,177,783</u>		<u>\$ 4,069,177,783</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>
2009	\$ 2,831,692,517	\$ 657,521,805	\$ 2,174,170,712	23.22%
2010	3,964,962,407	751,148,403	3,213,814,004	18.94%
2011	3,684,028,463	763,313,156	2,920,715,307	20.72%
2012	3,543,193,158	710,177,297	2,833,015,861	20.04%
2013	3,570,836,690	786,395,706	2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%
2016	4,623,626,544	941,107,894	3,682,518,650	20.35%
2017	4,944,918,369	1,048,753,405	3,896,164,964	21.21%
2018	5,315,001,888	1,181,556,006	4,133,445,882	22.23%

**Computation of 2018 Legal Debt Margin**

2018 market value of taxable property	<u>\$ 177,166,729,600</u>
Debt limit, 3% of taxable market value	\$ 5,315,001,888
Amount of levy supported debt	\$ 1,203,274,926
Less amount available for debt service	<u>21,718,920</u>
Legal Debt Margin	<u>\$ 4,133,445,882</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 and Note Coverage**  
 Last Ten Years <sup>1</sup>

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

<sup>1</sup> Initial first lien sales tax revenue bonds were issued in 2007, and refunded in 2017 with first lien sales tax refunding revenue bonds. Initial third lien sales tax revenue bonds were issued in 2008 and prepaid in 2016. Second lien sales tax revenue notes were issued in 2008 and refunded in 2017. The second lien bonds were reissued as third lien sales tax revenue bonds in December 2017. There are currently no second lien bonds.

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

Unaudited

Table 21

2014	2015	2016	2017	2018
<u>\$ 33,771,519</u>	<u>\$ 35,294,545</u>	<u>\$ 36,013,974</u>	<u>\$ 36,444,848</u>	<u>\$ 37,696,559</u>
\$ 1,300,000	\$ 1,400,000	\$ 1,550,000	\$ 4,370,000	\$ 3,975,000
6,999,875	6,934,875	6,864,875	5,113,719	5,625,750
<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>	<u>\$ 9,483,719</u>	<u>\$ 9,600,750</u>
4.07	4.23	4.28	3.84	3.93
\$ -	\$ -	\$ -	\$ 9,019,206	\$ -
\$ 8,299,875	\$ 8,334,875	\$ 8,414,875	\$ 9,483,719	\$ 9,600,750
3,590,000	3,930,000	4,280,000	4,655,000	-
4,789,925	4,616,925	4,454,725	4,267,725	-
8,379,925	8,546,925	8,734,725	8,922,725	-
<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>	<u>\$ 18,406,444</u>	<u>\$ 9,600,750</u>
2.02	2.09	2.10	1.98	N/A
\$ -	\$ -	\$ -	\$ 18,822,940	\$ -
\$ 16,679,800	\$ 16,881,800	\$ 17,149,600	\$ 18,406,444	\$ 9,600,750
800,000	800,000	-	-	13,600,000
16,375	6,676	21,289	-	1,412,272
132,514	93,937	49,715	-	-
948,889	900,613	71,004	-	15,012,272
<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>
1.92	1.98	2.09	1.98	1.53
\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ -	\$ -
\$ 5,690,000	\$ 6,130,000	\$ 5,830,000	\$ 9,025,000	\$ 17,575,000
11,806,175	11,558,476	11,340,889	9,381,444	7,038,022
132,514	93,937	49,715	-	-
<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>	<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>
1.92	1.98	2.09	1.98	1.53
\$ 10,000,000	\$ 10,900,000	\$ 7,000,000	\$ 27,842,146	\$ -

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

Year	Debt Service Expenditures <sup>1,2</sup>			Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
	Principal	Interest and Fiscal Charges	Total		
2009	\$ 37,460,987	\$ 24,622,112	\$ 62,083,099	\$ 1,273,346,992	4.88 %
2010	45,150,152	27,169,336	72,319,488	1,497,289,609	4.83
2011	49,708,497	30,895,111	80,603,608	1,323,642,251	6.09
2012	58,560,914	29,771,868	88,332,782	1,301,261,894	6.79
2013	54,194,103	29,834,052	84,028,155	1,424,165,736	5.90
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26
2016 <sup>3</sup>	56,414,556	30,857,794	87,272,350	1,640,834,621	5.32
2017	71,920,587	38,354,557	110,275,144	1,815,403,891	6.07
2018	62,215,449	39,136,786	101,352,235	1,860,151,667	5.45

<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 property tax supported bond issues, including \$2,000,000 in 2009, \$4,000,000 in 2010, \$5,000,000 in 2011, \$10,000,000 in 2012, \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, and \$15,000,000 in 2018 are included in the debt service expenditures above. The percentage in the last column above would be lower if it was based only on required debt service expenditures. For example, 2016 would be 4.40%, 2017 would be 4.18%, and 2018 would be 4.64%.

