

Disclaimer

This Hennepin County Annual Comprehensive Financial Report is historical information as of December 31, 2022. The information has not been updated for developments subsequent to the date of the independent auditor's report.

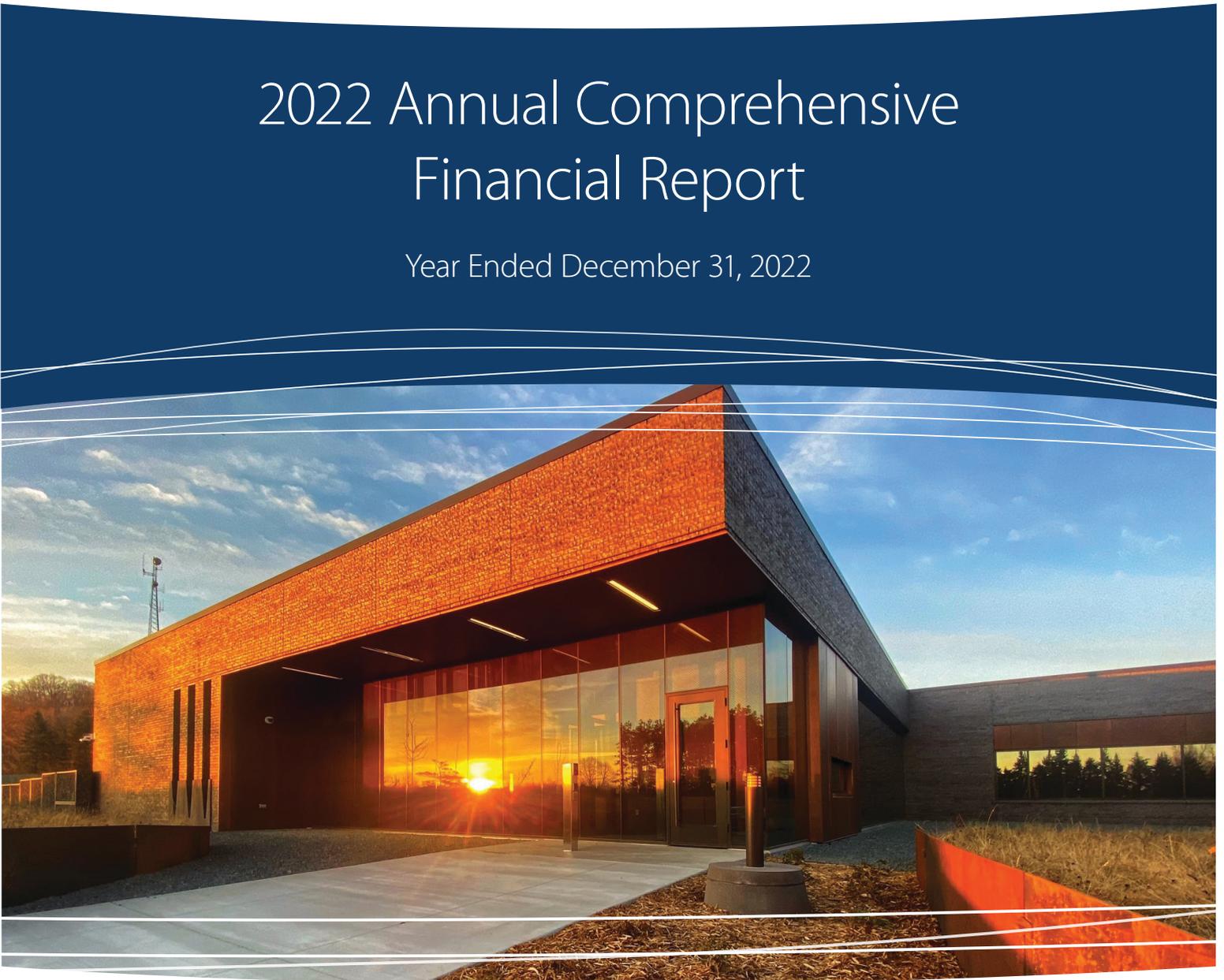
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This online document has been formatted for two-sided printing

HENNEPIN COUNTY
MINNESOTA

2022 Annual Comprehensive
Financial Report

Year Ended December 31, 2022



Hennepin County, Minnesota
Financial Highlights

		2022	2021 (Restated)	Percent Change
Government-wide:	Assets	\$ 4,963,542,781	\$ 4,855,207,488	2.2%
	Deferred Outflows of Resources	510,959,816	505,965,222	1.0%
	Liabilities	(3,974,190,169)	(3,324,611,449)	19.5%
	Deferred Inflows of Resources	(58,883,443)	(652,058,325)	-91.0%
	Net Position	<u>\$ 1,441,428,985</u>	<u>\$ 1,384,502,936</u>	4.1%
Government-wide:	Program Expenses	\$ 3,712,882,218	\$ 3,187,218,746	16.5%
	Program Revenues	2,601,104,529	2,348,277,613	10.8%
	Net Program Expense	(1,111,777,689)	(838,941,133)	32.5%
	General Revenues	1,168,703,738	1,143,642,155	2.2%
	Change in Net Position	<u>\$ 56,926,049</u>	<u>\$ 304,701,022</u>	
	Expense Per Capita	\$ 2,946	\$ 2,515	17.2%

See Management's Discussion and Analysis, which begins on page 15 for explanations of the changes reflected above. The adoption of GASB 87 in 2022 was applied retrospectively to the earliest period presented.

Funds Available for Investment at December 31:				
	General Investible Funds	\$ 1,854,232,798	\$ 1,644,633,672	12.7%
	Bond Proceeds/Non-General Investible Funds	30,964,140	158,197,663	-80.4%
	Total Investible Funds	<u>\$ 1,885,196,938</u>	<u>\$ 1,802,831,335</u>	4.6%
	Annual Daily Average of General Investible Funds	\$ 2,019,125,565	\$ 1,790,492,828	12.8%
	Average Investment Return for All Funds *	-3.94%	-0.46%	-756.6%
	Average Investment Yield for All Funds	1.21%	0.42%	188.1%

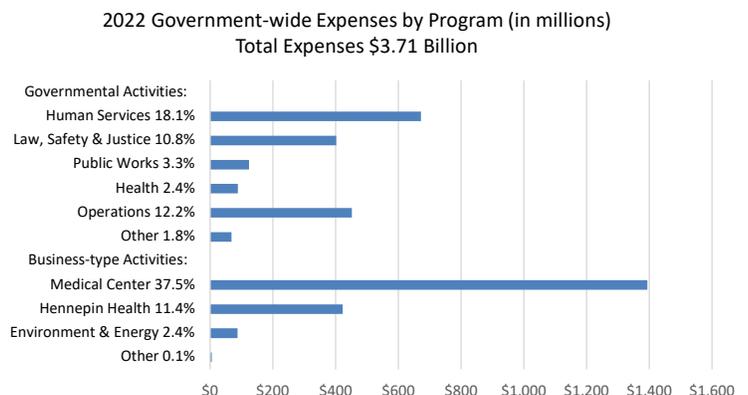
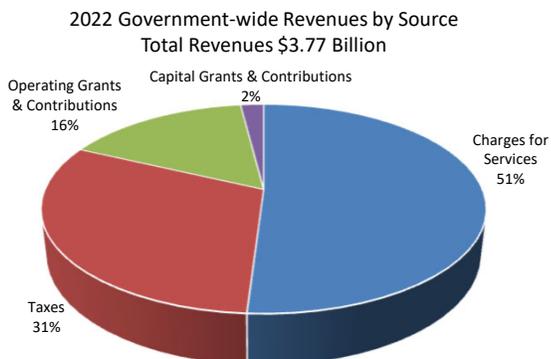
* Includes unrealized gain and loss on investments. In accordance with the GASB 31, the County has reported investments at fair value. Investment income for 2022 before recording the net change in fair value of investments was \$24,377,573 as compared to \$6,810,800 in 2021.

Total Outstanding Bonds*	\$ 1,435,850,000	\$ 1,477,240,000	-2.8%
Average Interest Rate on General Obligation Debt	4.47%	4.31%	3.7%
Net General Obligation Debt Per Capita	\$ 1,046.61	\$ 1,079.25	-3.0%
Ratio of Net General Obligation Debt to Property Market Value	0.565%	0.662%	-14.6%
Long-term Bond Ratings:*	S&P Global Ratings AAA	AAA	
	Fitch Ratings AAA	AAA	

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

Net Tax Capacity*	\$ 2,336,109,435	\$ 2,261,068,019	3.3%
Tax Capacity Rates:			
City of Minneapolis	38.530%	38.198%	0.9%
Suburban	38.552%	38.217%	0.9%
Estimated Market Value*	\$ 206,746,289,000	\$ 198,784,505,000	4.0%

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



Hennepin County, Minnesota

Annual Comprehensive Financial Report Year Ended December 31, 2022

Hennepin County Board of Commissioners

Jeffrey Lunde, 1st District

Irene Fernando, 2nd District

Marion Greene, Chair, 3rd District

Angela Conley, 4th District

Debbie Goettel, 5th District

Chris LaTondresse, 6th District

Kevin Anderson, 7th District

Hennepin County Administrator

David Hough





Hennepin County, Minnesota
2022 Annual Comprehensive Financial Report
Table of Contents

Introductory Section

- 1 Transmittal Letter
- 10 Organizational Chart
- 11 Principal Officials

Financial Section

- 13 Independent Auditor's Report
- 17 Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

- 32 Statement of Net Position
- 34 Statement of Activities

Fund Financial Statements:

- 36 Balance Sheets – Governmental Funds
- 38 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- 40 Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- 42 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- 43 Statements of Net Position - Proprietary Funds
- 44 Statements of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
- 45 Statement of Cash Flows - Proprietary Funds
- 46 Statement of Fiduciary Net Position - Fiduciary Funds
- 47 Statement of Changes in Fiduciary Net Position – Fiduciary Funds

Notes to the Basic Financial Statements:

- 49 Notes to the Basic Financial Statements

Required Supplementary Information:

- 99 Schedule of Changes in Total OPEB Liability and Related Ratios
- 100 Schedule of Defined Benefit Pension Plan Contributions
- 101 Schedule of County Proportionate Share of Defined Benefit Pension Plans

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

- 102 Budgetary Comparisons by Department - General Fund
- 106 Human Services Fund
- 107 Ballpark Sales Tax Fund
- 108 Transportation Sales Tax Fund
- 109 Housing and Redevelopment Authority Fund
- 110 Regional Railroad Authority Fund

Notes to Required Supplementary Information:

- 111 Notes to Required Supplementary Information

Hennepin County, Minnesota
2022 Annual Comprehensive Financial Report
Table of Contents

Supplementary Information – Governmental Funds:

Balance Sheets:

- 121 General Fund
- 122 Special Revenue Funds
- 124 RRA Debt Service Fund
- 125 General Debt Service Fund
- 126 Capital Projects Fund

Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:

- 127 General Fund
- 128 RRA Debt Service Fund
- 129 General Debt Service Fund
- 130 Capital Projects Fund

Schedule of Changes in Long-term Debt:

- 132 Schedule of Changes in Long-term Debt

Supplementary Information – Enterprise Funds:

- 135 Combining Statement of Net Position – Nonmajor Enterprise Funds
- 136 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds
- 137 Combining Statement of Cash Flows – Nonmajor Enterprise Funds
- 138 Schedules of Net Position

Schedules of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual:

- 140 Hennepin Health Fund
- 141 Solid Waste Fund
- 142 Medical Center Fund

Schedules of Cash Flows

- 144 Enterprise Funds

Supplementary Information – Other:

Internal Service Funds:

- 148 Combining Statement of Net Position
- 150 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
- 152 Combining Statement of Cash Flows
- 154 Schedules of Net Position
- 156 Schedules of Revenues, Expenses, and Changes in Fund Net Position

Hennepin County, Minnesota
2022 Annual Comprehensive Financial Report
Table of Contents

Statistical Section

Page Table

Financial Trends – *This section provides information that shows how the County’s financial position has changed over time.*

160	1. Government-wide Net Position
162	2. Government-wide Change in Net Position
164	3. Government-wide Expenses by Function
166	4. Government-wide Revenues
168	5. Fund Balances - Governmental Funds
170	6. Change in Fund Balances - Governmental Funds
172	7. Governmental Fund Expenditures by Function
174	8. Governmental Fund Revenues by Source

Revenue Capacity – *This section provides information that shows factors affecting the County’s ability to generate its own-source revenues.*

176	9. Property Estimated Market Value
178	10. Property Tax Rates and Levies - Direct and Overlapping Governments
180	11. Principal Taxpayers
182	12. Tax Levies and Collections on Property Located Within the County
184	13. Net Tax Capacity and Taxable Market Value of Property
186	14. Tax Capacity of Taxable Property by Municipality

Debt Capacity – *This section provides information regarding the County’s current level of outstanding debt and its ability to issue additional debt.*

188	15. Ratios of Outstanding Debt by Type
190	16. Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
191	17. Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
192	18. Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
193	19. Direct, Overlapping, and Underlying Governmental Activities Debt
194	20. Legal Debt Margin Information
196	21. Sales Tax Revenue Bond Coverage
198	22. Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures

Demographic and Economic Information – *This section provides information regarding the County’s socioeconomic environment and facilitates comparisons over time and among governments.*

199	23. Demographic and Economic Statistics
200	24. Labor Force Size and Unemployment Rate
201	25. Employment Information by Industry
202	26. Principal Employers

Operating Information – *This section provides information about the County’s operations and resources.*

204	27. Employees by Function/Program
206	28. Operating Indicators
208	29. Capital Asset Statistics by Function/Program
210	30. Selected Per Capita Measures of Financial Condition
212	31. Selected Ratio Measures of Financial Condition



Introductory Section

HENNEPIN COUNTY

MINNESOTA

June 30, 2023

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

Minnesota Statutes require all counties to issue an annual report on their financial position and activity prepared in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of Hennepin County (the County) for the fiscal year ended December 31, 2022.

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, 2022. 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.

A management 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. The MD&A complements this letter of transmittal and should be read in conjunction with the letter.

Profile of the Government



Lowry Avenue Bridge over the Mississippi River

The County was established by the territorial legislature of Minnesota in 1852, six years before Minnesota became a state. The County is part of the Twin Cities Metropolitan Area, with the Mississippi River defining its northeastern border. The County is governed by a seven-member Board of Commissioners elected by district for staggered, four-year terms. The County Attorney and Sheriff are also elected officials. County Commissioners are responsible, among other things, for authorizing resolutions, adopting the annual budget, appointing

committees and hiring the County Administrator. The County Administrator is responsible for carrying out the policies and resolutions of the Board of Commissioners, for overseeing the day-to-day operations of the County, and for recommending department directors to the Board of Commissioners for appointment. The County has received high marks for governmental structure, as well as for integration of social services, superior debt management, technology, and innovative partnerships.

Profile of the Government – continued

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

Hennepin County Facts	
Population	1,260,121
Estimated Per Capita Income	85,505
Number of Cities	45
2022 Original Budget (Excluding the Medical Center)	\$2.46 billion
Taxable Property Estimated Market Value	\$233.32 billion

County Services

At the end of 2022, 8,851 employees were providing a full range of County services, and an additional 7,050 employees were supporting the activities of the Medical Center blended component unit. The following is a brief summary of the services each program provides, including 2022 department operating indicators.

Human Services

Number of Employees – 3,361

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

- Serves approximately one in three County residents, approximately 400,000 people
- Children in out-of-home placement at the end of December – 1,189
- Emergency shelters for adults and children – 8,310
- Public Health Mental Health Clinic – 17,774 visits
- Public Health Clinic – 25,014 visits
- Health Care for the Homeless – 17,244
- COPE (Emergency Mental Health) – 61,630 calls



Health

Number of Employees – 395 (excluding the Medical Center blended component unit)



- Hennepin Health – 35,842 enrolled in Prepaid Medical Assistance/Minnesota Care programs and 2,178 enrolled in the Special Needs Basic Care program
- NorthPoint Health & Wellness Center – 106,548 medical, behavioral, and dental visits
- Medical Examiner's Office – 9,214 cases reported (including referrals)

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.

County Services – continued

Law, Safety and Justice

Number of Employees – 2,365

- Adult Representation Services – Provided high-quality representation to more than 1,500 clients experiencing indigency in child protection and eviction matters.
- County Attorney – Evaluated over 13,900 adult and juvenile criminal cases and processed approximately 1,500 civil actions.
- Public Defender – Handled approximately 25,914 adult criminal, juvenile delinquency and child protection cases.
- Sheriff's Office – Answered 640,541 calls for police/fire/medical dispatch services.
- Community Corrections – 640 admissions into the Juvenile Detention Center and 3,047 in-house bookings at the Adult Corrections Facility; as well as supervising approximately 800 juveniles and 18,800 adults on probation.



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

Public Works

Number of Employees – 415

The County transportation system includes:

- 2,214 lane miles of road maintained
- 811 miles of bikeway
- 792 traffic signal systems
- 182 bridges

Public Works connects people to places through planning, designing, engineering, and constructing roads, bridges, and transit lines; maintains, operates, and preserves the County's highway system; management of the solid waste system, delivers clean energy, and protects the environment; as well as housing, transit, and economic development programs. In addition, Public Works provides staff support to the Hennepin County Regional Railroad Authority (RRA) blended component unit, and to a special revenue fund for Transportation Sales Tax.



County Services – continued

Disparity Reduction

Number of Employees – 88

Disparity Reduction advises the County Board and County Administrator on policies and issues related to reducing disparities.

- **Education Support Services:** Worked with more than 600 youth and their families to support educational advocacy, navigation, mentoring, and tutoring. Students engaged with Education Support Services participated in over 7,500 hours of tutoring in 2022, supporting an average increase in reading and math scores of 25 points, as well as a 30% increase in grades and confidence in school.
- **Office of Broadband & Digital Inclusion:** In 2022 digital navigation staff, along with 12 community partners, has assisted nearly 2,000 residents in obtaining digital services, broadband choices, computers, and internet safety training.
- **Outreach & Community Supports:** With the Trusted Messenger program, contracted with 36 organizations in 2022 to continue the County's commitment to advancing community engagement.
- **Purchasing & Contract Services:** In 2022 over \$33.0 million was expended with black, indigenous, and people of color (BIPOC) owned businesses through targeted procurements in construction and services.
- **Workforce Development:** Workforce Leadership Council launched in 2022, convening small to medium size businesses to address talent stability and other identified priorities related to sustainability.



County Services – continued

Operations

Number of Employees – 2,227

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



County Board	Establishes all formal policies, executes agreements, and authorizes budgets and staffing as the legislative authority for the County.
County Administration	Implements county board policies, promotes interests with other government agencies and partners, and provides direction to departments to achieve the County's overarching goals.
Libraries	The 41 County Library locations serve patrons by providing access to library buildings and resources including materials, technology, and staff.
Budget & Finance	Ensures sound credit conditions, working capital, and overall financial health within the County by supporting strategic objectives through best practices in budgeting, accounting, payroll, purchasing, leveraging technology, and effective management of financial and human resource systems and services.
Housing & Economic Development	Invests local, regional, county, state, and federal resources in partnership with public and private partners to provide a full range of housing choices, housing rehabilitation, lead-safe housing, access to jobs, and long-term community value. Provides staff support to the Hennepin County Housing and Redevelopment Authority (HRA).
Facility Services	Builds, manages, operates, and maintains safe and secure County buildings which encompass just under 7 million square feet of building space.
Information Technology	Provides innovative, effective, and timely information technology solutions to County departments, building a technical infrastructure that supports the delivery of services to community partners and citizens in a secure, reliable, and accessible manner.
Real Property Group	Administers property assessments, elections, property tax collection activities and distribution to local governments, provides services relating to driver's licenses, motor vehicles, vital records and DNR registrations.
Human Resources	Provides human resource programs and support services, strategies to retain employees, and provides benefits management.
Audit, Compliance & Investigation	Provides independent audit and investigative functions using established standards and best practices to identify and facilitate the mitigation of risk as a service to County management, the Audit Committee and the County Board.
General County Purposes	Encourages and assists public programs and activities dedicated to cultural enrichment and to educational and technical assistance.

Budget

Budget Process

Budgets are adopted on an annual basis consistent with generally accepted accounting principles. Appropriated budgets are adopted for the general, special revenue, debt service, and enterprise funds. All annual appropriations lapse at year-end to the extent that they have not been expended or encumbered. Project-length financial plans are adopted for all capital projects, as well as certain Human Services, HRA, and RRA projects. The budget process is described in more detail in the Notes to Required Supplementary Information on page 111.