<sup>3</sup> The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. As described in footnote 2 in Table 2, 2016 was restated for comparison, which resulted in the restatement (reduction) of certain offsetting Capital Projects Fund operations expenditures and issuance of debt inflows in 2016. Debt service expenditures for principal were updated to exclude the \$38,125,000 current refunding.

Unaudited

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

Year	Population <sup>1</sup>	Per Capita Income <sup>2</sup>	Total Income	Median Age <sup>3</sup>	Persons 25 years and older who are high school graduates <sup>3</sup>	PK - 12 School Enrollment <sup>4</sup>	Unemployment Rate <sup>6</sup>
2009	1,156,212	\$ 54,008	\$ 62,444,697,696	35.9	92.1 %	156,320	7.5 %
2010	1,152,425	54,949	63,324,601,325	35.9	92.1	157,170	6.6
2011	1,168,431	57,476	67,156,740,156	35.9	92.1	158,431	6.1
2012	1,184,576	58,898	69,769,157,248	35.9	92.1	161,409	5.3
2013	1,198,778	60,601	72,647,145,578	36.0	92.2	162,827	4.7
2014	1,212,064	65,033	78,824,158,112	36.1	92.3	164,151	3.7
2015	1,223,149	65,231	79,787,232,419	36.1	92.7	166,106	3.3
2016	1,232,483	67,427	83,102,631,241	36.2	92.6	168,629	3.4
2017	1,252,024	71,067	88,977,589,608	36.5	92.8	170,683	3.2
2018	1,259,428	N/A <sup>5</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	93.0	177,653	2.5

## 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 Estimates<sup>4</sup> Fall registration for public schools - Minnesota State Department of Education<sup>5</sup> Information not available at time of publication.<sup>6</sup> Minnesota Department Of Employment And Economic Development (12-month average of seasonably unadjusted figures)

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
2009	661,816	7.5%	1,855,914	7.8%	2,967,967	8.0%	154,015,250	9.3%
2010	663,880	6.6	1,860,461	6.9	2,963,402	7.3	153,889,000	9.7
2011	660,986	6.1	1,850,365	6.4	2,977,919	6.4	153,624,000	8.9
2012	660,668	5.3	1,857,894	5.1	2,969,366	5.7	154,974,583	8.0
2013	667,999	4.7	1,876,212	4.9	2,974,397	5.1	155,389,167	7.4
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9
2017	694,060	3.2	1,979,780	3.3	3,046,697	3.6	160,319,750	4.4
2018	707,209	2.5	2,016,208	2.7	3,099,006	2.9	162,075,000	3.9

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	2	2	2	2	2	2	2	2	2	2
Government and government enterprises	3	3	3	3	3	3	3	3	3	3
Finance and insurance	5	4	4	4	4	4	4	4	4	4
Retail trade	4	5	5	5	5	5	5	5	5	5
Manufacturing	6	6	6	6	6	6	6	6	6	6
Accommodation and food services	8	7	8	8	8	8	8	8	8	7
Administrative and waste services	7	8	7	7	7	7	7	7	7	8
Wholesale trade	9	9	9	9	9	9	9	9	9	9
Other services, except public administration	11	10	10	11	10	10	10	10	10	10
Real estate	10	11	11	10	11	12	12	12	11	11
Management of companies and enterprises	12	12	12	12	12	11	11	11	12	12
Transportation and warehousing	14	13	13	13	13	14	13	13	13	13
Construction	13	14	14	14	14	13	14	14	14	14
Arts, entertainment, and recreation	15	15	15	16	15	15	15	15	15	15
Educational services	17	16	16	15	16	16	16	16	16	16
Information	16	17	17	17	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	19	19	19	19	19	19	19	19	19	19
Farm	20	20	20	20	20	20	20	20	20	20

Note: 2018 information was not available at the time of publication.

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

Unaudited

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

<u>State of Minnesota Principal Employers</u>	2018 <sup>2</sup>			2009 <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	42,000	1	1.40%			
State of Minnesota	40,000	2	1.33%			
United States Federal Government	34,000	3	1.13%			
Fairview Health Services	33,000	4	1.10%	8,000	3	1.20%
Allina Health	28,000	5	0.93%			
Target Corporation	27,000	6	0.90%			
University of Minnesota	27,000	7	0.90%	17,000	1	2.54%
HealthPartners	24,000	8	0.80%			
Wells Fargo Bank Minnesota	19,000	9	0.63%			
UnitedHealth Group, Inc.	18,000	10	0.60%			
Hennepin County				8,000	2	1.20%
Ameriprise Financial				7,000	4	1.05%
Methodist Hospital				7,000	5	1.05%
Best Buy Co Inc				6,000	6	0.90%
Park Nicollet Health Systems				6,000	7	0.90%
Abbott Northwestern Hospital				5,300	8	0.79%
Fairview Southdale Hospital				5,000	9	0.75%
Generall Mills				5,000	10	0.75%
	292,000		9.72%	74,300		11.13%

<sup>1</sup> Source for 2009: ACINT.ORG and Hennepin County Office of Budget and Finance.

<sup>2</sup> Beginning in 2018, data specific to Hennepin County is not available, so statewide information is shown. Statewide information is from the Minnesota Department of Employment and Economic Development.

Unaudited



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

	2009	2010	2011	2012
<b><u>Employees by Function/Program*</u></b>				
Operations .....	1,036	1,045	1,034	1,078
Human Services .....	2,861	2,909	2,878	2,896
Health <sup>1</sup> .....	357	330	311	320
Public Safety .....	2,351	2,321	2,224	2,224
Public Works .....	421	432	427	427
Libraries .....	773	759	735	727
	7,799	7,796	7,609	7,672
 Unionized Employees	 5,631	 5,311	 5,242	 5,237
Full-Time Equivalents	7,431	7,314	7,197	7,256

<sup>1</sup> The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit, and employee information was restated for 2016 for comparison. Periods prior to 2016 were not restated because the information is not available due to the Medical Center's own implementation of GASB 80 that added two blended component units to Medical Center financial statements in 2016.

Unaudited

Table 27

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1,122	1,263	1,313	1,364	1,512	1,474
2,955	3,084	3,264	3,482	3,586	3,506
335	341	350	7,658	7,542	7,690
2,203	2,249	2,245	2,313	2,369	2,386
441	428	457	467	460	471
<u>722</u>	<u>742</u>	<u>760</u>	<u>774</u>	<u>777</u>	<u>777</u>
<u>7,778</u>	<u>8,107</u>	<u>8,389</u>	<u>16,058</u>	<u>16,246</u>	<u>16,304</u>
5,315	5,315	5,504	10,275	10,404	10,507
7,379	7,608	7,890	14,305	14,450	14,497

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

	2009	2010	2011
<b><u>Governmental Activities Operating Indicators by Function/Program</u></b>			
<b><u>Human Services</u></b>			
Children in out-of-home placement at the end of March .....	N/A	N/A	N/A
Emergency shelter use by families during the month of March .....	N/A	N/A	N/A
Child protection screening calls in the month of March .....	N/A	N/A	N/A
<b><u>Health</u></b>			
NorthPoint Health & Wellness Center patient statistics:			
Medical & Dental Visits .....	77,873	77,072	77,026
Medical Examiner			
Number of Autopsies Performed .....	N/A	N/A	N/A
<b><u>Public Safety</u></b>			
Sheriff's Office:			
Number of mortgage foreclosure sales .....	5,657	5,985	4,957
Number of jail bookings .....	36,500	35,413	34,503
Community Corrections:			
Percent of adult client recidivism .....	20.4%	21.0%	23.4%
<b><u>Public Works</u></b>			
Present pavement serviceability rating (portion rated good or better) .....	47%	54%	53%
Percent of bridges with sufficiency rating less than 50 .....	8%	7%	7%
Engineering costs as a percent of actual capital project costs .....	N/A	N/A	N/A
<b><u>Libraries</u></b>			
Items circulated (millions) .....	16.7	17.5	18.4
eLibrary visits (millions) .....	15.0	19.9	21.5
Number of volunteer hours supplementing service .....	86,766	91,779	99,862
<b><u>Business-type Activities Operating Indicators by Function/Program</u></b>			
<b><u>Hennepin Health</u></b>			
Administrative Cost Ratio .....	17.8%	14.5%	13.6%
Enrollment <sup>1</sup> .....	18,662	18,113	19,009
<b><u>Medical Center</u></b>			
Number of clinic visits .....	N/A	N/A	N/A
Number of Medical Center inpatient discharges .....	N/A	N/A	N/A
<b><u>Environment and Energy</u></b>			
Recycling rate .....	N/A	N/A	N/A