2022 Original Budget Focus

The 2022 original budget was committed to set policy for both the near term and for years to come. The 2022 Budget totaled \$2.46 billion, with a 3.5% property tax levy increase when compared to 2021. The operating portion of this budget totaled \$2.12 billion, an increase of \$13.6 million from the adjusted 2021 budget. Development of the 2022 budget considered property tax outlook challenges, as well as the County’s commitments to reducing disparities, the Climate Action Plan, and effectively facilitating a hybrid workforce model. Other issues that departments considered included customer service, the uncertainty of federal and state government funding levels; flat to declining non-property tax revenues; innovative, collaborative partnerships and shared service opportunities; reassessment of contracted services; and focused strategies to achieve the County’s goal of reducing disparities in education, employment, health, housing, income, justice and transportation. Department decisions support the County’s core values of continuous improvement, customer services, diversity and inclusion, employee engagement and workforce development.

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 99. The comparison for enterprise funds is presented in the Supplementary Information – Enterprise Funds subsection of this report, which starts on page 135.

Major Initiatives and Achievements

County Road Safety Improvements

During 2022, the County, in coordination with the Minnesota Department of Transportation and the City of Independence, continued work on several safety improvements where County Road 92 intersects with Highway 12. This project was part of several planned Highway 12 improvements in Independence, Maple Plain and Orono. The County has contributed \$20.2 million to the project improvements, which will improve both safety and mobility.



The improvements include:

- A new multi-lane roundabout that reduces the two intersections to one.
- A realigned County Road 92 and bridge over Highway 12.
- A realigned Lake Sarah Road intersection that eliminates sharp cornering.

Major Initiatives and Achievements – continued

Disparity Reduction

Disparity Reduction is at the core of the County's mission and vision. The County Board passed a Resolution in 2020 declaring racism to be a public health crisis that affects the entire County. The County's proactive approach to making long-term impact and improving life outcomes focuses on the following interconnected domains: education, employment, health, housing, income, justice, and transportation. In 2022, continued alignment of these domains, along with pandemic response and recovery funding, provided an opportunity to make significant, positive, and lasting changes for residents. The County's single room occupancy housing strategy has won national and statewide awards. During 2022, the County:

- Adopted a Land and Water Acknowledgement, deepening relationships with American Indian communities
- Created and staffed a new County office focused on closing the digital divide, and established broadband infrastructure
- Created the Outreach and Community Supports department to ensure continued community engagement and inclusion
- Helped 2,938 homeowners save money through the Homestead and Property Tax Refund project
- Developed the Eviction Reduction Project and exceeded the goal of creating/providing 2,400 affordable housing units
- Assisted 1,640 business owners through the Elevate Business program, with more than 1,100 owners utilizing nearly 6,800 hours of expert technical assistance



Apply for Services and Get Information

Economic and Financial Condition

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

Encompassing the City of Minneapolis (the County seat) and several of its northern and western inner-ring suburbs, the County is at the core of one of the largest economic centers in the upper Midwest. The County is home to over 22% of the state's population. Trade, transportation and utilities, education and health related entities, professional and business services, government, manufacturing, leisure and hospitality and financial services represent significant economic sectors providing a diverse and strong employment and wage base in the County.

Employment activity in 2022 improved substantially compared to 2021. The County's 12-month average unemployment rate for 2022 decreased to 2.5% compared to the 2021 average unemployment rate of 3.6%. The County's 2022 average unemployment rate of 2.5% was slightly lower than the 2.7% State of Minnesota average rate and lower than the 3.7% US 12-month average. Minnesota's economic recovery from the deep 2020 downturn is expected to continue. The state's labor market remains one of the tightest in the nation, with the fourth lowest unemployment rate and the sixth highest labor force participation rate (67.9%) among states. Although employment growth is constrained by an aging workforce, and the state has not fully recovered the payroll jobs lost during the pandemic, Minnesota employers continue to add jobs. Employment increased an average of 7,600 jobs per month through 2022, growing 2.8% over the year—a faster rate than in 2021.

Economic and Financial Condition – continued

In the Minnesota Management and Budget's (MMB) February 2023 Budget and Economic Forecast it was noted that U.S. wage and salary growth after 2023 is anticipated to be lower than in November 2022, and they expect U.S. wages to decelerate as an expected mild recession later in 2023 pushes unemployment rates higher. MMB forecasts that this will also produce slower wage income growth in Minnesota through 2023, compared to their earlier November 2022 forecast.

Excluding the Medical Center component unit, for 2023 the County budgeted \$2.71 billion to provide essential services and to make strategic investments for the future. The adopted budget focuses on addressing disparity reduction, climate action, and safe communities, as the County works to move out of the restrictions of the pandemic and adjust to a new normal. The budget includes a net property tax levy of \$930.8 million, a 3.5% increase over 2022. The County's operating budget funds the day-to-day services for residents, with an approved budget amount of \$2.26 billion, an \$84.9 million increase from the adjusted 2022 operating budget.

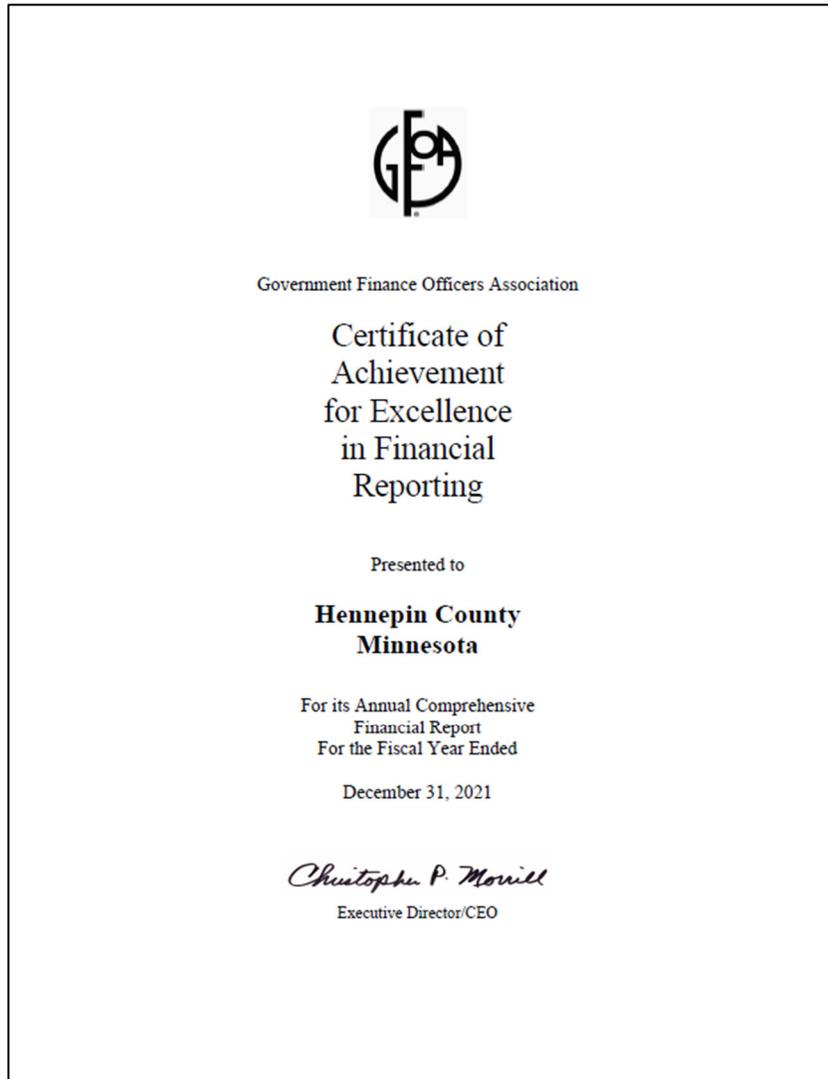
The capital budget for 2023 is \$448 million (debt retirement budgeted separately). This represents an increase of \$101 million, or 29 percent, compared to the adjusted 2022 budget of \$347 million. Significant annual decreases/increases in the capital budget are common due to the ever-changing mix of projects, their implementation schedules, and the changing revenue sources available to fund those initiatives. The 2023 budget increase is mostly driven by the addition of \$100 million for Hennepin County's contribution toward the Southwest Light Rail Transit (Green Line Extension) project, managed by the Metropolitan Council. Capital investments occur across the county in support of the services provided by all county lines of business, but most notably: Public Works; Law Safety and Justice; Health & Human Services; Resident Services; and Operations.

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

Financial Reporting Award and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for each of the County's annual comprehensive financial reports for the years 1974 through 2021. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report that uses accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe the current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

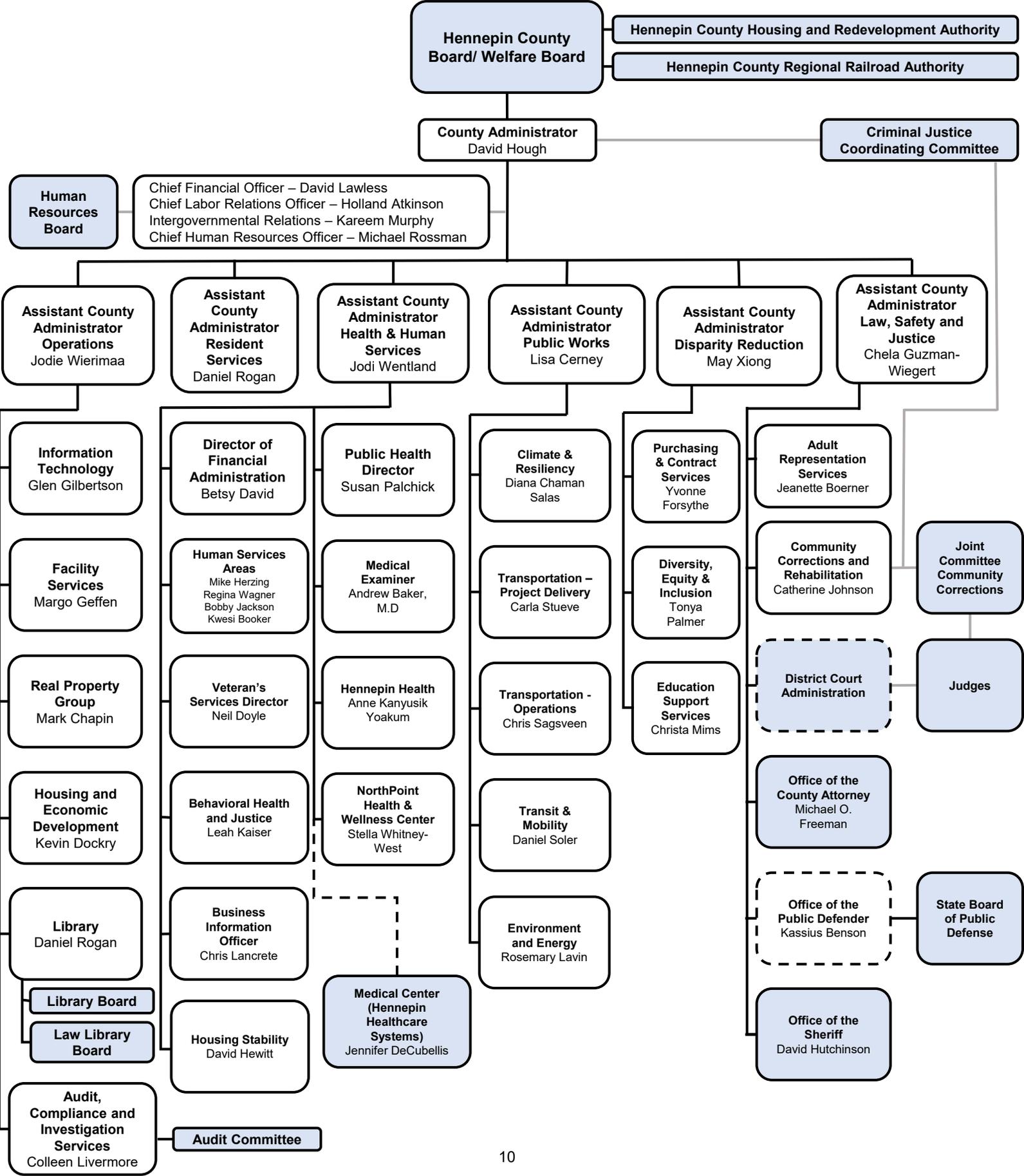
The preparation of this report could not have been accomplished without the dedicated services of the entire financial staff of the County. We would like to express appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given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



David J. Hough
County Administrator

David R. Lawless
Director of Budget and Finance

Organizational Chart on December 31, 2022



Principal Officials on December 31, 2022



Hennepin County Commissioners:

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

Jeffrey Lunde
Irene Fernando
Marion Greene, Chair
Angela Conley
Debbie Goettel, Vice Chair
Chris LaTondresse
Kevin Anderson

County Administrator

Deputy County Administrator – Health and Human Services
Assistant County Administrator – Public Works
Assistant County Administrator – Law, Safety, and Justice
Assistant County Administrator – Resident Services
Assistant County Administrator – Operations
Assistant County Administrator – Disparity Reduction

David Hough
Jodi Wentland
Lisa Cerney
Chela Guzman-Wiegert
Daniel Rogan
Jodie Wierimaa
May Xiong

Governmental Activities Departments and Directors

Public Works:

Climate & Resiliency
Transit & Mobility
Transportation – Project Delivery
Transportation – Operations

Diana Chaman Salas
Daniel Soler
Carla Stueve
Chris Sagsveen

Law Safety and Justice:

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

Jeanette Boerner
Catherine Johnson
Michael Freeman
Kassius Benson
David Hutchinson

Health:

Medical Examiner
NorthPoint Health & Wellness Center

Andrew Baker, M.D.
Stella Whitney-West

Human Services:

Behavioral Health
Business Information Officer
Financial Administration
Housing Stability
Economic Supports, Child Supports, Well-Being
Children and Family Services
Access, Aging and Disability Services
Internal Services
Public Health
Veteran's Services

Leah Kaiser
Chris Lancrete
Betsy David
David Hewitt
Regina Wagner
Kwesi Booker
Mike Herzing
Bobby Jackson
Susan Palchick
Neil Doyle

Operations:

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

Colleen Livermore
David Lawless
Margo Geffen
Kevin Dockry
Michael Rossman
Glen Gilbertson
Daniel Rogan
Mark Chapin

Disparity Reduction:

Purchasing & Contract Services
Diversity, Equity & Inclusion
Education Support Services

Yvonne Forsythe
Tonya Palmer
Christa Mims

Business-type Activities Directors

Hennepin Health
Solid Waste (Environment & Energy)
Medical Center (Hennepin Healthcare Systems)

Anne Kanyusik Yoakum
Rosemary Lavin
Jennifer DeCubellis



Financial Section



Independent Auditor's Report

RSM US LLP

Board of County Commissioners
Hennepin County, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hennepin County, Minnesota, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter

As discussed in Note 19, certain balances as of January 1, 2022 have been restated for the adoption of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report of Summarized Comparative Information

We have previously audited the County's 2021 basic financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 23, 2022. The summarized comparative information presented herein as of and for the year ended December 31, 2021, was derived from those financial statements and adjusted for the implementation of GASB Statement No. 87 as described in Note 19 of the financial statements.

Required Supplementary Information

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

Supplementary Information

Our audit as of and for the year ended December 31, 2022, 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, as of and for the year ended December 31, 2022, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole as of and for the year ended December 31, 2022.

The supplementary information, as listed in the table of contents, for the year ended December 31, 2021, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements adjusted for the implementation of GASB 87.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RSM US LLP

Minneapolis, Minnesota
June 30, 2023



Management's Discussion and Analysis

This discussion and analysis provides financial statement readers with a financial overview and narrative analysis of the financial position and activities of Hennepin County and its blended component units for the year ended December 31, 2022. The information provided here should be read in conjunction with the *Transmittal Letter* that begins on page 1 and the *Notes to the Basic Financial Statements* on pages 49 to 98.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

Throughout 2022, the County continued to respond to community needs related to the consequences of the novel coronavirus (COVID-19) pandemic. The state of emergency declared by the County Board in 2020 extended throughout 2022. The American Rescue Plan Act's State and Local Fiscal Recovery Fund (ARPA-SLFRF) awarded the County \$245.9 million to combat the health, social and economic effects of the pandemic through the end of the award period in 2024. Half of the ARPA-SLFRF award was advanced to the County in 2021 and the second half was provided in 2022. The County utilized \$83.1 million of the ARPA-SLFRF award in 2022. The unspent \$150.5 million of the ARPA-SLFRF advance is reported as unearned revenue to be used for eligible expenditures during the remainder of the award period. The County also received pandemic recovery assistance from additional Federal programs. The related 2022 expenditures for pandemic recovery totaled nearly \$40.2 million, and out of this amount, \$25.6 million was for emergency rent assistance.

At December 31, 2022, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$1.44 billion. Of this amount, \$690.1 million was restricted by specific statutory requirements or external commitments. The County's net investment in capital assets was \$1.48 billion. The County's net position increased \$56.9 million during the year, which included a \$76.3 million increase in governmental activities and a \$19.4 million decrease in business-type activities.

As discussed in detail in the Changes in Net Position section, the \$76.3 million net position increase in governmental activities was primarily due to the \$82.9 million increase in intergovernmental, sales tax and opioid settlement revenues. Additional net position increases were due to the amortization of bond premiums, along with a \$24.6 million cost savings from budgeted but unfilled Human Services positions. These increases were more than sufficient to offset the \$61.9 million of unrestricted investment losses and the \$51.3 million decrease to net position related to the full accrual of the actuarial estimate of pension liabilities. Investment income for unrestricted governmental activities investments in 2022 before recording the \$81.7 million decrease in fair value (unrealized losses) totaled \$19.8 million.

While the County is required to report a net pension liability and related pension amounts, the County is not legally liable for these amounts. Therefore, the County's actual contributions to pension plans are not impacted by this reporting requirement. The County's net position is reported approximately \$777.4 million lower under the reporting requirements, resulting in the \$728.8 million deficit unrestricted net position for 2022. Only the Minnesota State legislature (the State) has the power to change pension contribution rates. The reported 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. Historically, pension rate increases have been for both employer and employee contributions, and the legislature has at times required special funding from the State. However, for reporting purposes, the net pension liability is measured as if only the employer would bear the burden of a potential future funding shortfall.

As further discussed in the Changes in Net Position section, the \$19.4 million decrease in business-type activities was largely due to the \$42.2 million decrease in net position for the Medical Center blended component unit. This decrease was largely offset by the \$17.3 million increase in net position for Hennepin Health and the \$5.0 million increase in net position for Solid Waste.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

Both of the government-wide financial statements, which are found on pages 32 to 35 of this report, distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the County include:

- Operations
- Disparity Reduction
- Human Services
- Health
- Law, Safety and Justice
- Public Works
- The Hennepin County Regional Railroad Authority (RRA) blended component unit
- The Hennepin County Housing and Redevelopment Authority (HRA) blended component unit
- Interest on Long-term Debt

The business-type activities of the County include:

- Hennepin Health Plan
- Environment and Energy
- the Medical Center blended component unit
- Other Enterprises

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided to facilitate this comparison between governmental funds and governmental activities. Also, detailed information on the differences in measurement focus, basis of accounting, and financial statement presentation of the fund statements compared to the government-wide statements can be found on pages 50 to 54 of the *Notes to the Basic Financial Statements*.

The County maintains the following governmental fund types: the General Fund, special revenue funds, debt service funds, and capital projects funds. The County has five special revenue funds: Human Services Fund, Ballpark Sales Tax Fund, Transportation Sales Tax Fund, and the funds for blended component units; the RRA and the HRA. Information is presented separately in the governmental fund statements for each of these funds. The basic governmental fund financial statements can be found on pages 36 to 42.

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

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the County Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The proprietary fund financial statements provide separate information for the Hennepin Health Plan, 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 43 to 45 of this report. Individual fund data for the nonmajor enterprise funds, as well as for the internal service funds, is provided in the form of combining statements in the supplementary information section of this report.

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Fund Financial Statements – continued

- **Fiduciary funds** are used to account for assets that the County holds for others, including client trust fund amounts, cash held for inmates, revenues collected on behalf of other governmental units related to property taxes, and other governmental agency amounts that are held in the custody of the County. The County reports two separate fiduciary funds: 1) the Private Purpose Trust Fund and 2) the Custodial Fund. 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 method used for fiduciary funds is the same as the method used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 46 to 47 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 49 to 98 of this report.

Required and Supplementary Information beginning on page 99 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 summarized comparative schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As shown in the table below, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows by \$1.44 billion on December 31, 2022. 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.