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

Sources: Various County departments

Unaudited

Table 28

2012	2013	2014	2015	2016	2017	2018
N/A	N/A	N/A	1,450	1,782	2,041	1,980
N/A	N/A	N/A	4,669	3,197	3,399	3,122
N/A	N/A	N/A	1,579	2,070	1,964	1,646
84,412	82,069	85,358	96,962	95,345	103,378	125,098
N/A	N/A	1,060	1,100	1,288	1,310	1,330
4,132	2,596	1,752	1,545	1,054	809	1,000
35,857	35,910	34,116	34,343	31,554	32,154	32,000
23.5%	28.8%	22.9%	20.0%	23.0%	21.7%	22.0%
61%	62%	59%	60%	66%	67%	67%
8%	8%	10%	7%	7%	5%	5%
N/A	22%	18%	18%	18%	18%	18%
16.6	15.8	16.0	16.0	16.0	15.1	18.3
21.1	19.5	20.0	20.0	20.0	12.8	12.2
101,924	92,773	100,000	100,000	100,000	75,076	72,045
15.4%	14.8%	14.0%	15.5%	15.0%	12.1%	12.1%
3,981	11,888	13,290	13,734	12,144	29,088	30,446
N/A	N/A	N/A	N/A	620,781	628,037	628,735
N/A	N/A	N/A	N/A	23,051	22,050	21,718
N/A	41.0%	41.0%	45.0%	51.0%	53.0%	55.0%

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

	2009	2010	2011
<u>Operations</u>			
Building square footage occupied by Operations .....	228,114	233,053	232,709
<u>Human Services</u> <sup>1</sup>			
Building square footage occupied by Human Services .....	452,095	452,108	452,108
<u>Health</u>			
Building square footage - NorthPoint Health & Wellness .....	39,964	39,964	39,964
Building square footage - Medical Examiner .....	29,430	29,430	29,430
Building square footage - Hennepin County Medical Center .....	N/A	N/A	N/A
<u>Public Safety</u>			
Building square footage - Public Safety Facility Cells/Sheriff's Jail .....	360,510	360,510	360,510
Building square footage occupied by the Corrections Department .....	606,382	605,225	605,225
Building square footage occupied by the Sheriff's Office (w/o Jail) .....	152,366	152,621	152,621
<u>Public Works</u>			
County roads and highways (miles) .....	567	572	570
Number of bridges .....	135	136	139
<u>Libraries</u>			
Building square footage occupied by the Libraries .....	993,939	997,735	997,735
Size of Library collection (copies) .....	4,770,977	5,030,570	4,910,846
<u>Hennepin Health</u>			
Building square footage occupied by Hennepin Health .....	59,106	59,106	59,106

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

Sources: Various County departments

Unaudited

Table 29

2012	2013	2014	2015	2016	2017	2018
233,053	187,821	190,343	233,684	246,979	254,889	257,319
452,108	452,108	422,338	421,624	337,666	288,858	397,514
39,964	39,964	39,964	39,964	43,422	43,422	43,422
29,430	29,430	29,430	29,430	29,430	29,430	29,311
N/A	N/A	N/A	N/A	3,301,101	3,314,481	3,761,310
359,083	359,083	359,083	383,128	383,128	385,312	409,101
605,225	562,480	571,792	571,792	571,879	571,878	565,448
152,621	153,437	174,229	174,229	174,305	174,108	174,723
570	570	570	570	570	570	570
143	143	145	146	147	147	147
1,006,021	1,005,367	1,017,502	1,017,502	1,041,136	1,074,505	1,072,901
4,910,846	4,670,388	4,815,158	4,995,316	4,995,316	4,943,703	4,979,909
32,957	32,957	32,957	32,957	32,957	25,574	25,574