Summary of Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)
Current assets	\$ 1,146.8	\$ 1,072.4	\$ 571.5	\$ 545.8	\$ 1,718.3	\$ 1,618.2
Noncurrent Assets:						
Other assets	385.8	428.3	102.9	114.7	488.7	543.0
Net capital assets	2,205.8	2,149.6	550.7	572.5	2,756.5	2,722.1
Total Assets	3,738.4	3,650.3	1,225.1	1,233.0	4,963.5	4,883.3
Deferred Outflows of Resources	327.0	318.3	184.0	187.6	511.0	505.9
Other liabilities	394.1	362.0	263.3	273.5	657.4	635.5
Noncurrent liabilities	2,531.6	2,171.9	785.2	545.2	3,316.8	2,717.1
Total Liabilities	2,925.7	2,533.9	1,048.5	818.7	3,974.2	3,352.6
Deferred Inflows of Resources	41.2	412.5	17.7	239.6	58.9	652.1
Net Position:						
Net investment in capital assets	1,162.1	1,150.9	318.2	332.6	1,480.3	1,483.5
Restricted	509.3	418.2	180.8	154.8	690.1	573.0
Unrestricted (deficit)	(572.9)	(546.9)	(156.1)	(125.1)	(729.0)	(672.0)
Total Net Position	\$ 1,098.5	\$ 1,022.2	\$ 342.9	\$ 362.3	\$ 1,441.4	\$ 1,384.5

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Changes in Net Position

As shown in the Changes in Net Position table on the following page, the County's total net position increased \$56.9 million during 2022, a 4.1% increase. The increase included a \$76.3 million increase in governmental activities and a \$19.4 million decrease in business-type activities.

As summarized in the Financial Highlights, the activities that primarily contributed to the \$76.3 million increase in **governmental activities'** net position included:

- Large increases in sales tax, intergovernmental and opioid settlement revenues, such as the \$30.8 million increase in unspent ballpark sales tax revenues and the \$14.2 million increase in unspent transportation sales tax revenues. \$30.0 million of ARPA-SLFRF support was claimed for existing staff costs in 2022 to provide more flexibility for the Board to use that amount for County pandemic recovery programs in a future year. Additionally, \$7.9 million of the initial payments received from national opioid pharmaceutical lawsuit settlements remained unspent and restricted for future eligible costs relating to the impacts of opioid addiction.
- Human Services personal services costs were \$24.6 million less than anticipated, primarily related to unfilled positions.
- A \$19.4 million increase in net position restricted for the RRA that primarily resulted from temporarily reduced reimbursements to Metropolitan Council for the METRO Blue Line Extension (Bottineau Light Rail Transit) local contribution requirement.
- Additional significant changes included \$11.8 million in improved property tax collections, a \$7.5 million increase in HRA net position that was primarily related to construction and acquisition delays, \$6.1 million in unspent contingency funds in Operations, and \$6.0 million of unbudgeted risk-share revenues received in the Health program.

The governmental activities net position reductions that offset the above increases included:

- A reported \$61.9 million investment loss related to all unrestricted investments, which are required to be reported at fair value. The valuation changes in 2022 were driven by higher interest rates that resulted in a decrease in fair value (unrealized losses) of \$81.7 million for these investments, which is included in investment earnings. Investment income for unrestricted governmental activities investments before recording the decrease in fair value totaled \$19.8 million.
- A \$51.3 million decrease in net position related to the full accrual of the actuarial estimate of pension liabilities for governmental activities. This decrease was described in more detail in the previous Government-wide Financial Highlights section.

The \$19.4 million **business-type activities** decrease in net position was primarily due to the Medical Center blended component unit's \$42.2 million decrease in net position. The Medical Center decrease related to the full accrual of the actuarial estimate of pension liabilities, which was offset by the \$17.3 million increase in net position for Hennepin Health that was driven by the increase in membership and lower than expected claims utilization. Additionally, the Environment and Energy function experienced a \$5.0 million increase in net position due to higher than anticipated electrical sales revenues resulting from short-term market rate increases.

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS – CONTINUED

	Changes in Net Position (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 140.4	\$ 142.0	\$ 1,772.6	\$ 1,546.5	\$ 1,913.0	\$ 1,688.5
Operating grants and contributions	515.1	490.1	98.5	113.9	613.6	604.0
Capital grants and contributions	74.4	55.9	-	-	74.4	55.9
General Revenues:						
Property taxes	948.3	903.9	-	-	948.3	903.9
Sales tax	209.2	180.8	-	-	209.2	180.8
Wheelage tax	19.7	20.3	-	-	19.7	20.3
Other taxes	3.9	5.2	5.3	2.9	9.2	8.1
Grants and contributions	44.3	36.0	-	-	44.3	36.0
Investment earnings	(61.9)	(6.2)	-	-	(61.9)	(6.2)
Total Revenues	<u>1,893.4</u>	<u>1,828.0</u>	<u>1,876.4</u>	<u>1,663.3</u>	<u>3,769.8</u>	<u>3,491.3</u>
EXPENSES						
Operations	451.3	350.9	-	-	451.3	350.9
Disparity reduction	12.9					
Human services	671.9	600.5	-	-	671.9	600.5
Health	88.8	82.2	-	-	88.8	82.2
Law, safety and justice	402.0	339.8	-	-	402.0	339.8
Public works	123.5	136.9	-	-	123.5	136.9
HRA	20.9	15.1	-	-	20.9	15.1
RRA	5.0	9.3	-	-	5.0	9.3
Interest on long-term debt	29.0	16.3	-	-	29.0	16.3
Hennepin Health Plan	-	-	422.2	332.1	422.2	332.1
Environment and energy	-	-	87.3	75.1	87.3	75.1
Medical Center	-	-	1,393.4	1,224.7	1,393.4	1,224.7
Other enterprises	-	-	4.7	4.5	4.7	4.5
Total Expenses	<u>1,805.3</u>	<u>1,551.0</u>	<u>1,907.6</u>	<u>1,636.4</u>	<u>3,700.0</u>	<u>3,187.4</u>
Increase (Decrease) in Net Position Before Transfers	88.1	277.0	(31.2)	26.9	56.9	303.9
Transfers	(11.8)	(26.2)	11.8	26.2	-	-
Insurance Recoveries	-	0.8	-	-	-	0.8
Increase (Decrease) in Net Position	<u>76.3</u>	<u>251.6</u>	<u>(19.4)</u>	<u>53.1</u>	<u>56.9</u>	<u>304.7</u>
Net Position – Beginning	<u>1,022.2</u>	<u>770.6</u>	<u>362.3</u>	<u>309.2</u>	<u>1,384.5</u>	<u>1,079.8</u>
Net Position – Ending	<u>\$ 1,098.5</u>	<u>\$ 1,022.2</u>	<u>\$ 342.9</u>	<u>\$ 362.3</u>	<u>\$ 1,441.4</u>	<u>\$ 1,384.5</u>

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUND

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

Governmental Funds

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

The County's governmental funds reported combined ending fund balances of \$971.8 million, which is an increase of \$15.6 million from the prior year's ending balances. The 16.1% of total governmental fund balance, or \$156.9 million, that is included in the unassigned (residual) classification for the General Fund, has not been restricted, committed, or assigned to specific purposes. The remainder of fund balance in the governmental funds is either in non-spendable form or is classified as restricted, committed, or assigned based on the spending constraints that are in place.

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

- **Property taxes** increased \$46.6 million due to the 3.5% property tax levy increase from 2021 to 2022 and improved property tax collections.
- Transportation and ballpark **sales tax revenues** increased \$28.5 million from the prior year. The sales tax collections continued to improve due to an increase in economic activities related to initial recovery from the pandemic when stay-at home orders, restrictions on the size of gatherings, and the temporary closure of certain non-essential businesses were implemented globally to mitigate the spread of COVID-19.
- **Other taxes** decreased \$1.3 million due to lower mortgage registration tax as a result of slower activity in the real estate market.
- **Intergovernmental revenues** increased \$42.2 million and remained higher than historical levels due to the continuation of Federal funding that was received specifically to mitigate the impact of COVID-19 on County residents.
- **Investment losses** allocable to the governmental funds were \$64.7 million in 2022 compared to losses of \$6.5 million in 2021. Investments are required to be reported at fair value. While governmental fund investment income for 2022 was \$20.5 million, valuation changes resulting from significantly higher interest rates produced a decrease in fair value (unrealized losses) of \$85.2 million more than offset the investment earnings.
- **Opioid settlement revenues** totaled \$8.3 million in 2022. These initial payments from national opioid pharmaceutical lawsuit settlements are a portion of an estimated \$42.3 million that is expected to be received by the County over an 18-year period for use on eligible costs relating to the impacts of opioid addiction.
- **Other revenue** decreased \$4.1 million, mainly due to a \$4.0 million reduction in certain Capital Projects Fund activities.

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Governmental Fund Revenues – continued

	Revenues Classified by Source Governmental Funds (in millions)					
	2022		2021		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Property taxes	\$ 956.1	50.1%	\$ 909.5	49.2%	\$ 46.6	5.1%
Sales tax	209.2	11.0%	180.7	9.8%	28.5	15.8%
Wheelage tax	19.7	1.0%	20.3	1.1%	(0.6)	-3.0%
Other taxes	3.9	0.2%	5.2	0.3%	(1.3)	-25.0%
Intergovernmental	614.8	32.2%	572.6	30.9%	42.2	7.4%
Investment earnings (losses)	(64.7)	-3.4%	(6.5)	-0.4%	(58.2)	895.4%
Charges for services	129.7	6.8%	134.0	7.2%	(4.3)	-3.2%
Opioid settlements	8.3	0.4%	-	0.0%	8.3	100.0%
Fines and forfeits	0.3	0.0%	0.3	0.0%	-	0.0%
Licenses and permits	7.6	0.4%	7.7	0.4%	(0.1)	-1.3%
Other	24.6	1.3%	28.7	1.5%	(4.1)	-14.3%
Total Revenues	<u>\$ 1,909.5</u>	<u>100%</u>	<u>\$ 1,852.5</u>	<u>100%</u>	<u>\$ 57.0</u>	<u>3.1%</u>

Governmental Fund Expenditures. The table on the following page presents expenditures by function as well as increases or decreases from the prior year. In 2022, governmental fund expenditures increased \$119.0 million compared to the 2021 expenditures. Expenditures that changed significantly from the prior year are explained below:

- Expenditures for **Operations** increased \$43.4 million primarily due to a \$94.3 million increase in contributions to Metropolitan Council for the Southwest Light Rail Transit (SWLRT) project and Bottineau Light Rail Transit projects, which was offset by a \$45.7 million decrease in contractual services expenditures in the General Fund related to reduced COVID-19 pandemic response activities.
- Expenditures for **Human Services** increased \$31.9 million in 2022 compared to 2021. Of this amount, a \$21.3 million increase in personal services expenditures was primarily due to salary increases and to filling 50 vacant positions and a \$12.1 million increase in Public Aid Assistance related to emergency shelter and behavioral health services. The increases were offset by a \$2.4 million savings in rent costs related to the decreased number of building leases.
- **HRA** expenditures increased \$6.0 million in 2022, primarily due to spending on COVID-19 pandemic response related activities. This included \$1.9 million in acquisition costs for a property to be used for affordable permanent housing and \$3.5 million for numerous household assistance/recovery services, such as multifamily housing support and homebuyer assistance programs for populations disproportionately impacted by COVID-19.
- **RRA** expenditures decreased \$6.4 million. This change primarily related to an unexpected \$6.7 million decrease in contributions to Metropolitan Council for the local contribution requirement for METRO Blue Line Extension (Bottineau Light Rail Transit).
- Expenditures for **Capital projects** increased \$26.2 million. This change primarily relates to the increased contributions to Metropolitan Council for the SWLRT project.

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Fund Balances in Governmental Funds – continued

Expenditures by Function Governmental Funds (in millions)						
	2022		2021 (Restated)		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
Operations	\$ 420.9	21.6%	\$ 377.5	20.6%	\$ 43.4	11.5%
Disparity reduction	12.7	0.7%	9.8	0.5%	2.9	100.0%
Human services	650.6	33.4%	618.7	33.7%	31.9	5.2%
Health	81.1	4.2%	75.1	4.1%	6.0	8.0%
Law, safety and justice	351.5	18.0%	336.4	18.3%	15.1	4.5%
Public works	68.6	3.5%	66.1	3.6%	2.5	3.8%
HRA	19.8	1.0%	13.8	0.8%	6.0	43.5%
RRA	4.7	0.2%	11.1	0.6%	(6.4)	-57.7%
Debt service						
Principal retirement	86.7	4.4%	96.7	5.3%	(10.0)	-10.3%
Interest and fiscal charges	66.4	3.4%	64.0	3.5%	2.4	3.8%
Intergovernmental	22.4	1.1%	23.4	1.3%	(1.0)	-4.3%
Capital projects	167.4	8.5%	141.2	7.7%	26.2	18.6%
Total Expenditures	\$ 1,952.8	100%	\$ 1,833.8	100%	\$ 119.0	6.5%

The **General Fund** is the County's primary operating fund. At the end of 2022, total fund balance for the General Fund was \$235.5 million and unassigned fund balance was \$156.9 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 16.1% of the total governmental fund balances and represents 19.8% of the total General Fund expenditures. In 2021, the unassigned fund balance represented 17.0% of total governmental fund balances and 20.3% of General Fund expenditures. The General Fund ended the year with a decrease of \$6.8 million in fund balance. This decrease resulted from \$61.6 million of investment losses allocable to the General Fund resulting from reporting investments at fair value (including \$79.8 million in unrealized losses), which were offset by the recognition of \$30.0 million of ARPA-SLFRF support that was claimed for existing staff costs in 2022 to provide more flexibility for the Board to use that amount for County pandemic recovery programs in a future year. Additional increases that offset the investment losses included \$11.7 million in improved property tax collections, \$6.1 million of unspent contingency funds, and \$6.0 million of unexpected risk-share revenues received by NorthPoint Health & Wellness.

The \$32.0 million fund balance increase in the **Human Services Fund** was primarily due to personal services costs that were \$24.6 million less than expected due to unfilled positions, along with \$7.9 million of restricted but unspent revenues received as part of the national opioid pharmaceutical lawsuit settlements to be used for future eligible costs relating to the impacts of opioid addiction.

The **Ballpark Sales Tax Fund's** fund balance increased \$30.8 million due to the unspent sales tax proceeds that are restricted for ballpark debt service, MN Ballpark Authority operating costs, county's contribution to the MN Ballpark Authority capital improvements fund, various youth sport activities, and extending operating hours at County libraries.

Fund balance in the **Transportation Sales Tax Fund** increased \$14.2 million due to the unspent sales tax proceeds that are restricted for transportation projects. As detailed on page 70, the County has committed to expend \$207.0 million on future light rail and bus rapid transit.

Management’s Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS – CONTINUED

Fund Balances in Governmental Funds – continued

The **HRA Fund’s** fund balance increased \$7.5 million, largely due to construction/acquisition delays for approved projects relating to the ongoing negative consequences of the COVID-19 pandemic.

The \$19.4 million fund balance increase in the **RRA Fund** primarily related to the \$6.7 million resulted from temporarily reduced reimbursements to Metropolitan Council for the local contribution requirement for the METRO Blue Line Extension (Bottineau Light Rail Transit), and a budgeted surplus for future projects.

The **RRA Debt Service Fund’s** fund balance decreased \$0.4 million due to a budgeted use of funds to comply with federal tax rules for bona fide debt service funds.

The **General Debt Service Fund** balance decreased \$6.6 million, primarily related to an optional early redemption of G.O. bonds.

The **Capital Projects Fund** had a net fund balance decrease of \$74.5 million due to expected variances in project expenditures and the timing of debt issuance in support of those expenditures.

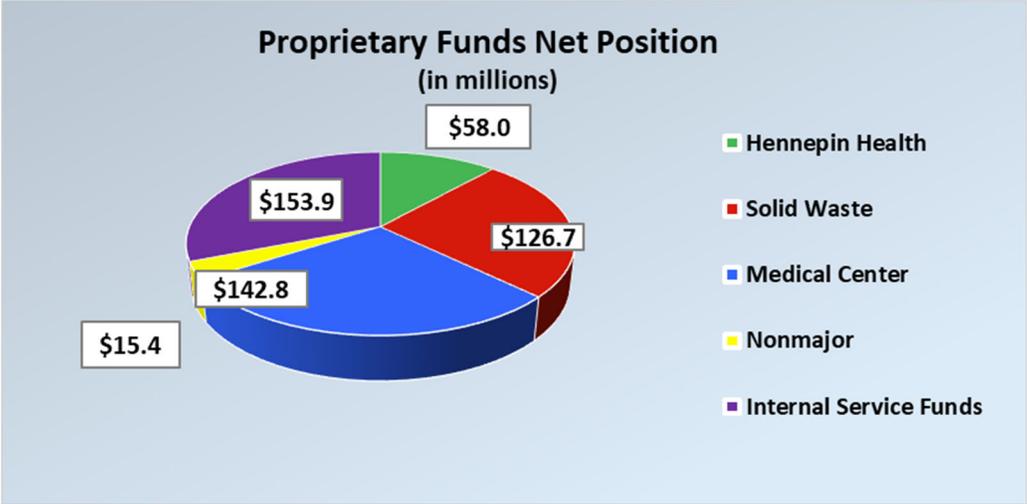
General Fund Budgetary Highlights

The General Fund 2022 budget changed significantly between the time of original approval and the time the amended budget was finalized. The expenditure budget increased \$71.2 million, which was primarily to provide \$83.1 million of additional budget for the increase in pandemic response expenditures funded by ARPA-SLFRF. The additional increased expenditure budgets related to staffing, rent assistance, shelter/isolation services, food assistance, and other pandemic response activities.

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:



Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS – CONTINUED

Proprietary Funds – continued

Enterprise Funds' total net position decreased \$19.4 million during 2022, primarily due to the changes in three Funds. The \$42.2 million Medical Center Fund decrease in net position primarily related to the \$30.4 million full accrual of the actuarial estimate of pension liabilities, along with increased costs resulting from the increased average length of stay and the increased severity of cases. The Hennepin Health Fund had a \$17.3 million net position increase that was mainly driven by the increase in membership and revenue, and lower than expected claims utilization. The Solid Waste Fund increased \$5.0 million primarily due to higher than anticipated electrical sales revenues resulting from market rates increases.

Internal Service Funds' total net position decreased by \$15.3 million. The decrease was primarily due to the \$17.0 million net position decrease in the Employee Health Plan Self Insurance Fund due to an increase in non-critical elective health services that were deferred from the beginning of the pandemic.

Fiduciary Funds

As previously noted, the County reports two separate fiduciary funds. The fiduciary funds' net position totaled \$73.1 million, a 14.4% decrease from the prior year. The change is largely due to the distribution of \$3.7 million to former participating entities of the Counties Transit Improvement Board as projects have been completed, along with additional increased custodial distributions to other governments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in the following table, the County's net capital assets for both governmental and business-type activities as of December 31, 2022, totals approximately \$2.72 billion. Additional information on the County's capital assets can be found in Note 5 on pages 64 to 66 of this report.

Hennepin County's Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)
Art & historical treasures	5.3	5.3	1.0	-	6.3	5.3
Land	109.9	107.5	56.7	\$ 56.7	166.6	164.2
Construction in progress	171.6	108.5	16.2	11.8	187.8	120.3
Buildings	1,016.7	1,021.5	805.4	789.9	1,822.1	1,811.4
Equipment	180.3	189.4	402.9	386.6	583.2	576.0
Software	18.4	21.8	8.6	8.4	27.0	30.2
Library books and other materials	36.5	38.2	-	-	36.5	38.2
Leasehold improvements	14.6	14.6	28.9	30.2	43.5	44.8
Land improvements	33.5	33.5	1.9	1.9	35.4	35.4
Infrastructure	1,823.8	1,803.9	-	-	1,823.8	1,803.9
Right to use leased buildings	43.7	34.1	15.8	15.8	59.5	49.9
Right to use leased equipment	0.9	0.3	17.8	17.2	18.7	17.5
Total Capital Assets	3,455.2	3,378.6	1,355.2	1,318.5	4,810.4	4,697.1
Less: accumulated depreciation and amortizations	(1,249.4)	(1,229.0)	(804.5)	(746.0)	(2,053.9)	(1,975.0)
Total Capital Assets, Net	\$ 2,205.8	\$ 2,149.6	\$ 550.7	\$ 572.5	\$ 2,756.5	\$ 2,722.1
<i>Percent change from prior year</i>	<i>2.6%</i>		<i>-3.8%</i>		<i>1.3%</i>	

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION - continued

Capital Assets - continued

Governmental activities' net capital assets increased \$56.2 million in 2022. The change is primary related to \$63.1 million of net construction in progress additions, which were offset by a \$20.4 million net increase in accumulated depreciation/amortization. In addition, right-to-use leased buildings and leased equipment increased \$9.6 million and \$0.6 million, respectively. The right-to-use leased building assets primarily increased due to two new leases: a \$2.7 million Human Services lease for space to provide recuperative care, and a \$6.9 million Sheriff's Office lease for the North Metro Gun Range Training Facility.

Of the 69 projects' additions to construction in progress during the year, the largest project additions were:

- \$12.0 million for reconstruction and improvements for the Highway 12 and County Road 92 project in the City of Independence.
- \$29.8 million for construction of NorthPoint Health and Wellness Center campus expansion.
- \$7.5 million for replacement costs for two existing bridges along West Broadway Avenue (Highway 81) over Lowry Avenue North (Highway 153) in the Cities of Robbinsdale and Minneapolis.
- \$2.1 million for the reconstruction of 29th Avenue Northeast (Highway 94) from New Brighton Boulevard (Highway 88) to the east County line in the City of St. Anthony.

Business-type activities' net capital assets decreased \$21.8 million, primarily related to the activities of the Medical Center blended component unit.

Debt Administration

As shown in the following table, **G.O. bonds** decreased \$68.2 million during 2022. In governmental activities, \$55.0 million of taxable G.O. bonds were issued at a premium of \$0.4 million to finance the County's capital improvements, and \$75.4 million of nontaxable G.O. bonds were issued at a premium of \$8.7 million to partially redeem Series 2014A and 2014B G.O. bonds. The increases were offset by the \$76.6 million and \$19.2 million optional redemption of Series 2014A and 2014B G.O. bonds, respectively. Scheduled principal payments and premium amortizations, along with a transfer of bonds to business-type activities also reduced governmental activities' G.O. bond liabilities. \$3.7 million of G.O. bonds were transferred to business-type activities to finance improvements for the Hennepin Energy Recovery Center. This increase in business-type activities debt was offset by scheduled principal payments.

Revenue bonds decreased \$7.1 million during 2022 due to scheduled principal payments and amortizations.

Lease payables in governmental activities increased \$1.2 million due to the new Human Services recuperative care lease described previously in the Capital Assets section, offset by all scheduled lease principal payments.

	Governmental Activities		Business-type Activities		Total	
	2022	2021 (Restated)	2022	2021 (Restated)	2022	2021 (Restated)
G.O. bonds	\$ 1,454.6	\$ 1,519.1	\$ 204.3	\$ 208.0	\$ 1,658.9	\$ 1,727.1
Revenue bonds	99.1	106.2	-	-	99.1	106.2
Notes payable	-	2.3	-	-	-	2.3
Lease payables	33.7	32.5	27.6	27.6	61.3	60.1
	<u>\$ 1,587.4</u>	<u>\$ 1,660.1</u>	<u>\$ 231.9</u>	<u>\$ 235.6</u>	<u>\$ 1,819.3</u>	<u>\$ 1,895.7</u>

Management’s Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION – CONTINUED

Debt Administration - continued

In 2022, the General Debt Service Fund received \$94.2 million of levy support, as budgeted. State law limits the amount of levy supported debt that counties can issue to an amount equal to 3.0% of the estimated market value of property. The County’s \$1.32 billion outstanding net levy supported debt is significantly below the \$7.00 billion statutory limit.

The County’s credit ratings on long-term G.O. bonds as of December 31, 2022 were:

S&P Global Ratings	AAA
Fitch Ratings	AAA

Additional information on the County’s long-term debt can be found in Notes 9 and 10 on pages 72 to 75 of this report and on the Schedule of Changes in Long-term Debt, located on pages 132-133.

ECONOMIC FACTORS

According to the State’s Budget and Economic Forecast, the overall economic outlook remains stable with a State General Fund Balance of \$17.46 billion projected for the next biennium. As in the November forecast, the State expects revenues to exceed spending through FY 2027. The February forecast reflects higher tax collections relative to the November forecast and slightly lower spending resulting in a projected surplus of \$12.48 billion for the FY 2022-2023 biennium. Reduced spending was primarily due to decreased expenditure estimates for E-12 education, resulting from lower pupil counts. The U.S. economic outlook is improved with lower expected inflation and a milder recession expected this year, with a recovery starting to emerge in the third quarter of 2023. The forecast for Consumer Price Index (CPI) was lowered to 4.0% from 4.3% in the November forecast. However, the State report notes that unmanaged inflation and intensified geopolitical conflict pose risk to the budget projections and overall economic outlook. From 2025 to 2027 the employment growth is expected to average 0.3%, or about 8,500 jobs per year. The State’s forecast notes that Minnesota’s employment growth is constrained by lower levels of immigration and an aging labor force. Minnesota’s economy is continuing to recover from the COVID-19 pandemic and employment grew 2.8% in 2022 (79,300 jobs) but growth is expected to slow to 0.7% (19,500 jobs) in 2023.

NEXT YEAR’S BUDGET

Excluding blended component units, the 2023 County budget of \$2.71 billion reflects an increase of 3.9% or \$159.6 million from the 2022 adjusted budget of \$2.46 billion, including a net property tax levy of \$930.8 million, which increased 3.5% over the 2022 budget. The 2023 budget includes funding for a total of 9,334.1 full-time equivalent employees. The budgeted property tax revenues for 2023 of \$886.8 million increased \$31.0 million due to a 3.5% levy increase from the 2022 budgeted property tax revenue of \$899.4 million. The 2023 budgeted Sales Tax revenues and Other Taxes revenues increased \$23.7 million due to anticipated higher economic and sales activities during a continuing recovery from the disruptions caused by the COVID-19 pandemic. Budgeted Federal revenues for 2023 decreased \$47.7 million from the 2022 adjusted budget of \$284.0 million. A general reduction in Federal revenues due to the reduced need for emergency services relating to the COVID-19 pandemic is expected, including a \$20.9 million decrease attributed to a one-time grant in Human Services for COVID-19 emergency housing assistance. The 2023 budgeted Other Revenues increased \$144.4 million, largely due to \$143.6 million in budgeted use of fund balance. The budgeted investment earnings for 2023 increased \$11.5 million. The 2023 budgeted bond proceeds decreased \$22.4 million from the 2022 adjusted budget of \$239.8 million, which is due to the normal fluctuating mix of funding streams for capital projects.

Management's Discussion and Analysis

NEXT YEAR'S BUDGET – CONTINUED

The 2023 capital budget is \$447.7 million, which is a \$110.7 million increase compared to the adjusted 2022 budget of \$337.0 million. The budget increase is mostly driven by the addition of \$100.0 million for the County's contribution to the Southwest Light Rail Transit (Green Line Extension) project, managed by Metropolitan Council.

The County's 12-month average unemployment rate (not seasonally adjusted) for 2022 was 2.5%, a decrease from the 2021 average of 3.6%. The County's average unemployment rate is slightly lower than the State's rate of 2.7 and significantly lower than the national 3.7% 12-month non-seasonally adjusted average.

The 2023 County budget does not yet reflect all potential fiscal consequences and ongoing management challenges relating to the economic aftershocks of the COVID-19 pandemic. The impact of the pandemic, which began in late March 2020, will continue to impact the County's 2023 operations and financial performance. The County, like all government entities, will continue to face challenges relating to the ongoing response and management of the social and economic consequences of the COVID-19 pandemic. In addition, the County will be spending ARPA-SLFRF advances received in prior years during 2023 and 2024 on pandemic-related costs that are within restrictions imposed by ARPA-SLFRF. While management believes that the financial disruptions caused by the pandemic are transitory, there is significant uncertainty regarding the ultimate impact of the pandemic on the County's financial position, results of operations, and cash flows.

REQUESTS FOR INFORMATION

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

Basic Financial Statements



Hennepin County, Minnesota

Statement of Net Position

December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and investments	\$ 995,744,831	\$ 294,371,723	\$ 1,290,116,554
Receivables, net	129,870,737	254,930,835	384,801,572
Internal balances	5,146,956	(5,146,956)	-
Prepaid items	12,172,210	12,518,638	24,690,848
Inventories	3,186,612	14,782,647	17,969,259
Notes receivable and other receivables	656,980	-	656,980
Total Current Assets	<u>1,146,778,326</u>	<u>571,456,887</u>	<u>1,718,235,213</u>
Noncurrent Assets:			
Cash and investments	56,994,069	14,491,382	71,485,451
Restricted cash and investments	304,043,956	80,835,871	384,879,827
Land held for resale	2,700,000	-	2,700,000
Notes receivable and other receivables	22,122,588	7,615,286	29,737,874
Capital assets, nondepreciable	286,728,497	73,937,835	360,666,332
Capital asset, net of accumulated depreciation and amortization	1,919,073,908	476,764,176	2,395,838,084
Total Noncurrent Assets	<u>2,591,663,018</u>	<u>653,644,550</u>	<u>3,245,307,568</u>
Total Assets	<u>3,738,441,344</u>	<u>1,225,101,437</u>	<u>4,963,542,781</u>
Deferred Outflows of Resources:			
Pension-related	302,313,226	176,044,544	478,357,770
Postemployment healthcare related	18,770,690	7,956,803	26,727,493
Deferred charge on debt refunding	5,874,553	-	5,874,553
Total Deferred Outflows of Resources	<u>326,958,469</u>	<u>184,001,347</u>	<u>510,959,816</u>
Total Assets and Deferred Outflows	<u>\$ 4,065,399,813</u>	<u>\$ 1,409,102,784</u>	<u>\$ 5,474,502,597</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current Liabilities:			
Accounts and contracts payable	\$ 92,178,149	\$ 55,253,542	\$ 147,431,691
Accrued interest payable	5,496,823	-	5,496,823
Accrued liabilities	51,126,865	188,686,085	239,812,950
Unearned revenue	155,763,596	-	155,763,596
Workers' compensation claims	3,200,000	4,961,000	8,161,000
Revenue bonds	7,495,000	-	7,495,000
General obligation bonds	64,677,139	7,907,861	72,585,000
Lease payables	2,254,989	4,803,635	7,058,624
Compensated absences	11,900,000	1,680,000	13,580,000
Total Current Liabilities	<u>394,092,561</u>	<u>263,292,123</u>	<u>657,384,684</u>
Noncurrent Liabilities:			
Workers' compensation claims	9,676,000	11,694,515	21,370,515
Revenue bonds	91,644,059	-	91,644,059
General obligation bonds	1,389,931,861	196,440,737	1,586,372,598
Lease payables	31,428,516	22,765,759	54,194,275
Net pension	795,749,370	486,664,458	1,282,413,828
Postemployment healthcare benefits	116,854,647	24,176,896	141,031,543
Compensated absences	96,329,280	43,449,387	139,778,667
Total Noncurrent Liabilities	<u>2,531,613,733</u>	<u>785,191,752</u>	<u>3,316,805,485</u>
Total Liabilities	<u>2,925,706,294</u>	<u>1,048,483,875</u>	<u>3,974,190,169</u>

Hennepin County, Minnesota

Statement of Net Position

December 31, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<i>Continued from previous page</i>			
Deferred Inflows of Resources:			
Lease-related	9,055,793	-	9,055,793
Pension-related	17,902,890	7,657,533	25,560,423
Postemployment healthcare related	14,254,298	10,012,929	24,267,227
Total Deferred Inflows of Resources	<u>41,212,981</u>	<u>17,670,462</u>	<u>58,883,443</u>
Net Position:			
Net investment in capital assets	1,162,116,718	318,244,731	1,480,361,449
Restricted for:			
Grant and donor restrictions	7,678,714	178,580	7,857,294
Capital projects	20,369,033	-	20,369,033
Debt service	62,465,772	-	62,465,772
Statutory requirements relating to:			
Housing and redevelopment	47,613,477	-	47,613,477
Regional Railroad Authority	73,139,283	-	73,139,283
Metropolitan health plan	-	57,797,216	57,797,216
Solid waste management	-	56,949,370	56,949,370
Transportation	271,054,291	-	271,054,291
Youth sports	7,521,446	-	7,521,446
County Recorder technology and other	19,452,916	-	19,452,916
Medical Center expendable	-	43,080,760	43,080,760
Medical Center nonexpendable	-	22,791,169	22,791,169
Unrestricted (deficit)	(572,931,112)	(156,093,379)	(729,024,491)
Total Net Position	<u>1,098,480,538</u>	<u>342,948,447</u>	<u>1,441,428,985</u>
Total Liabilities, Deferred Inflows and Net Position	\$ <u>4,065,399,813</u>	\$ <u>1,409,102,784</u>	\$ <u>5,474,502,597</u>

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

Statement of Activities

For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Program Expenses			
	All Other Direct Expenses	Direct Depreciation and Amortization Expenses	Total Direct Expenses	Indirect Expenses
Primary Government:				
Governmental Activities:				
Operations	\$ 467,310,523	\$ 21,288,505	\$ 488,599,028	\$ (37,309,472)
Disparity Reduction	12,925,386	-	12,925,386	-
Human Services	650,092,745	4,517,060	654,609,805	17,246,602
Health	84,324,392	2,148,794	86,473,186	2,345,560
Law, Safety and Justice	379,591,322	7,935,626	387,526,948	14,465,050
Public Works	87,617,498	32,808,436	120,425,934	3,040,535
Housing and Redevelopment Authority	20,008,684	813,336	20,822,020	64,478
Regional Railroad Authority	4,676,634	138,612	4,815,246	147,247
Interest on Long-term Debt	29,049,628	-	29,049,628	-
Total Governmental Activities	1,735,596,812	69,650,369	1,805,247,181	-
Business-type Activities:				
Hennepin Health Plan	422,044,372	163,478	422,207,850	-
Environment and Energy	77,153,543	10,189,773	87,343,316	-
Medical Center	1,345,229,782	48,193,214	1,393,422,996	-
Other Enterprises	3,064,593	1,596,282	4,660,875	-
Total Business-type Activities	1,847,492,290	60,142,747	1,907,635,037	-
Total	\$ 3,583,089,102	\$ 129,793,116	\$ 3,712,882,218	\$ -

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
\$ 41,491,766	\$ 102,128,294	\$ -	\$ (307,669,496)	\$ -	\$ (307,669,496)
-	3,455,365	-	(9,470,021)	-	(9,470,021)
48,587,795	318,060,683	4,000,000	(301,207,929)	-	(301,207,929)
25,066,712	17,202,452	20,998,800	(25,550,782)	-	(25,550,782)
14,715,003	50,089,574	-	(337,187,421)	-	(337,187,421)
5,668,180	21,755,595	52,217,573	(43,825,121)	-	(43,825,121)
3,600,239	2,376,954	-	(14,909,305)	-	(14,909,305)
1,262,583	46,712	(2,786,669)	(6,439,867)	-	(6,439,867)
-	-	-	(29,049,628)	-	(29,049,628)
<u>140,392,278</u>	<u>515,115,629</u>	<u>74,429,704</u>	<u>(1,075,309,570)</u>	<u>-</u>	<u>(1,075,309,570)</u>
445,078,043	(5,564,857)	-	-	17,305,336	17,305,336
78,528,112	8,562,827	-	-	(252,377)	(252,377)
1,243,721,190	95,556,083	-	-	(54,145,723)	(54,145,723)
5,285,520	-	-	-	624,645	624,645
<u>1,772,612,865</u>	<u>98,554,053</u>	<u>-</u>	<u>-</u>	<u>(36,468,119)</u>	<u>(36,468,119)</u>
<u>\$ 1,913,005,143</u>	<u>\$ 613,669,682</u>	<u>\$ 74,429,704</u>	<u>(1,075,309,570)</u>	<u>(36,468,119)</u>	<u>(1,111,777,689)</u>
General Revenues:					
Property taxes			948,263,013	-	948,263,013
Sales tax			209,171,559	-	209,171,559
Wheelage tax			19,719,096	-	19,719,096
Other taxes			3,905,780	5,272,116	9,177,896
Grants & contributions not restricted to specific programs			44,292,862	-	44,292,862
Unrestricted investment earnings			(61,920,688)	-	(61,920,688)
Transfers			(11,833,278)	11,833,278	-
Total General Revenues and Transfers			<u>1,151,598,344</u>	<u>17,105,394</u>	<u>1,168,703,738</u>
Change in Net Position			76,288,774	(19,362,725)	56,926,049
Net Position - Beginning			1,022,191,764	362,311,172	1,384,502,936
Net Position - Ending			<u>\$ 1,098,480,538</u>	<u>\$ 342,948,447</u>	<u>\$ 1,441,428,985</u>

Governmental Funds - Balance Sheets

December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	General	Human Services	Ballpark Sales Tax	Transportation Sales Tax
ASSETS				
Cash and investments	\$ 398,192,372	\$ 205,128,033	\$ -	\$ -
Delinquent taxes receivable, net	5,220,198	1,783,164	-	-
Due from other governmental agencies	9,042,562	68,168,538	9,001,909	16,094,841
Accrued investment interest	5,781,591	-	-	-
Interfund receivable	7,062,622	5,308,850	-	-
Other receivable	10,668,617	559,860	-	-
Prepaid items	2,315,524	178,677	-	-
Inventories	2,365,670	-	-	-
Land held for resale	-	-	-	-
Lease receivables	9,152,431	-	-	-
Notes receivable, net	189,292	-	-	-
Restricted cash and investments	5,623,638	-	47,683,425	255,108,850
Total Assets	\$ 455,614,517	\$ 281,127,122	\$ 56,685,334	\$ 271,203,691
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 21,850,549	\$ 30,259,355	\$ 57,049	\$ 149,400
Accrued liabilities	24,302,682	11,407,432	-	-
Interfund payable	6,888,200	302,126	-	-
Unearned revenue	150,573,755	164,428	-	-
Total Liabilities	203,615,186	42,133,341	57,049	149,400
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	4,554,598	1,612,664	-	-
Unavailable revenue - intergovernmental	2,867,057	4,431,376	-	-
Lease related	9,055,793	-	-	-
Total Deferred Inflows of Resources	16,477,448	6,044,040	-	-
Fund Balances:				
Nonspendable	6,732,134	178,677	-	-
Restricted	22,478,070	10,362,896	56,628,285	271,054,291
Committed	-	222,408,168	-	-
Assigned	49,452,252	-	-	-
Unassigned	156,859,427	-	-	-
Total Fund Balances	235,521,883	232,949,741	56,628,285	271,054,291
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 455,614,517	\$ 281,127,122	\$ 56,685,334	\$ 271,203,691

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	
						2022	2021 (Restated)
\$	39,069,238	\$ 73,073,951	\$ 770,202	\$ 9,890,768	\$ 73,592,882	\$ 799,717,446	\$ 795,572,027
	100,799	194,825	-	574,171	16,214	7,889,371	7,575,219
	-	-	-	-	1,710,004	104,017,854	90,060,442
	-	-	-	-	-	5,781,591	2,311,041
	-	-	-	-	-	12,371,472	3,057,681
	72,134	133,333	-	-	-	11,433,944	14,977,180
	33,798	-	-	-	26,376	2,554,375	2,856,672
	-	-	-	-	-	2,365,670	2,485,871
	2,700,000	-	-	-	-	2,700,000	3,933,789
	-	-	-	-	-	9,152,431	8,888,251
	6,157,845	-	-	7,280,000	-	13,627,137	13,253,239
	1,283,468	554,735	-	1,251,681	-	311,505,797	304,173,784
\$	<u>49,417,282</u>	<u>\$ 73,956,844</u>	<u>\$ 770,202</u>	<u>\$ 18,996,620</u>	<u>\$ 75,345,476</u>	<u>\$ 1,283,117,088</u>	<u>\$ 1,249,145,196</u>
\$	1,770,007	\$ 1,235,527	-	\$ 779,500	\$ 29,012,377	\$ 85,113,764	\$ 84,405,794
	-	-	-	-	-	35,710,114	49,583,989
	-	-	-	-	1,482,785	8,673,111	15,765,155
	-	311	-	-	-	150,738,494	111,531,105
	<u>1,770,007</u>	<u>1,235,838</u>	<u>-</u>	<u>779,500</u>	<u>30,495,162</u>	<u>280,235,483</u>	<u>261,286,043</u>
	89,699	175,725	-	516,271	14,814	6,963,771	5,999,419
	-	-	-	7,280,000	488,263	15,066,696	16,738,376
	-	-	-	-	-	9,055,793	8,908,419
	<u>89,699</u>	<u>175,725</u>	<u>-</u>	<u>7,796,271</u>	<u>503,077</u>	<u>31,086,260</u>	<u>31,646,214</u>
	33,798	-	-	-	-	6,944,609	7,395,954
	47,523,778	72,545,281	770,202	10,420,849	44,347,237	536,130,889	537,969,721
	-	-	-	-	-	222,408,168	198,195,438
	-	-	-	-	-	49,452,252	50,561,810
	-	-	-	-	-	156,859,427	162,090,016
	<u>47,557,576</u>	<u>72,545,281</u>	<u>770,202</u>	<u>10,420,849</u>	<u>44,347,237</u>	<u>971,795,345</u>	<u>956,212,939</u>
\$	<u>49,417,282</u>	<u>\$ 73,956,844</u>	<u>\$ 770,202</u>	<u>\$ 18,996,620</u>	<u>\$ 75,345,476</u>	<u>\$ 1,283,117,088</u>	<u>\$ 1,249,145,196</u>