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

	2009	2010	2011	2012
<b>PROPERTY TAX LEVY</b>				
County <sup>1</sup> .....	\$ 592	630	622	595
% Change .....	6.5	6.4	(1.3)	(4.3)
County and other <sup>2</sup> .....	\$ 2,151	2,173	2,207	2,154
% Change .....	5.5	1.0	1.6	(2.4)
<b>REVENUES</b>				
Total governmental funds <sup>3</sup> .....	\$ 1,065	1,103	1,106	1,077
% Change .....	(1.3)	3.6	0.3	(2.6)
Intergovernmental .....	\$ 327	345	341	317
% Change .....	(10.9)	5.5	(1.2)	(7.0)
<b>EXPENDITURES</b>				
Total governmental funds <sup>3</sup> .....	\$ 1,101	1,299	1,149	1,099
% Change .....	(19.2)	18.0	(11.5)	(4.4)
Capital projects .....	\$ 135	114	125	88
% Change .....	12.5	(15.6)	9.6	(29.6)
<b>LEVY-SUPPORTED GENERAL OBLIGATION DEBT</b>				
Net direct <sup>4</sup> .....	\$ 563	658	664	619
% Change .....	20.3	16.8	1.0	(6.7)
Net direct, overlapping, and underlying G.O. ....	\$ 2,412	2,474	2,397	2,179
% Change .....	(2.3)	2.6	(3.1)	(9.1)
PROPERTY ESTIMATED MARKET VALUE .....	\$ 122,688	114,910	109,641	104,347
% Change .....	(5.2)	(6.3)	(4.6)	(4.8)
EMPLOYEES PER 10,000 CAPITA <sup>5</sup> .....	64.3	63.5	62.5	61.3
% Change .....	(3.9)	(1.2)	(1.6)	(1.9)

<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> 2017 revenues and expenditures include the \$83.6 million received upon the dissolution of the Counties Transit Improvement Board (CTIB) joint venture. The revenues were used for the early defeasance of bonds the County had issued in 2010 to assist the CTIB in obtaining more favorable financing terms.

<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. The employee count was restated in 2016 to include Medical Center employees due to the blending of the Medical Center, which had been a discretely presented component unit previously.

Unaudited

Table 30

2013	2014	2015	2016	2017	2018
596	608	617	640	658	680
0.1	2.0	1.5	3.7	2.7	3.5
2,171	2,221	2,243	2,328	2,363	2,469
0.8	2.3	1.0	3.8	1.5	4.5
1,100	1,187	1,162	1,192	1,292	1,360
2.1	7.9	(2.1)	2.6	8.4	5.2
339	414	364	383	437	385
7.0	22.2	(12.1)	5.2	14.1	(12.0)
1,188	1,195	1,222	1,331	1,450	1,477
8.1	0.5	2.2	8.9	8.9	1.9
121	113	123	149	138	196
37.0	(6.4)	9.1	20.9	(7.3)	41.9
656	683	621	764	838	938
5.9	4.1	(9.1)	23.0	9.6	12.0
2,157	2,238	2,240	2,507	2,622	2,944
(1.0)	3.7	0.1	11.9	4.6	12.3
103,862	111,126	118,064	125,049	131,651	140,672
(0.5)	7.0	6.2	5.9	5.3	6.9
61.6	62.8	64.5	114.3	115.4	115.1
0.4	1.9	2.7	77.1	1.0	(0.3)

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt service expenditures for property tax supported bonds to: <sup>1</sup>				
County property tax levy .....	9.1 %	10.0 %	11.2 %	12.5 %
Governmental fund expenditures .....	4.9	4.8	6.1	6.8
Net general obligation debt to:				
Property taxable market value .....	0.46	0.57	0.63	0.62
Legal debt margin .....	29.9	23.6	26.6	25.9
Direct, overlapping, and underlying net G.O. debt .....	23.6	23.1	27.6	27.9
Governmental fund revenues .....	52.8	59.6	60.9	57.5
General obligation debt due within ten years				
To total general obligation debt .....	54.5	63.0	56.5	58.5
Unassigned General Fund fund balance <sup>2</sup>				
To general fund expenditures .....	22.9	13.3	20.3	32.8

<sup>1</sup> 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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
11.8 % 5.9	11.2 % 5.7	12.4 % 6.3	15.9 % 7.4	13.4 % 6.1	11.8 % 5.4
0.66	0.64	0.53	0.61	0.64	0.67
28.2	27.0	21.3	25.6	26.9	28.6
30.4	30.5	27.7	30.5	31.9	31.9
59.6	57.5	53.5	64.1	64.8	69.0
59.3	58.5	61.7	55.0	58.0	58.0
25.8	23.4	24.6	22.1	25.6	23.6







## Brooklyn Park Library

This 39,000 square foot facility has a STEM-based learning space for children, developed in collaboration with the local community and the Minnesota Children's Museum.



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