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

December 31, 2022

Total governmental fund balances (page 35)	\$ 971,795,345
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. (The capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	2,143,802,768
Certain assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the current period, but instead are deferred in the funds.	22,030,467
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds that primarily serve governmental activities are included in governmental activities in the statement of net position. This reconciling item includes the adjustment to eliminate internal service fund surpluses and deficits.	168,976,862
Net pension and postemployment healthcare benefit liabilities and related deferred inflows and deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.	(621,071,070)
Long-term liabilities and related deferred outflows are not reported in the funds because the liabilities are not due and payable in the current period.	(1,587,053,834)
Net position of governmental activities (page 33)	\$ <u>1,098,480,538</u>

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



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

For the Year Ended December 31, 2022

With Summarized Comparative Totals for the Year Ended December 31, 2021

	General	Human Services	Ballpark Sales Tax	Transportation Sales Tax
REVENUES				
Property taxes	\$ 533,690,876	\$ 277,358,008	\$ -	\$ -
Sales tax	-	-	47,884,127	161,287,432
Wheeleage tax	19,719,096	-	-	-
Other taxes	3,707,844	148,944	-	-
Intergovernmental	211,525,648	323,606,029	-	57,082
Investment earnings (losses)	(61,553,543)	22,290	392,593	-
Charges for services	83,723,967	44,226,479	-	-
Opioid settlements	-	8,277,173	-	-
Fines and forfeits	343,762	-	-	-
Licenses and permits	5,558,957	2,063,717	-	-
Other	18,781,526	2,297,598	-	-
Total Revenues	815,498,133	658,000,238	48,276,720	161,344,514
EXPENDITURES				
Current:				
Operations	279,596,597	-	2,331,847	-
Disparity reduction	12,665,507	-	-	-
Human services	-	650,592,640	-	-
Health	81,109,305	-	-	-
Law, safety and justice	351,488,211	-	-	-
Public works	67,648,030	-	-	946,188
Housing and Redevelopment Authority	-	-	-	-
Regional Railroad Authority	-	-	-	-
Debt service:				
Principal retirement	1,086,030	988,008	-	-
Interest and fiscal charges	223,919	317,341	-	-
Intergovernmental	-	-	-	22,431,184
Capital projects	-	-	-	-
Total Expenditures	793,817,599	651,897,989	2,331,847	23,377,372
Excess (Deficiency) of Revenues Over Expenditures	21,680,534	6,102,249	45,944,873	137,967,142
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	5,000,000	23,256,760	-	-
Transfers out	(34,035,066)	-	(15,149,321)	(123,760,649)
Leases (as lessee)	567,716	2,683,917	-	-
Sale of capital assets	-	-	-	-
Debt premiums	-	-	-	-
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	(28,467,350)	25,940,677	(15,149,321)	(123,760,649)
Net Change in Fund Balances	(6,786,816)	32,042,926	30,795,552	14,206,493
Fund Balances - Beginning	242,308,699	200,906,815	25,832,733	256,847,798
Fund Balances - Ending	\$ 235,521,883	\$ 232,949,741	\$ 56,628,285	\$ 271,054,291

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	
						2022	2021 (Restated)
\$	17,805,955	\$ 22,553,983	\$ 8,308,091	\$ 94,200,068	\$ 2,185,056	\$ 956,102,037	\$ 909,569,813
	-	-	-	-	-	209,171,559	180,764,048
	-	-	-	-	-	19,719,096	20,294,603
	-	-	-	47,965	1,027	3,905,780	5,182,898
	105,402	49,550	-	2,283,612	77,216,373	614,843,696	572,577,540
	(1,515,160)	(2,786,669)	-	70,589	662,543	(64,707,357)	(6,527,334)
	997,278	794,538	-	-	-	129,742,262	133,957,943
	-	-	-	-	-	8,277,173	-
	-	-	-	-	-	343,762	319,584
	-	-	-	-	-	7,622,674	7,698,190
	2,602,961	468,045	-	-	374,533	24,524,663	28,704,234
	<u>19,996,436</u>	<u>21,079,447</u>	<u>8,308,091</u>	<u>96,602,234</u>	<u>80,439,532</u>	<u>1,909,545,345</u>	<u>1,852,541,519</u>
	-	-	-	-	139,004,321	420,932,765	377,526,420
	-	-	-	-	-	12,665,507	9,821,904
	-	-	-	-	-	650,592,640	618,690,968
	-	-	-	-	-	81,109,305	75,092,172
	-	-	-	-	-	351,488,211	335,476,036
	-	-	-	-	-	68,594,218	66,120,765
	19,811,239	-	-	-	-	19,811,239	13,746,587
	-	4,691,634	-	-	-	4,691,634	11,129,473
	-	-	4,345,000	80,282,966	-	86,702,004	97,562,837
	-	-	4,440,350	61,370,134	-	66,351,744	64,181,129
	-	-	-	-	-	22,431,184	23,356,858
	-	-	-	-	167,417,372	167,417,372	141,189,533
	<u>19,811,239</u>	<u>4,691,634</u>	<u>8,785,350</u>	<u>141,653,100</u>	<u>306,421,693</u>	<u>1,952,787,823</u>	<u>1,833,894,682</u>
	185,197	16,387,813	(477,259)	(45,050,866)	(225,982,161)	(43,242,478)	18,646,837
	-	-	-	75,350,000	55,000,000	130,350,000	100,000,000
	-	-	-	(83,832,587)	-	(83,832,587)	-
	7,302,246	2,999,965	-	38,237,571	99,148,459	175,945,001	71,385,348
	-	-	-	-	(2,999,965)	(175,945,001)	(71,385,348)
	-	-	-	-	-	3,251,633	189,280
	-	13,374	-	-	-	13,374	3,448,774
	-	-	-	8,675,960	366,504	9,042,464	27,187,243
	-	-	-	-	-	-	768,750
	<u>7,302,246</u>	<u>3,013,339</u>	<u>-</u>	<u>38,430,944</u>	<u>151,514,998</u>	<u>58,824,884</u>	<u>131,594,047</u>
	7,487,443	19,401,152	(477,259)	(6,619,922)	(74,467,163)	15,582,406	150,240,884
	40,070,133	53,144,129	1,247,461	17,040,771	118,814,400	956,212,939	805,972,055
\$	<u>47,557,576</u>	<u>72,545,281</u>	<u>770,202</u>	<u>10,420,849</u>	<u>44,347,237</u>	<u>971,795,345</u>	<u>956,212,939</u>

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

For the Year Ended December 31, 2022

Net change in governmental fund balances (page 39)	\$	15,582,406
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.		56,068,391
The net effect of capital asset disposals, sales, and donations is to decrease net position in the Statement of Activities. These amounts are not reported in the governmental funds because they do not affect current financial resources. Governmental funds only report proceeds from the sale of capital assets.		(2,718,992)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(707,328)
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.		34,986,663
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).		(12,470,488)
The net revenue of certain activities of internal service funds is reported with governmental activities.		(14,451,878)
Change in net position of governmental activities (page 35)	\$	<u>76,288,774</u>

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

Statements of Net Position - Proprietary Funds

December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	Business-type Activities - Enterprise Funds				Totals		2022 Internal Service Funds
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	2022	2021 (Restated)	
ASSETS & DEFERRED OUTFLOWS							
Current Assets:							
Cash	\$ 114,042,947	\$ 40,617,083	\$ 133,185,245	\$ 6,526,448	\$ 294,371,723	\$ 302,160,098	\$ 245,559,613
Interfund receivable	-	-	7,203,193	21,086	7,224,279	5,737,008	4,029,146
Other receivable	33,530,184	9,482,705	211,594,452	323,494	254,930,835	217,227,345	747,977
Inventories	-	3,476,294	11,296,206	10,147	14,782,647	14,035,962	820,942
Prepaid items	144,646	2,916	12,371,076	-	12,518,638	14,531,841	9,617,835
Total Current Assets	147,717,777	53,578,998	375,650,172	6,881,175	583,828,122	553,692,254	260,775,513
Noncurrent Assets:							
Cash and investments	-	-	14,491,382	-	14,491,382	24,060,977	-
Restricted cash and investments	500,000	17,915,037	62,420,834	-	80,835,871	80,130,384	-
Notes receivable and other	-	470,646	7,144,640	-	7,615,286	10,525,003	-
Capital assets, nondepreciable	-	10,300,340	62,652,403	985,092	73,937,835	68,583,335	5,239,472
Capital Assets, net of accumulated depreciation/amortization	189,999	97,006,774	371,969,036	7,598,367	476,764,176	503,885,208	56,760,165
Total Noncurrent Assets	689,999	125,692,797	518,678,295	8,583,459	653,644,550	687,184,907	61,999,637
Total Assets	148,407,776	179,271,795	894,328,467	15,464,634	1,237,472,672	1,240,877,161	322,775,150
Deferred Outflows of Resources:							
Pension related	2,695,060	2,148,505	171,302,368	-	176,145,933	183,271,470	-
Postemployment healthcare related	85,405	91,601	7,779,797	-	7,956,803	4,353,054	503,936
Total Deferred Outflows of Resources	2,780,465	2,240,106	179,082,165	-	184,102,736	187,624,524	503,936
Total Assets and Deferred Outflows	\$ 151,188,241	\$ 181,511,901	\$ 1,073,410,632	\$ 15,464,634	\$ 1,421,575,408	\$ 1,428,501,685	\$ 323,279,086
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Current Liabilities:							
Interfund payable	\$ 9,038,693	\$ -	\$ 3,332,542	\$ -	\$ 12,371,235	\$ 7,851,298	\$ 2,580,551
Accounts and contracts payable	5,590,709	7,827,460	41,749,426	85,947	55,253,542	92,129,767	7,064,385
Accrued expenses	68,571,562	-	120,114,523	-	188,686,085	159,958,674	15,416,751
Unearned revenue	-	-	-	-	-	-	5,025,102
Current portion of:							
Workers' compensation claims	-	-	4,961,000	-	4,961,000	6,308,000	3,200,000
General obligation bonds	-	1,778,259	6,129,602	-	7,907,861	7,338,046	1,215,038
Lease payables	-	-	4,803,635	-	4,803,635	6,057,219	-
Compensated absences	110,000	120,000	1,450,000	-	1,680,000	1,700,000	11,900,000
Total Current Liabilities	83,310,964	9,725,719	182,540,728	85,947	275,663,358	281,343,004	46,401,827
Noncurrent Liabilities, Net of Current Portion:							
Workers' compensation claims	-	-	11,694,515	-	11,694,515	11,259,653	9,676,000
General obligation bonds	-	35,912,875	160,527,862	-	196,440,737	200,686,198	13,872,760
Lease payables	-	-	22,765,759	-	22,765,759	27,001,545	-
Net pension	8,040,703	6,982,764	471,640,991	-	486,664,458	234,055,461	-
Postemployment healthcare benefits	446,364	720,387	23,010,145	-	24,176,896	28,111,354	2,768,590
Compensated absences	1,127,208	1,185,805	41,136,374	-	43,449,387	44,137,327	96,329,280
Total Noncurrent Liabilities	9,614,275	44,801,831	730,775,646	-	785,191,752	545,251,538	122,646,630
Total Liabilities	92,925,239	54,527,550	913,316,374	85,947	1,060,855,110	826,594,542	169,048,457
Deferred Inflows of Resources:							
Pension related	215,890	156,574	7,386,458	-	7,758,922	236,162,896	-
Postemployment healthcare related	59,897	83,847	9,869,185	-	10,012,929	3,433,075	341,565
Total Deferred Inflows of Resources	275,787	240,421	17,255,643	-	17,771,851	239,595,971	341,565
Net Position:							
Net investment in capital assets	189,999	69,615,980	239,855,293	8,583,459	318,244,731	332,684,247	46,911,839
Restricted for:							
Statutory requirements relating to:							
Hennepin health plan	57,797,216	-	-	-	57,797,216	39,544,576	-
Solid waste management	-	56,949,370	-	-	56,949,370	46,767,792	-
Medical Center expendable	-	-	43,080,760	-	43,080,760	40,630,797	-
Medical Center nonexpendable	-	-	22,791,169	-	22,791,169	27,667,623	-
Brownfield assessment and cleanup	-	178,580	-	-	178,580	148,067	-
Unrestricted (deficit)	-	-	(162,888,607)	6,795,228	(156,093,379)	(125,131,930)	106,977,225
Total Net Position	57,987,215	126,743,930	142,838,615	15,378,687	342,948,447	362,311,172	153,889,064
Total Liabilities, Deferred Inflows and Net Position	\$ 151,188,241	\$ 181,511,901	\$ 1,073,410,632	\$ 15,464,634	\$ 1,421,575,408	\$ 1,428,501,685	\$ 323,279,086

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

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

For the Year Ended December 31, 2022

With Summarized Comparative Totals for the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds						
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Total		2022 Internal Service Funds
					2022	2021	
OPERATING REVENUES							
Net charges for services.....	\$ 445,078,043	\$ 78,528,112	\$ 1,243,721,190	\$ 5,285,520	\$ 1,772,612,865	\$ 1,546,465,748	\$ 274,498,640
Intergovernmental.....	-	-	111,637,816	-	111,637,816	80,138,198	-
Total Operating Revenues	445,078,043	78,528,112	1,355,359,006	5,285,520	1,884,250,681	1,626,603,946	274,498,640
OPERATING EXPENSES							
Personal services.....	13,424,074	9,974,676	948,467,468	2,163,596	974,029,814	837,559,808	220,601,448
Commodities.....	16,896	235,448	310,070,726	195,903	310,518,973	291,519,446	13,302,000
Contractual services.....	396,466,326	49,698,986	70,658,398	560,338	517,384,048	422,281,118	41,278,369
Depreciation and amortization.....	163,478	10,189,773	48,193,214	1,596,282	60,142,747	55,129,061	15,015,217
Other.....	11,120,558	4,555,679	10,885,608	144,756	26,706,601	19,461,968	2,459,824
Total Operating Expenses	421,191,332	74,654,562	1,388,275,414	4,660,875	1,888,782,183	1,625,951,401	292,656,858
Operating Income (Loss)	23,886,711	3,873,550	(32,916,408)	624,645	(4,531,502)	652,545	(18,158,218)
NONOPERATING REVENUES (EXPENSES)							
Intergovernmental.....	-	6,074,194	-	-	6,074,194	4,174,844	-
Investment earnings (losses).....	(5,564,857)	(2,340,614)	(16,081,733)	-	(23,987,204)	7,175,120	(1,020,444)
Interest expense.....	(42,692)	(1,046,884)	(5,147,582)	-	(6,237,158)	(4,501,905)	(397,862)
Gain (Loss) on capital asset disposal.....	(973,826)	-	-	-	(973,826)	(9,825)	1,789,215
Other.....	-	(1,607,557)	67,050	-	(1,540,507)	(2,937,774)	-
Pandemic relief funds.....	-	-	-	-	-	22,362,702	-
Total Nonoperating Revenues (Expenses)	(6,581,375)	1,079,139	(21,162,265)	-	(26,664,501)	26,263,162	370,909
Income (Loss) Before Contributions	17,305,336	4,952,689	(54,078,673)	624,645	(31,196,003)	26,915,707	(17,787,309)
Capital contributions.....	-	-	11,833,278	-	11,833,278	26,186,000	2,506,412
Change in Net Position	17,305,336	4,952,689	(42,245,395)	624,645	(19,362,725)	53,101,707	(15,280,897)
Total Net Position - Beginning	40,681,879	121,791,241	185,084,010	14,754,042	362,311,172	309,209,465	169,169,961
Total Net Position - Ending	\$ 57,987,215	\$ 126,743,930	\$ 142,838,615	\$ 15,378,687	\$ 342,948,447	\$ 362,311,172	\$ 153,889,064

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

Statement of Cash Flows - Proprietary Funds

For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					
	Hennepin Health	Solid Waste	Medical Center	Total Nonmajor	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users.	\$ 465,739,212	\$ 76,513,505	\$ 1,124,038,190	\$ 5,235,273	\$ 1,671,526,180	\$ 292,994,715
Operating grants.	-	-	156,369,694	-	156,369,694	-
Payments to suppliers for goods and services.	(398,603,384)	(50,735,265)	(349,628,315)	(786,140)	(799,753,104)	(54,696,024)
Payments to employees for services.	(13,021,702)	(9,512,762)	(922,835,321)	(2,163,596)	(947,533,381)	(218,929,520)
Other operating disbursements.	(11,120,558)	(4,555,679)	(18,725,167)	(144,756)	(34,546,160)	(2,459,824)
Net Cash Provided by Operating Activities	42,993,568	11,709,799	(10,780,919)	2,140,781	46,063,229	16,909,347
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Net grants and contributions.	-	4,571,868	27,991	-	4,599,859	-
Interfund loans.	6,414,623	-	-	-	6,414,623	2,580,551
Net Cash Provided (Used) by Noncapital Financing Activities	6,414,623	4,571,868	27,991	-	11,014,482	2,580,551
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets.	(190,000)	(3,336,319)	(37,814,501)	(344,899)	(41,685,719)	(11,169,326)
Interest paid.	(42,692)	(1,046,884)	(5,147,582)	-	(6,237,158)	(397,862)
Debt issuance cost and principal payments.	-	(1,594,052)	(5,743,994)	-	(7,338,046)	(1,161,401)
Net Cash Provided (Used) by Capital and Related Financing Activities	(232,692)	(5,977,255)	(48,706,077)	(344,899)	(55,260,923)	(12,728,589)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income (loss).	(5,564,857)	(2,340,614)	3,119,493	-	(4,785,978)	(1,020,443)
Purchase of investments.	-	-	(2,277,475)	-	(2,277,475)	-
Sale of investments.	-	-	1,507,308	-	1,507,308	-
Net Cash Provided (Used) by Investing Activities	(5,564,857)	(2,340,614)	2,349,326	-	(5,556,145)	(1,020,443)
Net Increase in Cash	43,610,642	7,963,798	(57,109,679)	1,795,882	(3,739,357)	5,740,866
Cash at Beginning of Year	70,932,305	50,568,322	203,974,389	4,730,566	330,205,582	239,818,747
Cash at End of Year	\$ 114,542,947	\$ 58,532,120	\$ 146,864,710	\$ 6,526,448	\$ 326,466,225	\$ 245,559,613
CASH COMPONENTS:						
Cash.	\$ 114,042,947	\$ 40,617,083	\$ 133,185,245	\$ 6,526,448	\$ 294,371,723	\$ 245,559,613
Restricted cash.	500,000	17,915,037	13,679,465	-	32,094,502	-
Cash at End of Year	\$ 114,542,947	\$ 58,532,120	\$ 146,864,710	\$ 6,526,448	\$ 326,466,225	\$ 245,559,613
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss).	\$ 23,886,711	\$ 3,873,550	\$ (32,916,408)	\$ 624,645	\$ (4,531,502)	\$ (18,158,218)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization.	163,478	10,189,773	48,193,214	1,596,282	60,142,747	15,015,217
(Increase) decrease in:						
Receivables and prepaid items.	(7,108,277)	(1,716,766)	(25,501,177)	(46,852)	(34,373,072)	12,158,377
Inventories.	-	(637,129)	(104,760)	(4,796)	(746,685)	(344,783)
Increase (decrease) in:						
Accounts payable and accrued expenses.	25,535,415	(435,487)	(33,806,354)	(28,498)	(8,734,924)	3,103,021
Unearned revenue.	-	-	-	-	-	5,025,102
Net pension liability.	4,178,345	3,287,184	245,143,468	-	252,608,997	-
Deferred outflows.	907,675	546,015	2,068,098	-	3,521,788	14,452
Deferred inflows.	(4,569,779)	(3,397,341)	(213,857,000)	-	(221,824,120)	96,179
Net Cash Provided by Operating Activities	\$ 42,993,568	\$ 11,709,799	\$ (10,780,919)	\$ 2,140,781	\$ 46,063,229	\$ 16,909,347
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES						
Contributions of capital assets.	\$ -	\$ -	\$ 11,833,278	\$ -	\$ 11,833,278	\$ 2,506,412
Gain (loss) on disposal of capital assets.	(973,826)	-	-	-	(973,826)	1,789,215
Increase (decrease) in fair value of investments.	(6,903,109)	(2,983,971)	(6,787,213)	-	(16,674,293)	(1,361,278)
Transfer of G.O. Bonds and related capital assets.	-	3,662,400	-	-	3,662,400	-

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

Statement of Fiduciary Net Position - Fiduciary Funds

December 31, 2022

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and investments	\$ 401,324	\$ 108,551,551
Receivables, net	-	24,018,319
Total Assets	\$ 401,324	\$ 132,569,870
LIABILITIES AND NET POSITION		
Liabilities:		
Accounts and contracts payable	\$ -	\$ 351,689
Due to other governments.	-	59,497,083
Total Liabilities	-	59,848,772
Net Position		
Restricted for individuals, organizations, and other governments. .	401,324	72,721,098
Total Net Position	401,324	72,721,098
Total Liabilities and Net Position	\$ 401,324	\$ 132,569,870

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Year Ended December 31, 2022

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS		
Property taxes collected for other governments. \$	-	\$ 1,617,096,922
Fees collected for other governments.	-	217,839,308
Other additions for other governments.	-	107,233,668
Forfeitures collected for entities.	-	882,865
Collections for individual beneficiaries	3,150,069	27,168,230
Total Additions	3,150,069	1,970,220,993
DEDUCTIONS		
Property tax distributions to other governments.	-	1,617,096,922
Fees distributed to other governments.	-	217,839,308
Other distributions to other governments.	-	116,574,803
Forfeiture distributions to entities.	-	828,981
Beneficiary payments to individuals.	3,250,807	27,168,230
Total Deductions	3,250,807	1,979,508,244
Change in Net Position	(100,738)	(9,287,251)
Total Net position - Beginning	502,062	82,008,349
Total Net Position - Ending	\$ 401,324	\$ 72,721,098

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



Notes to the Basic Financial Statements

December 31, 2022

INDEX TO NOTES	PAGE
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	50
2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS	59
3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS	60
4. RESTRICTED CASH AND INVESTMENTS	63
5. CAPITAL ASSETS	64
6. REVENUES AND RECEIVABLES	67
7. COMMITMENTS	70
8. INTERFUND BALANCES AND ACTIVITY	71
9. LONG-TERM OBLIGATIONS	72
10. DEBT SERVICE REQUIREMENTS	73
11. HOUSING AND REDEVELOPMENT AUTHORITY CONDUIT FINANCING	76
12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS	77
13. PROPERTY TAX ABATEMENTS	78
14. RISK MANAGEMENT	79
15. SELF-INSURED EMPLOYEE HEALTH PLANS	80
16. CONTINGENCIES	81
17. OTHER EMPLOYEE BENEFITS	82
18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS ...	89
19. NEW ACCOUNTING PRONOUNCEMENTS	96
20. SUBSEQUENT EVENTS	97

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Financial Reporting Entity

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

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

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

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

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

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

➤ Government-wide Financial Statements

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

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

➤ Government-wide Financial Statements – continued

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

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

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

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

➤ Fund Financial Statements

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

Notes to the Basic Financial Statements

December 31, 2022

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, including lease liabilities, as well as expenditures related to claims and judgments, pensions, and other postemployment benefits, are recorded only when payment is due. Capital asset acquisitions, including the contractual right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

The County reports the following governmental funds:

The *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 functions relating to areas such as operations; disparity reduction; health; law, safety and justice, and public works.

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

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

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Governmental Funds – continued.

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

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

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

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

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

The County reports the following proprietary funds:

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

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

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Proprietary Funds – continued

Enterprise funds – continued

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

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

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

Fiduciary Funds. The County reports two separate Fiduciary Funds in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position, the *Private Purpose Trust Fund* and the *Custodial Fund*. The Fiduciary Funds are used to account for assets that the County holds for others, including clients' trust funds, inmates' funds, revenues collected on behalf of other governmental units related to taxes, and other governmental agency's funds that are held in the custody of the County. The fiduciary funds use the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus results in the reporting of all inflows, outflows, and balances affecting or reflecting the fund net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Cash and Investments. The County maintains an investment pool for cash and investments. Each fund's portion of the pool is reported as "cash" or "restricted cash." For County funds that receive investment earnings, the allocation of those earnings is based on average monthly balances of cash and investments. Investments are stated at fair value or at cost. The fair value of investments is based on quoted market prices or inputs other than quoted prices that are observable for the investment, either directly or indirectly. Certain money market funds that have a maturity of one year or less at the time of purchase are reported at amortized cost. Certain nonparticipating interest-earning contracts (repurchase agreements) that have a maturity of one year or less at the time of purchase are reported at cost. State law authorizes the County to invest in the following instruments: U.S. government and agency issues; repurchase agreements; reverse repurchase agreements; certificates of deposit; money market funds; general obligations of state, local, and housing finance agencies that are rated "A" or better by a national bond rating service; revenue obligations of any state or local government that are rated "AA" or better by a national bond rating service; bankers acceptances; commercial paper; futures contracts; guaranteed investment contracts; options; and shares of certain investment companies. The Medical Center also holds investments separately from the pool.

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.

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."

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.

Land Held for Resale represents property purchases made by the HCHRA with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or estimated net realizable value and are reported as noncurrent assets when sale is not anticipated within one year.

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 and intangible right-to-use leased equipment; \$250,000 for improvements and software; and \$500,000 for land, buildings, intangible right-to-use leased buildings and infrastructure. All library collection items are capitalized. With the exception of intangible right-to-use leased assets, 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.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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 the estimated earned and unused benefits on a full accrual basis.

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

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

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Deferred Outflows/Inflows of Resources. In addition to assets, the Statements of Net Position include a section for deferred outflows of resources. This separate element represents a consumption of net assets 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 section for deferred inflows of resources. This separate element represents an acquisition of net assets 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, along with deferred amounts related to lease receivables. The governmental funds' unavailable revenue items are also in this category and are deferred and recognized as an inflow of resources in the period that the amounts become available.

Leases. The County is a lessee for the noncancellable lease of buildings and equipment. The County recognizes a lease liability and a right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial individual values exceeding the thresholds provided in Note 1C. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases where the County is a lessee include how the County determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments. The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The County is a lessor for the noncancellable lease of land, buildings, and radio towers. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases where the County is a lessor include how the County determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The County uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee. The County monitors changes in circumstances that would require remeasurement of its lease and remeasures the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Notes to the Basic Financial Statements

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and footnotes to provide an understanding of certain changes in the County's financial position and operations. Other 2021 amounts have been reclassified in order to be consistent with the current year's presentation. See also footnote 19 relating to the adoption of GASB Statement No. 87, Leases.

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, 2021, 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.

Notes to the Basic Financial Statements

December 31, 2022

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

Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position – The basic financial statements include a reconciliation of the governmental fund balance sheet to the Statement of Net Position.

The capital assets element of that reconciliation consists of the following:

Capital assets used in governmental activities (note that the capital assets of the internal service funds that serve governmental activities are included in a separate reconciling item.)	\$ 3,275,234,409
Accumulated depreciation related to governmental activities	<u>(1,131,431,641)</u>
Total Capital Assets Reconciliation Item	<u>\$ 2,143,802,768</u>

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

General obligation (G.O.) bonds payable	\$ (1,231,501,402)
Net G.O. premiums and discounts (to be amortized as interest expense)	(223,107,598)
Revenue bonds	(89,655,000)
Revenue bond premiums (to be amortized as interest expense)	(9,484,059)
Lease payables	(33,683,505)
Accrued interest payable	(5,496,823)
Deferred charge on debt refunding	5,874,553
Total Long-Term Liabilities Reconciliation Item	<u>\$ (1,587,053,834)</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	\$ 111,096,658
Less depreciation expense	<u>(55,028,267)</u>
Total Capital Outlays and Depreciation Reconciliation Item	<u>\$ 56,068,391</u>

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

Issuance of debt	\$ (133,601,633)
Bond premiums	(9,042,464)
Debt transferred from governmental activities to business-type activities	3,662,400
Principal repayments – G.O. debt	82,643,405
Principal repayments – refunding bonds	83,832,587
Principal repayments – Ballpark revenue bonds	5,220,000
Principal repayments – note payable and other payables	2,272,368
Total Long-term Debt Reconciliation Item	<u>\$ 34,986,663</u>

The reconciling item relating to expenses consists of the following:

Accrued interest on long-term debt	\$ (1,059,117)
Changes in pension liabilities and related deferred outflows and inflows of resources	(51,342,077)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	1,569,473
Amortization of bond premiums and discounts and deferred amounts of refundings	38,361,233
Total Long-term Debt Reconciliation Item	<u>\$ (12,470,488)</u>

Notes to the Basic Financial Statements

December 31, 2022

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center**

Deposits with Financial Institutions. It is the County's policy to follow Minnesota Statute 118A.03, which states that to the extent that funds deposited are in excess of available federal deposit insurance, the County must require the financial institution to furnish collateral security, an irrevocable standby letter of credit, or a corporate surety bond. All collateral must be placed in safekeeping in a restricted account at a Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution not owned/controlled by the financial institution furnishing the collateral. At year end, the bank balance was \$19,898,879. 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 \$4,896,230. County and fiduciary cash and investments are pooled.

Management of Investment Risk. At December 31, 2022, the County had the following investments:

<u>Nonfiduciary Investments</u>	<u>Carrying Value</u>	<u>Effective Duration in Years</u>
U.S. government and agency	\$ 1,502,760,163	2.28
Repurchase agreements	180,000,000	0.01
Commercial paper	58,000,000	0.01
Money market funds	39,118,469	0.05
Municipal securities	5,906,008	1.05
Total fair value	<u>\$ 1,785,784,640</u>	
Effective duration		1.92
<u>Fiduciary Investments</u>	<u>Carrying Value</u>	<u>Effective Duration in Years</u>
Money market funds	\$ 1,520,992	.03

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

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

Concentration of Credit Risk. The County primarily invests in U.S. government and agency issues and, therefore, places no limit on the amount that may be invested in any one issuer. More than 5% of the fair value of the County's total investments is in each of the following: 45% Federal Home Loan Bank, 15% Federal Home Loan Mortgage Corporation, and 12% Federal Farm Credit Banks Funding Corporation.

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

Notes to the Basic Financial Statements

December 31, 2022

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED**A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center – continued**

Investment Income, Realized Gains and Losses, and Unrealized Gains and Losses. Cash from funds is pooled for deposit and investment purposes. Certain funds also hold non-pooled deposits and investments, with the related investment earnings reported in those funds. In accordance with legal restrictions, investment earnings from pooled deposits and investments are recorded in the funds shown in the table below. Investment earnings are allocated based on average monthly cash and investment balances. The net change in the fair value of investments is reported as a component of total investment earnings. A detail, by fund type, of this activity for 2022 is as follows:

Fund	Investment Income and Realized Gains and Losses	Net Change in the Fair Value of Investments	Total Investment Earnings (Losses)
Governmental Funds:			
General	\$ 18,226,674	\$ (79,780,217)	\$ (61,553,543)
Special Revenue:			
Human Services	22,290	-	22,290
Ballpark Sales Tax	392,593	-	392,593
Housing and Redevelopment	409,892	(1,925,052)	(1,515,160)
Regional Railroad	745,795	(3,532,464)	(2,786,669)
Debt Service	70,589	-	70,589
Capital Projects	662,543	-	662,543
	<u>20,530,376</u>	<u>(85,237,733)</u>	<u>(64,707,357)</u>
Proprietary Funds:			
Enterprise:			
Hennepin Health	1,338,252	(6,903,109)	(5,564,857)
Solid Waste	643,357	(2,983,971)	(2,340,614)
Medical Center	1,524,753	(6,394,547)	(4,869,794)
Internal Service	340,835	(1,361,278)	(1,020,443)
	<u>3,847,197</u>	<u>(17,642,905)</u>	<u>(13,795,708)</u>
Total	<u>\$ 24,377,573</u>	<u>\$ (102,880,638)</u>	<u>\$ (78,503,065)</u>

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

	<u>2022</u>	<u>2021</u>
Investment income and realized gains and losses	\$ 24,377,573	\$ 6,810,800
Net change in the fair value of investments	<u>(102,880,638)</u>	<u>(15,532,095)</u>
Total Investment Earnings (Losses)	<u>\$ (78,503,065)</u>	<u>\$ (8,721,295)</u>

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

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

Notes to the Basic Financial Statements

December 31, 2022

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

A. Deposits with Financial Institutions and Investments – Excluding Those Held Separately by the Medical Center – continued

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

- Level 1: Inputs for quoted prices (unadjusted) for the identical investment in active markets that the County can directly observe and access on the date of measurement, December 30, 2022 (the last active market day of the year).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment but perhaps not on the date of measurement or can be determined by third parties such as a pricing service using accepted methodologies. The level 2 investments were valued by a pricing service that uses matrix pricing.
- Level 3: Inputs that are unobservable for an investment.

The following table summarizes financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2022. 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	\$ 48,923,204	\$ -	\$ -	\$ 48,923,204
U.S. Treasury Notes	98,536,600	-	-	98,536,600
U.S. Agency Debentures	-	1,355,300,359	-	1,355,300,359
Municipal Securities	-	5,906,008	-	5,906,008
	\$ 147,459,804	\$ 1,361,206,367	\$ -	\$ 1,508,666,171

B. Investments Held Separately by the Medical Center

Management of Investment Risk. County investment policies do not apply to certain investments held separately by the Medical Center, therefore, that investment information is provided separately from the County’s investment information.

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

Credit Risk. At December 31, 2022, the Medical Center investments included \$21,501,923 of fixed income mutual funds rated AAA - BB by Moody’s and \$41,730,922 of unrated equity mutual funds.

Concentration of Credit Risk. The Medical Center’s investment policy does not limit the investment choices or the amount of any investment that they may invest in. As of December 31, 2022, less than 5% of the Medical Center’s investments were invested in securities of any one issuer, excluding securities issued or guaranteed by the U.S. government, mutual funds, and external investment pools or other pooled investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Medical Center will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The Medical Center’s investment policy does not limit the investment choices.

Notes to the Basic Financial Statements

December 31, 2022

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS – CONTINUED

B. Investments Held Separately by the Medical Center – continued

Investment Income. In addition to the Medical Center’s investment income from the pooled investments discussed in Note 3A, the Medical Center earned investment income from non-pooled investments totaling \$2,529,180.

Fair Value Measurements. The following table summarizes the Medical Center’s financial investments according to the fair value hierarchy and observable or determinable value, as of December 31, 2022.

<u>Investments</u>	<u>Fair Value Measurements at Report Date Using:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds – fixed income	\$ 21,501,923	\$ -	\$ -
Mutual funds – equities	41,730,922	-	-
Total Investments	<u>\$ 63,232,845</u>	<u>\$ -</u>	<u>\$ -</u>

4. RESTRICTED CASH AND INVESTMENTS

Assets are reported as restricted based on externally enforceable constraints on how they may be used. Restrictions indicate the asset may only be used for a specific purpose that is narrower than the purpose of the fund or funds indicated by the column heading. Cash and investment restrictions are shown below.

Governmental Funds:

- \$5,623,638 of General Fund cash is restricted by agreements related to library donations.
- \$47,683,425 of Ballpark Sales Tax Fund cash and \$1,251,681 of General Debt Service Fund cash is restricted for purposes specified by Minnesota Statutes, section 473.757.
- \$255,108,850 of Transportation Sales Tax cash is restricted for purposes specified by Minnesota Statutes, section 297A.993.
- \$1,283,468 of HRA cash is restricted for specific housing projects and held by the Minnesota Housing Finance Agency.
- \$554,735 of RRA restricted cash is restricted because it is held for a separate legal entity.

Proprietary Funds:

- \$500,000 Hennepin Health cash restricted by Minnesota Statutes, section 62D.041 for protection in the event of insolvency
- \$17,915,037 Solid Waste Fund Environmental Response Program cash restricted for purposes specified by Minnesota Statutes, section 383B.81.
- \$62,420,834 Medical Center cash and investments restricted for purposes specified by donors and grantors.

Notes to the Basic Financial Statements

December 31, 2022

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022 (Restated)	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2022
Governmental Activities:				
Non-depreciable capital assets:				
Art & historical treasures	\$ 5,305,544	\$ 6,050	\$ -	\$ 5,311,594
Land	107,510,321	2,369,923	(13,374)	109,866,870
Construction in progress	108,480,973	88,914,636	(25,845,576)	171,550,033
	<u>221,296,838</u>	<u>91,290,609</u>	<u>(25,858,950)</u>	<u>286,728,497</u>
Depreciable capital assets:				
Buildings	1,021,523,745	5,404,544	(10,261,840)	1,016,666,449
Equipment	189,393,877	20,057,475	(29,165,772)	180,285,580
Software	21,796,580	-	(3,368,927)	18,427,653
Library books and materials	38,165,005	5,172,827	(6,811,454)	36,526,378
Leasehold improvements	14,634,716	-	-	14,634,716
Land improvements	33,526,684	-	-	33,526,684
Infrastructure	1,803,893,285	22,616,412	(2,708,423)	1,823,801,274
	<u>3,122,933,892</u>	<u>53,251,258</u>	<u>(52,316,416)</u>	<u>3,123,868,734</u>
Less accumulated depreciation:				
Buildings	469,903,028	19,537,345	(8,209,472)	481,230,901
Equipment	139,476,356	15,951,609	(28,564,894)	126,863,071
Software	21,762,880	33,698	(3,368,927)	18,427,651
Library books and materials	23,499,067	5,218,054	(6,811,454)	21,905,667
Leasehold improvements	14,412,301	222,416	-	14,634,717
Land improvements	23,107,045	1,559,419	-	24,666,464
Infrastructure	534,602,685	24,650,552	(2,303,793)	556,949,444
	<u>1,226,763,362</u>	<u>67,173,093</u>	<u>(49,258,540)</u>	<u>1,244,677,915</u>
Intangible right-to-use assets:				
Leased buildings	34,064,704	9,611,759	-	43,676,463
Leased equipment	276,218	596,239	-	872,457
	<u>34,340,922</u>	<u>10,207,998</u>	<u>-</u>	<u>44,548,920</u>
Less accumulated amortization:				
Leased buildings	2,185,626	2,350,780	-	4,536,406
Leased equipment	2,929	126,496	-	129,425
	<u>2,188,555</u>	<u>2,477,276</u>	<u>-</u>	<u>4,665,831</u>
Depreciable capital assets, net	<u>1,928,322,897</u>	<u>(6,191,113)</u>	<u>(3,057,876)</u>	<u>1,919,073,908</u>
Governmental activities capital assets, net	<u>\$ 2,149,619,735</u>	<u>\$ 85,099,496</u>	<u>\$ (28,916,826)</u>	<u>\$ 2,205,802,405</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2022

5. CAPITAL ASSETS – continued

Capital asset activity for the year ended December 31, 2022 was as follows (continued):

	Balance January 1, 2022 (Restated)	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2022
Business-type Activities:				
Non-depreciable capital assets:				
Art & historical treasures	-	992,519	-	992,519
Land	56,749,593	-	-	56,749,593
Construction in progress	11,833,742	8,764,969	(4,402,988)	16,195,723
	<u>68,583,335</u>	<u>9,757,488</u>	<u>(4,402,988)</u>	<u>73,937,835</u>
Depreciable capital assets:				
Buildings	789,861,137	15,543,534	-	805,404,671
Equipment	386,562,488	17,659,179	(1,324,264)	402,897,403
Software	8,436,892	190,000	-	8,626,892
Leasehold improvements	30,159,606	213,921	(1,457,249)	28,916,278
Land improvements	1,893,908	-	-	1,893,908
	<u>1,216,914,031</u>	<u>33,606,634</u>	<u>(2,781,513)</u>	<u>1,247,739,152</u>
Less accumulated depreciation:				
Buildings	438,164,419	28,656,979	-	466,821,398
Equipment	277,591,852	23,651,302	(941,256)	300,301,898
Software	5,176,900	1,025,754	-	6,202,654
Leasehold improvements	18,261,252	1,940,715	(687,786)	19,514,181
Land improvements	1,893,908	-	-	1,893,908
	<u>741,088,331</u>	<u>55,274,750</u>	<u>(1,629,042)</u>	<u>794,734,039</u>
Intangible right-to-use assets:				
Leased buildings	15,756,593	-	-	15,756,593
Leased equipment	17,238,380	1,691,992	(1,124,440)	17,805,932
	<u>32,994,973</u>	<u>1,691,992</u>	<u>(1,124,440)</u>	<u>33,562,525</u>
Less accumulated amortization:				
Leased buildings	1,514,340	1,488,885	-	3,003,225
Leased equipment	3,421,125	3,379,112	-	6,800,237
	<u>4,935,465</u>	<u>4,867,997</u>	<u>-</u>	<u>9,803,462</u>
Depreciable capital assets, net	<u>503,885,208</u>	<u>(24,844,121)</u>	<u>(2,276,911)</u>	<u>476,764,176</u>
Business-type activities capital assets, net	<u>572,468,543</u>	<u>(15,086,633)</u>	<u>(6,679,899)</u>	<u>550,702,011</u>
Total Capital Assets, Net	<u>\$ 2,722,088,278</u>	<u>\$ 70,012,863</u>	<u>\$ (35,596,725)</u>	<u>\$ 2,756,504,416</u>

Depreciation and amortization 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 and amortization expenses, excluding the Internal Service Funds' amounts, are Operations \$17,938,640; Human Services \$2,709,574; Health \$1,907,999; Law, Safety and Justice \$4,386,964; Public Works \$26,740,027; RRA \$138,612 and HRA \$813,336.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2022

5. CAPITAL ASSETS – continued

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, 2022 was as follows:

	Balance January 1, 2022	Additions and Transfers In	Deletions and Transfers Out	Balance December 31, 2022
RRA:				
Capital assets not being depreciated:				
Land (including rail corridor)	\$ 23,078,834	\$ 15,000	\$ (13,374)	\$ 23,080,460
Capital assets being depreciated:				
Buildings	3,290,383	-	-	3,290,383
Less accumulated depreciation	1,028,661	138,612	-	1,167,273
	2,261,722	(138,612)	-	2,123,110
RRA Capital Assets, Net	\$ 25,340,556	\$ (123,612)	\$ (13,374)	\$ 25,203,570
HRA:				
Capital assets not being depreciated:				
Land	\$ 11,464,095	\$ 1,854,923	\$ -	\$ 13,319,018
Capital assets being depreciated:				
Buildings	26,528,557	-	(10,261,840)	16,266,717
Less accumulated depreciation	10,661,328	813,336	(8,209,472)	3,265,192
Total capital assets being depreciated, net	15,867,229	(813,336)	(2,052,368)	13,001,525
HRA Capital Assets, Net	\$ 27,331,324	\$ 1,041,587	\$ (2,052,368)	\$ 26,320,543

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	\$6,620,469	\$ 9,042,562	\$5,781,591	\$ 10,668,617	\$ (1,400,271)	\$ 30,712,968
Human Services	2,534,295	68,168,538	-	559,860	(751,131)	70,511,562
Ballpark Sales Tax	-	9,001,909	-	-	-	9,001,909
Transportation Sales Tax	-	16,094,841	-	-	-	16,094,841
HRA	144,687	-	-	72,134	(43,888)	172,933
RRA	275,690	-	-	133,333	(80,865)	328,158
General Debt Service	815,324	-	-	-	(241,153)	574,171
Capital Projects	22,317	1,710,004	-	-	(6,103)	1,726,218
Hennepin Health	-	-	-	33,808,330	(278,146)	33,530,184
Solid Waste	-	-	-	9,482,705	-	9,482,705
Medical Center	-	-	-	274,978,094	(63,383,642)	211,594,452
Nonmajor Enterprise	-	-	-	323,494	-	323,494
Internal Service	-	-	-	747,977	-	747,977
Total	\$10,412,782	\$104,017,854	\$5,781,591	\$330,774,544	\$(66,185,199)	\$384,801,572

Notes to the Basic Financial Statements

December 31, 2022

6. REVENUES AND RECEIVABLES – continued

Taxes Receivable. Property tax liens attach on the first Monday of the year following property assessment. Tax levies are certified to the county auditor five business days after December 20 of the year the property is assessed. The taxes levied are payable in the following year in two equal installments. The amounts and due dates for taxes on real property are half on or before May 15 and the balance on or before October 15. Personal property taxes are due in one installment on May 15. The amount of the allowance for uncollectible delinquent taxes is an estimate based on historical collection experience. Estimated uncollectible delinquent taxes total \$2,523,411 in the governmental funds.

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

	<u>2022</u>
Gross patient charges	\$ 3,134,798,965
Deductions from gross patient charges	(1,856,184,707)
Intergovernmental transfers	16,349,487
Uncompensated care reimbursements from County General Fund	26,000,000
Provision for bad debts	<u>(126,498,490)</u>
Net patient service revenue	<u>\$ 1,194,465,255</u>

Notes to the Basic Financial Statements

December 31, 2022

6. REVENUES AND RECEIVABLES – CONTINUED

Medical Center Net Patient Service Revenue and Accounts Receivable – continued. Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, adjusted by an estimate made for contractual adjustments or discounts provided to third-party payors. Patient accounts receivable due directly from the patient are carried at the original charge for the services provided less amounts covered by third-party payors, discounts applied for uninsured patients, and an estimated allowance for doubtful receivables based on a review of outstanding amounts. The Medical Center has an agreement with the County whereby the County pays for a portion of the services provided to the County’s residents who are uninsured and unable to pay. Management determines the allowance for doubtful receivables by identifying potentially uncollectible accounts, using historical experience applied to an aging of accounts and by taking into account current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad-debt expense when received. The Medical Center’s gross 2022 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	44%	20%
Medicaid	30	45
Medicare	16	29
Self-pay	10	6
	<u>100%</u>	<u>100%</u>

Notes Receivable and Other Receivables. The County reports the following notes receivable and other receivables:

- Notes receivable relating to lead abatement totaling \$210,325 are reported in the General Fund at \$189,292 after netting a \$21,033 allowance for uncollectible amounts.
- Lease receivables are reported with Other Receivables in the General Fund at \$9,152,431. Deferred inflows of resources associated with these leases totaling \$9,055,793 will be recognized as revenue over the remaining lease periods. The General Fund leases land, buildings, and radio towers to third parties with various terms and interest rates. The County recognized \$721,749 in lease revenue and \$177,504 in interest revenue during 2022 related to these leases.
- Notes receivable of \$7,417,792 relating to transit-oriented development and community asset transition fund loans are reported in the HRA Fund at \$6,157,845 after netting a \$1,259,947 allowance for uncollectible amounts.
- Notes receivable of \$7,280,000 are reported in the General Debt Service Fund relating to the County’s provision of assistance to the Minnehaha Watershed District in obtaining more favorable financing terms. The County issued G.O. bonds and loaned the proceeds to the Watershed District. The Watershed levies property taxes for repayment.
- Repayments of principal and interest relating to the \$470,646 of Solid Waste Fund Brownfield Cleanup Revolving Loans are used to provide additional loans for this purpose.

Deferred Long-term Loans Receivable. The HCHRA Affordable Housing Incentive Fund (AHIF) Program assists municipalities, government and nonprofit agencies, private and nonprofit housing developers, and lenders in the development of affordable housing throughout Hennepin County. As of December 31, 2022, there are 219 AHIF deferred loans outstanding, with original terms ranging from 10 to 55 years. Loans totaling \$24,016,075 are underwritten with no interest payments and will be forgiven at the end of the loan period if all program conditions are met. Additional loans totaling \$49,995,788 are written so that both interest and principal payments are deferred for the full term of the loans if all program conditions are met and are expected to be repaid or refinanced with extended terms at their due date. A \$1,500,000 Supportive Housing Program loan that provided targeted capital assistance to client-focused housing is similarly deferred for the full term of the loan and is expected to be repaid or refinanced with extended terms at the due date. Given the nature of the AHIF and Supportive Housing loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

Notes to the Basic Financial Statements

December 31, 2022

6. REVENUES AND RECEIVABLES – CONTINUED

Deferred Long-term Loans Receivable – continued. The HCHRA administers equitable housing recovery programming consisting of investments to increase affordable multifamily housing production, acquisition of properties supporting affordable housing along the housing continuum, and homebuyer assistance programs targeting population disproportionately impacted by the COVID-19 public health emergency. As of December 31, 2022, there are 35 deferred loans outstanding, with original terms ranging from 30 to 55 years. Loans totaling \$37,900,000 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 the loans and the uncertainty of repayment, at the time of origination they were fully reserved resulting in a net carrying value of zero.

A total of \$11,036,147 is outstanding at year-end for 552 County-administered single-family home rehabilitation projects funded under the federal Community Development Block Grant (CDBG) deferred loan program. The original terms of these loans generally range from 10 to 30 years, and all such loans will be forgiven and become grants if the homeowners remain in their homes for the full term of the loan. Given the nature of these loans, they are not recognized in the financial statements.

The federal Home Investments Partnership (HOME) program focuses on meeting affordable housing needs by funding certain rental housing development and home ownership activities. As of December 31, 2022 there are 534 HOME deferred loans totaling \$11,176,089 outstanding, with original terms ranging from 20 to 30 years. Loans are structured with various terms, including those with principal and interest deferred until the end of the loan term and expected to be repaid or refinanced with extended terms at that date; forgivable loan agreements placed through Habitat for Humanity; forgivable loans providing funding to the West Hennepin Affordable Housing Land Trust; loans to low-income home buyers in the form of deferred, zero interest loans that are payable at the end of their 30-year term; and other loan structures. Given the nature of these loans and the uncertainty of repayment, at the time of origination they are fully reserved resulting in a net carrying value of zero.

Notes to the Basic Financial Statements

December 31, 2022

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, 2022, the RRA has committed to expend:

- \$149,600,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the RRA has contributed \$47,375,272 to the project. The total remaining commitment is \$102,224,728; and
- \$12,790,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the RRA has contributed \$4,750,000 to the project. The total remaining commitment is \$8,040,000.

Separately from the RRA commitments above, the County has also made funding commitments to the capital costs of light rail and bus rapid transit projects. Commitments will be supported by the 0.5% transportation sales and use tax and \$20 per motor vehicle excise tax revenues received by the County ("transportation sales tax"), as well as debt with debt service supported by transportation sales tax receipts. As of December 31, 2022, the County has committed to expend:

- \$892,892,368 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the County has contributed \$685,942,842 to the project. The total remaining commitment is \$206,949,526; 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 \$5,505,418 to the project. The total remaining commitment is \$524,594,582; and
- \$24,868,488 for the Orange Line bus rapid transit project capital costs. As of December 31, the County has contributed \$21,479,489 to the project. The total remaining commitment is \$3,388,999.

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

Solid Waste Facilities. The County is obligated under service agreements to make certain payments and supply solid waste to seven solid waste facilities. Payments are being made from Solid Waste Fund user charges, and future expenses are expected to be \$26,771,299 in each year for 2023 through 2025, and \$2,830,453 in 2026.

Notes to the Basic Financial Statements

December 31, 2022

8. INTERFUND BALANCES AND ACTIVITY

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

Interfund Balances on December 31, 2022 consisted of the following:

Fund Due From	Fund Due To	Purpose	Amount
Between Funds Within Governmental Activities:			
General	Internal Service	Compensated absences benefits	\$ 2,013,888
Internal Service	Human Services	Compensated absences benefits	2,036,581
Between Funds Within Business-type Activities:			
Medical Center	Nonmajor Enterprise	Radio communications services	21,086
Between Governmental Activities and Business-type Activities:			
General	Medical Center	Medical services, investment earnings	4,874,312
Human Services	Medical Center	Medical Services	302,126
Capital Projects	Medical Center	Maintenance of the Medical Center Building	1,482,785
Hennepin Health	General	Risk-share arrangement	6,038,622
Hennepin Health	Human Services	Risk-share arrangement	3,000,071
Medical Center	General	Legal services, security services	1,024,000
Medical Center	Human Services	Human services	272,199
Medical Center	Internal Service	Provision of heat to buildings, vehicle rental, technology services	2,015,257
Internal Service	Medical Center	Self-insured workers compensation	543,970
			\$23,624,897

Interfund transfers during 2022 consisted of the following:

Fund Transferred From	Fund Transferred To	Purpose	Amount
General	Human Services	Pandemic recovery programs	\$ 23,256,760
General	HRA	Pandemic recovery programs	7,302,246
General	Capital Projects	Pandemic recovery, building, and transit projects	3,476,060
Ballpark Sales Tax	General	Sales tax support of youth sports and extended library hours	5,000,000
Ballpark Sales Tax	General Debt Service	Ballpark debt service	10,149,321
Transportation Sales Tax	Capital Projects	Transportation projects	95,672,399
Transportation Sales Tax	General Debt Service	Transportation project debt service	28,088,250
Capital Projects	RRA	Transportation projects	2,999,965
			\$175,945,001

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2022

9. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended December 31, 2022 are as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
G.O. bonds – levy supported	\$ 837,635,756	\$130,350,000	\$(151,629,354)	\$ 816,356,402	\$ 47,432,139
RRA limited authority G.O. bonds	90,580,000	-	(4,345,000)	86,235,000	4,570,000
G.O. bonds – non-levy supported	341,000,000	-	(12,090,000)	328,910,000	12,675,000
Unamortized premiums	249,911,867	9,042,464	(35,846,733)	223,107,598	-
Total G.O. bonds	1,519,127,623	139,392,464	(203,911,087)	1,454,609,000	64,677,139
Sales tax revenue bonds	94,875,000	-	(5,220,000)	89,655,000	7,495,000
Unamortized premiums	11,310,341	-	(1,826,282)	9,484,059	-
Total revenue bonds	106,185,341	-	(7,046,282)	99,139,059	7,495,000
Total G.O. & revenue bonds	1,625,312,964	139,392,464	(210,957,369)	1,553,748,059	72,172,139
Notes payable	2,272,368	-	(2,272,368)	-	-
Lease payables	32,505,910	3,251,633	(2,074,038)	33,683,505	2,254,989
Compensated absences	108,446,554	12,433,192	(12,650,466)	108,229,280	11,900,000
Governmental Activities Total	1,768,537,796	155,077,289	(227,954,241)	1,695,660,844	86,327,128
Business-type Activities:					
G.O. bonds Solid Waste	35,622,786	3,662,400	(1,594,052)	37,691,134	1,778,259
G.O. bonds Medical Center	172,401,458	-	(5,743,994)	166,657,464	6,129,602
Total G.O. bonds	208,024,244	3,662,400	(7,338,046)	204,348,598	7,907,861
Compensated absences	45,837,327	1,855,545	(2,563,485)	45,129,387	1,680,000
Lease payables	33,058,764	567,849	(6,057,219)	27,569,394	4,803,635
Business-type Activities Total	286,920,335	6,085,794	(15,958,750)	277,047,379	14,391,496
Government-wide Total	\$2,055,458,131	\$161,163,083	\$(243,912,991)	\$1,972,708,223	\$100,718,624

The Schedule of Changes in Long-term Debt (page 132) provides additional detail on bonds. Long-term liabilities of the internal service funds are included in governmental activities. An internal service fund is used to liquidate the governmental fund long-term obligation for compensated absences and postemployment healthcare.

Notes to the Basic Financial Statements

December 31, 2022

10. DEBT SERVICE REQUIREMENTS

General obligation (G.O.) bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as 20-year serial bonds with varying amounts of principal maturing each year. The County issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities included in the County's annual five-year capital improvement program. During the year, \$55,000,000 of taxable series 2022A G.O. bonds were issued to finance the County's capital improvements.

Additionally, series 2022B G.O. refunding bonds totaling \$75,350,000 were issued. \$60,260,000 of the proceeds, together with \$7,555,827 of the premium received and \$8,941,925 of existing resources, were used to refund the \$76,605,000 currently callable amount of series 2014A bonds. The current refunding resulted in a \$9,578,547 net present value reduction in debt service payments over the next 17 years and an economic gain of \$40,934. Additionally, \$15,090,000 of the proceeds, together with the remaining amount of the premium received and \$3,081,775 of existing resources, were used to refund the \$19,230,000 currently callable amount of series 2014B bonds. The current refunding resulted in a \$2,777,992 net present value reduction in debt service payments over the next 5 years and an economic gain of \$711,648.

In December 2022, \$3,662,400 of G.O. bond liabilities, along with the related capital assets, were transferred from governmental activities to the Solid Waste Fund (business-type activities), as the Solid Waste Fund activities will be used to pay the annual debt service requirements of these G.O. bonds.

Sales tax revenue bonds are issued when sales tax revenue is the sole source of funding pledged to pay debt service. Pledged revenue derived from a 0.15% Hennepin County sales tax is used to pay the debt service of the County's Ballpark Revenue Bonds. The revenue bonds were issued for the construction of Target Field in Minneapolis, the home of the Minnesota Twins. Target Field is owned by the Minnesota Ballpark Authority, which is not a County agency or component unit. At year-end, \$114,289,750 of total remaining Ballpark Revenue Bond principal and interest was expected to be paid from future sales tax collections through 2032. The principal and interest paid during the current year totaled \$9,963,750 and pledged net sales tax revenues received were \$47,541,530.

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

	<u>G.O. Bonds</u>		<u>Sales Tax Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
Governmental Activities:					
2023	\$ 64,677,139	\$ 63,195,211	\$ 7,495,000	\$ 4,482,750	\$ 139,850,100
2024	67,584,743	59,903,670	8,030,000	4,108,000	139,626,413
2025	68,533,536	52,226,600	8,570,000	3,706,500	133,036,636
2026	71,684,020	49,027,593	8,975,000	3,278,000	132,964,613
2027	74,918,734	45,678,065	9,565,000	2,829,250	132,991,049
2028-32	342,325,695	178,873,535	47,020,000	6,230,250	574,449,480
2033-37	385,516,267	94,712,946	-	-	480,229,213
2038-42	156,261,268	15,737,314	-	-	171,998,582
	<u>1,231,501,402</u>	<u>559,354,934</u>	<u>89,655,000</u>	<u>24,634,750</u>	<u>1,905,146,086</u>
Business-type Activities:					
2023	7,907,861	4,832,018	-	-	12,739,879
2024	8,350,257	4,640,950	-	-	12,991,207
2025	8,811,464	4,438,660	-	-	13,250,124
2026	9,145,980	4,224,803	-	-	13,370,783
2027	9,436,266	4,002,921	-	-	13,439,187
2028-32	51,794,305	16,447,390	-	-	68,241,695
2033-37	59,793,733	9,830,513	-	-	69,624,246
2038-42	49,108,732	2,785,099	-	-	51,893,831
	<u>204,348,598</u>	<u>51,202,354</u>	<u>-</u>	<u>-</u>	<u>255,550,952</u>
	<u>\$1,435,850,000</u>	<u>\$ 610,557,288</u>	<u>\$ 89,655,000</u>	<u>\$ 24,634,750</u>	<u>\$2,160,697,038</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

10. DEBT SERVICE REQUIREMENTS – CONTINUED

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

The interest on variable rate debt is computed using the interest rate effective at December 31. The interest rates on the County's variable rate debt are set by the remarketing agent and are reset weekly. The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2017B expires October 1, 2026. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2026 debt service for governmental activities' G.O. bond principal will be \$115,444,020 rather than the \$71,684,020 shown in the table on the previous page for the year 2026. The standby bond purchase agreement that supports the general obligation bonds of variable rate series 2018B expires October 30, 2026. If renewal or substitution efforts are unsuccessful and the bonds are mandatorily redeemed under the terms of the liquidity facility, 2026 debt service for governmental activities' G.O. bond principal will be \$167,769,020 rather than the \$71,684,020 shown in the table on the previous page for the year 2026.

Taxable commercial paper may be used as a liquidity instrument pursuant to the County Board-authorized \$250,000,000 commercial paper program. During 2022, taxable commercial paper certificates were issued as shown below:

<u>Date of Issuance</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
February 22	\$ 25,000,000	0.50%	May 12, 2022
March 1	\$ 25,000,000	0.49%	May 12, 2022

Tax-exempt commercial paper may also be issued to provide short-term financing of the adopted capital improvement plan.

Lease Payables During and prior to 2022, the County had entered into 18 lease obligations for buildings, which are discounted at rates ranging from 0.9% to 3.0% and had entered into 29 lease obligations for equipment discounted at rates ranging from 0.4% to 8.7%. Annual debt service requirements related to the minimum payments for leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Governmental Activities:			Biz-type Activities:	
2023	\$ 7,058,624	\$ 1,265,632	\$ 4,803,635	\$ 707,024
2024	6,664,689	1,108,951	4,334,754	587,387
2025	6,577,114	956,283	4,170,873	473,238
2026	6,751,873	800,485	4,268,621	357,477
2027	4,494,113	668,081	2,052,887	265,678
2028-2032	17,409,059	2,109,889	6,975,566	643,615
2033-2037	6,481,725	806,300	962,761	17,272
2038-2042	2,617,661	454,819	-	-
2043-2047	2,892,578	179,902	-	-
2048-2049	305,463	1,783	-	-
	<u>\$ 61,252,899</u>	<u>\$ 8,352,125</u>	<u>\$ 27,569,097</u>	<u>\$3,051,691</u>

Notes to the Basic Financial Statements

December 31, 2022

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 2021	Balance December 31, 2022
Ebenezer York Assisted Living LLC December 2009	\$16,000,000	\$11,956,746	\$ -
Redwell Apartments July 2019	16,065,000	16,065,000	-
Parkview Apartments September 2019	28,800,000	27,865,779	-
Olson Townhomes December 2020	14,248,000	13,261,496	14,248,000
Elliot Twins June 2020	26,500,000	26,119,103	-
Fort Snelling Upper Post November 2020	88,000,000	27,325,818	85,764,988
Loring Towers April 2021	25,000,000	25,000,000	25,000,000
Peregrine Apartments December 2021	28,500,000	2,572,500	17,072,500
Stonehouse Square December 2021	14,042,600	14,042,600	13,364,210
Cornelia View July 2022	16,700,000	-	16,700,000
Currie Commons November 2022	29,912,000	-	29,912,000
Canvas Apartments November 2022	34,000,000	-	34,000,000
	<u>\$337,767,600</u>	<u>\$164,209,042</u>	<u>\$236,061,698</u>

Notes to the Basic Financial Statements

December 31, 2022

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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

Classification and Amount at December 31, 2022				
Fund and Purpose	Nonspendable	Restricted	Committed	Assigned
General Fund:				
Inventories	\$ 2,365,670			
Endowments	2,050,939			
Prepays	2,315,525			
Grant requirements		\$ 647,143		
Statutory requirements - primarily relating to youth sports, extended library hours & County Recorder technology		17,265,802		
Donor requirements specific to media category or library location		4,565,125		
Subsequent year's budget - appropriation of fund balance including carryovers				\$ 49,452,252
Human Services Fund:				
Prepays	178,677			
Grant requirements		2,466,447		
Opioid Settlement		7,896,449		
Public assistance, poor relief, & categories under the federal Social Security Act			\$ 222,408,168	
Ballpark Sales Tax Fund:				
Debt service & statutory requirements		56,628,285		
Transportation Sales Tax Fund:				
Transportation & statutory requirements		271,054,291		
HRA Fund:				
Prepays	33,798			
Land held for resale		2,700,000		
HRA general expenditures		44,823,778		
RRA Fund:				
RRA general expenditures		72,545,281		
RRA Debt Service Fund:				
Debt service		770,202		
General Debt Service Fund:				
Debt service		10,420,849		
Capital Projects Fund:				
Bond requirements relating to capital projects		44,347,237		

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

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, 2022, as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing, City of:	
Eden Prairie	\$ 866,918
Minneapolis	3,119,820
Richfield	1,093,957
St Louis Park	3,953,696
Wayzata Housing & Redevelopment Authority	801,886
Thirteen other cities and authorities	1,969,603
	<u>\$ 11,805,880</u>

14. RISK MANAGEMENT

A. Risk Management – Excluding the Medical Center

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

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

Outstanding and incurred but not reported (IBNR) tort claims are evaluated through a combination of case-by-case reviews and application of historical experience. The balance of the estimated tort liability in the Self Insurance fund on December 31, 2022 is \$500,000 and is reported in accounts and contracts payable. This estimated amount is expected to be paid within one year.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

14. RISK MANAGEMENT – CONTINUED

A. Risk Management – Excluding the Medical Center – continued

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

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$1,600,000	\$ 500,000
Estimated incurred claims (including IBNR)	2,839,315	1,312,477
Claim payments	<u>(3,939,315)</u>	<u>(212,477)</u>
Estimated liability at end of year	<u>\$ 500,000</u>	<u>\$ 1,600,000</u>

Workers' Compensation Claims. The County is self-insured for workers' compensation. The County carries reinsurance for claims in excess of \$2,000,000 per occurrence. During 2022, \$4,355,516 in benefits and administrative costs were paid and charged to the workers' compensation liability account. The liability reported on December 31, 2022 was \$12,876,000. The liability amount is between the high and low actuarial estimates of the remaining ultimate claim costs. Outstanding and IBNR claims are evaluated through a combination of case-by-case reviews and application of historical experience. The estimate of outstanding and IBNR claims is reviewed by an independent actuary.

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

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$ 11,009,000	\$ 11,445,000
Estimated incurred claims (including IBNR)	6,222,516	4,219,089
Claim payments and expenses	<u>(4,355,516)</u>	<u>(4,655,089)</u>
Estimated liability at end of year	<u>\$ 12,876,000</u>	<u>\$ 11,009,000</u>

Property Claims. Commercial property insurance is carried for the County and Medical Center's buildings and contents, subject to deductible amounts. Settled claims from insured losses did not exceed commercial insurance coverage in 2022.

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.

Notes to the Basic Financial Statements

December 31, 2022

14. RISK MANAGEMENT – continued

B. Risk Management – Medical Center – continued

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

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$ 5,522,396	\$ 5,311,311
Estimated incurred claims (including IBNR)	2,522,311	1,441,201
Claims payments and expenses	<u>(3,455,228)</u>	<u>(1,230,116)</u>
Estimated liability at end of year	<u>\$ 4,589,479</u>	<u>\$ 5,522,396</u>

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

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$ 17,567,653	\$ 17,559,657
Estimated incurred claims (including IBNR)	4,048,865	7,148,649
Claims payments and expenses	<u>(4,961,003)</u>	<u>(7,140,653)</u>
Estimated liability at end of year	<u>\$ 16,655,515</u>	<u>\$ 17,567,653</u>

15. SELF-INSURED EMPLOYEE HEALTH PLANS

A. Employee Health Plan – Excluding the Medical Center

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

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

15. SELF-INSURED EMPLOYEE HEALTH PLANS – continued

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

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

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$ 11,417,858	\$ 9,428,820
Estimated incurred claims (including IBNR)	143,226,101	133,808,224
Claim payments and expenses	<u>(139,227,208)</u>	<u>(131,819,186)</u>
Estimated liability at end of year	<u>\$ 15,416,751</u>	<u>\$ 11,417,858</u>

B. Employee Health Plan –Medical Center

Employee Health and Dental Claims are self-insured. The accrual for estimated claims includes estimates of the ultimate cost for IBNR claims and are based upon estimated cost of settlement. The Medical Center purchases reinsurance on a specific-case basis in order to reduce its liability on individual risks. All reinsurance contracts are excess-of-loss contracts, which indemnify the Medical Center for losses in excess of stated reinsurance policy limits. As of December 31, 2022 and 2021, the limits were \$600,000 for specific claims and were \$110,868,320 and \$96,679,096 for claims in the aggregate, respectively. A liability was recorded at year-end for estimated open and IBNR claims. Outstanding and IBNR claims are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during the past two years are as follows:

	<u>2022</u>	<u>2021</u>
Estimated liability at beginning of year	\$ 4,506,543	\$ 2,556,948
Estimated incurred claims (including IBNR)	100,868,320	96,679,096
Claim payments and expenses	<u>(99,988,920)</u>	<u>(94,729,501)</u>
Estimated liability at end of year, net of imprest funds	<u>\$ 5,385,943</u>	<u>\$ 4,506,543</u>

16. CONTINGENCIES

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

Notes to the Basic Financial Statements

December 31, 2022

17. OTHER EMPLOYEE BENEFITS

A. Other Employee Benefits – Excluding the Medical Center

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

Compensated Absences. Under certain conditions, employees are compensated upon termination of employment for accumulated unpaid vacation, sick leave, and/or paid time off up to a maximum of 1,280 hours based on status/hire date. Payments to terminating employees for accumulated compensated absences totaled \$8,631,490 in 2022. 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 \$110,772,295. At the government-wide level, \$2,543,015 is reported in business-type activities. The remaining amount of \$108,229,280 is reported in governmental activities, of which \$101,432,899 is funded in the Other Employee Benefits internal service fund.

Single-Employer Postemployment Healthcare Benefit Program

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

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

Benefits Provided. While they are under age 65, retirees may participate in the County's group health coverage program with access to the same health plan (and benefit levels) available to active employees. Qualifying retirees who were hired or rehired on or before January 1, 2008 receive a County contribution toward their health plan premium (an amount equal to that contributed to an active employee electing employee-only health coverage) until they reach age 65. Examples of qualifying criteria include requirements relating to hire date, age, length of service requirements, approval for a full retirement payment from an approved public sector retirement program, and other factors. If an employee was hired prior to July 1, 1989, they are eligible for retirement when the sum of their age and service equals 90. This benefit is not available to non-organized employees beginning County employment after January 1, 2007, or to organized employees beginning County employment after January 1, 2008, except for former employees of the Minneapolis Public Library who became county employees on January 1, 2008. Additionally, this benefit is not available to employees who traded their eligibility for the retiree healthcare benefit for participation in a Health Care Savings Program (HCSP) through a one-time opt-out offered to organized employees hired prior to January 1, 2008. The HCSP is funded by contributions of 1% of salary by the employee and \$500-\$700 per year by the County, beginning in January 2009. The County's contributions to the HCSP for the years ending December 31, 2022 and 2021 were \$1,391,200 and \$1,258,400, respectively.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

17. OTHER EMPLOYEE BENEFITS – continued

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

Single-Employer Postemployment Healthcare Benefit Program – continued

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

Funding Policy. Assets for the postemployment healthcare benefits are not accumulated in a trust that meets the criteria identified in paragraph 4 of GASB Statement 75. In 2022, the County paid eligible single premium amounts for the enrolled retirees described above, while these retirees contributed up to \$97.43 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, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefit payments	590	590
Active employees	<u>7,709</u>	<u>7,709</u>
	<u>8,299</u>	<u>8,299</u>

Actuarial assumptions and other inputs. The total OPEB liabilities as of December 31, 2022 and December 31, 2021 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	<u>2022</u>	<u>2021</u>
Reporting date	December 31, 2022	December 31, 2021
Measurement date	December 31, 2021	December 31, 2020
Actuarial valuation date	December 31, 2021	December 31, 2019
Discount rate ¹	2.06%	2.12%
Salary increase rate ²	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight Line
Amortization period	8.2 years	8.3 years

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

² Salary increase rates are consistent with those used by PERA, which range from 3.0% to 11.75% based on employees' years of service.

** A healthcare cost trend rate of 5.6%, decreasing to an ultimate rate of 3.7% in 2074 was used.

The OPEB liabilities as of December 31, 2022 and December 31, 2021 were based on the results of an actuarial experience study for the period of June 27, 2019 and July 14, 2020 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
Notes to the Basic Financial Statements
 December 31, 2022

17. OTHER EMPLOYEE BENEFITS – CONTINUED

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

Single-Employer Postemployment Healthcare Benefit Program – continued

Changes in Total OPEB Liability during 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Total OPEB liability, beginning	\$ 123,860,226	\$ 120,009,246
Changes for the year:		
Service cost	5,298,701	4,640,136
Interest	2,647,731	3,303,319
Liability Gains or Losses	1,938,322	-
Changes of assumptions or other inputs	(7,146,714)	4,143,818
Benefit payments	<u>(8,576,868)</u>	<u>(8,236,293)</u>
Total OPEB liability, ending	<u>\$ 118,021,398</u>	<u>\$ 123,860,226</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2.12% as of December 31, 2021, to 2.06% as of December 31, 2022.

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	Current Discount Rate	1% Higher
	1.06%	2.06%	3.06%
Total OPEB Liability	<u>\$124,263,030</u>	<u>\$118,021,398</u>	<u>\$111,863,765</u>

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

	1% Lower	Current Trend Rate	1% Higher
	4.6%	5.6%	6.6%
	decreasing to 2.8%	decreasing to 3.8%	decreasing to 4.8%
Total OPEB Liability	<u>\$108,457,555</u>	<u>\$118,021,398</u>	<u>\$128,862,226</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

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, 2022 and 2021, the County recognized OPEB expenses of \$7,014,899 and \$7,650,988, respectively. At December 31, 2022 and 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,634,542	\$ -	\$ 5,868,531	\$ -
Changes of assumptions or other inputs	3,748,153	(14,398,042)	4,619,938	(10,226,957)
Employer contributions subsequent to the measurement date	8,565,000	-	8,577,000	-
	<u>\$ 18,947,695</u>	<u>\$ (14,398,042)</u>	<u>\$ 19,065,469</u>	<u>\$ (10,226,957)</u>

Employer contributions subsequent to the measurement date of December 31, 2021 of \$8,565,000, which are reported as deferred outflows of resources as of December 31, 2022, will be recognized as a reduction of the OPEB liability in the County's fiscal year ending December 31, 2023. Other amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2022, will be recognized in OPEB expense over the average future service to retirement of plan participants as follows:

Years ending December 31:	OPEB Expense Amount
2022	N/A
2023	(\$846,319)
2024	(838,611)
2025	(809,759)
2026	(362,307)
2027	(362,307)
Thereafter	(796,044)
	<u>\$ (4,015,347)</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 \$42,586,372.

Notes to the Basic Financial Statements

December 31, 2022

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 2022, 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, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefit payments	99	92
Active employees	<u>5,847</u>	<u>5,947</u>
	<u>5,946</u>	<u>6,039</u>

Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2022

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, 2022 and December 31, 2021 were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

	<u>2022</u>	<u>2021</u>
Reporting date	December 31, 2022	December 31, 2021
Measurement date	December 31, 2021	December 31, 2020
Actuarial valuation date	December 31, 2019	December 31, 2019
Discount rate ¹	2.06%	2.12%
Salary increase rate ²	PERA	PERA
Healthcare cost trend rate	**	**
Inflation rate	PERA	PERA
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Straight-Line	Straight-Line
Amortization period	9.1 years	9.6 years

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

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

** A healthcare cost trend rate of 5.6% decreasing to an ultimate rate of 3.8% in 2074 was used.

Changes in Total OPEB Liability during 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Total OPEB liability, beginning	\$ 26,902,918	\$ 25,810,557
Changes for the year:		
Service cost	2,021,775	1,756,507
Interest	584,618	719,615
Liability Gains or Losses	4,078,393	-
Changes of assumptions or other inputs	(7,866,559)	1,241,435
Benefit payments	(2,711,000)	(2,625,196)
Total OPEB liability, ending	<u>\$ 23,010,145</u>	<u>\$ 26,902,918</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2.12% as of December 31, 2021, to 2.06% as of December 31, 2022.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

17. OTHER EMPLOYEE BENEFITS – CONTINUED

B. Other Employee Benefits – Medical Center - continued

Single-Employer Postemployment Healthcare Benefit Program – continued

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

	1% Lower 1.06%	Current Discount Rate 2.06%	1% Higher 3.06%
Total OPEB Liability	\$24,639,108	\$23,010,145	\$21,446,747

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 4.6% decreasing to 3.5%	Current Trend Rate 5.6% decreasing to 4.5%	1% Higher 6.6% decreasing to 5.5%
Total OPEB Liability	\$20,731,189	\$23,010,145	\$25,755,851

OPEB expense and deferred outflow of resources and deferred inflows of resources related to OPEB. For the years ended December 31, 2022 and 2021, the Medical Center recognized OPEB expense of \$1,915,949 and \$2,201,503, respectively. At December 31, 2022 and 2021, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,630,710	\$ (1,600,584)	\$ -	\$ (1,862,941)
Changes of assumptions or other inputs	1,276,028	(8,268,601)	1,466,830	(1,467,158)
Employer contributions subsequent to the measurement date	2,873,060	-	2,711,000	-
	<u>\$ 7,779,798</u>	<u>\$ (9,869,185)</u>	<u>\$ 4,177,830</u>	<u>\$ (3,330,099)</u>

Notes to the Basic Financial Statements

December 31, 2022

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, 2021 of \$2,873,060, which are reported as deferred outflows of resources as of December 31, 2022, will be recognized as a reduction of the OPEB liability in the Medical Center’s fiscal year ending December 31, 2023. Amounts reported as the deferred outflows of resources and deferred inflows of resources related to OPEB as of December 31, 2022, 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>2022</u>
2023	\$ (690,444)
2024	(690,444)
2025	(690,444)
2026	(679,654)
2027	(673,142)
Thereafter	(1,538,319)
	<u>\$ (4,962,447)</u>

The total OPEB expenses for all County plans including the Medical Center for the years ended December 31, 2022 and 2021 were \$8,930,848 and \$9,852,491, respectively.

18. EMPLOYEE RETIREMENT SYSTEMS – PERA DEFINED BENEFIT PENSION PLANS

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

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

Notes to the Basic Financial Statements

December 31, 2022

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

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

- 1. General Employees Plan Benefits** are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Benefit increases are provided to benefit recipients each January. Beginning January 1, 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the Social Security Administration (SSA), with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.
- 2. Police and Fire Plan Benefits** for members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Benefit increases are provided to benefit recipients each January. Beginning January 1, 2019, the postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.
- 3. Correctional Plan Benefits** for members first hired after June 30, 2010 vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. The annuity accrual rate is 1.9% of average salary for each year of service in that plan. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90. Benefit increases are provided to benefit recipients each January. Beginning January 1, 2019, the postretirement increase is equal to 100% of the COLA announced by SSA, with a minimum increase of at least 1% and a maximum of 2.5%. If the plan's funding status declines to 85% or below for two consecutive years or 80% for one year, the maximum will be lowered from 2.5% to 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

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 2022 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, 2022 were \$77,400,913. The County’s contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions. Police and Fire members were required to contribute 11.8% of their annual covered salary and the County was required to contribute 17.7% of pay for plan members in 2022. The County’s contributions to the Police and Fire Fund for the year ended December 31, 2022 were \$8,971,352. 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 2022. The County’s contributions to the Correctional Fund for the year ended December 31, 2022 were \$3,187,852. 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, 2022 the County recognized total pension expense of \$207,131,500 for all pension plans.

1. General Employees Fund Pension Costs. At December 31, 2022, the County reported a liability of \$1,052,453,588 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 2022. 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 \$30,854,610. The net pension liability was measured as of June 30, 2022 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportionate share was 13.29% at the end of the measurement period and 13.30% for the beginning of the period.

County’s proportionate share of the net pension liability	\$ 1,052,453,588
State’s proportionate share of the net pension liability associated with the County	<u>30,854,610</u>
Total	<u>\$ 1,083,308,198</u>

For the year ended December 31, 2022 the County recognized pension expense of \$165,650,784 for its proportionate share of the General Employees Plan’s pension expense. In addition, the County recognized an additional \$4,610,385 as pension expense (and grant revenue) for its proportionate share of the State’s contribution of \$16,000,000 to the General Employees Fund.

Notes to the Basic Financial Statements

December 31, 2022

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

Pension Costs – continued.

1. General Employees Fund Pension Costs – continued. At December 31, 2022, 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	\$ 8,790,874	\$ (11,227,094)
Changes in actuarial assumptions	238,302,308	(4,192,757)
Net difference between projected and actual investment earnings	17,243,107	-
Changes in proportion	12,767,924	(4,333,242)
Contributions paid to PERA subsequent to measurement date	39,499,050	-
	<u>\$ 316,603,263</u>	<u>\$ (19,753,093)</u>

The \$39,499,050 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, 2023. 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
2023	\$ 96,053,448
2024	99,793,331
2025	(33,674,373)
2026	95,178,714
	<u>\$ 257,351,120</u>

2. Police and Fire Fund Pension Costs. At December 31, 2022 the County reported a liability of \$177,297,443 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2022 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportion share was 4.07% at the end of the measurement period and 3.88% for the beginning of the period.

The County’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$18.0 million in 2022. The contribution consisted of \$9.0 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9.0 million direct State aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the State will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

Notes to the Basic Financial Statements

December 31, 2022

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

Pension Costs – continued.

2. Police and Fire Fund Pension Costs – continued. For the year ended December 31, 2022, the County recognized pension expense of \$16,857,547 for its proportionate share of the Police and Fire Plan’s pension expense. The County recognized an additional \$1,502,398 as pension expense (and grant revenue) for its proportionate share of the State’s contribution of \$9,000,000. The County also recognized \$366,684 as revenue with an offsetting reduction of net pension liability for its proportionate share of the State’s \$9,000,000 contributions to the Police and Fire Fund. At year end, the County reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual economic experience	\$ 10,671,887	\$ -
Changes in actuarial assumptions	102,628,819	(1,073,194)
Net difference between projected and actual investment earnings	4,726,833	-
Changes in proportion	2,084,980	(2,822,831)
Contributions paid to PERA subsequent to measurement date	4,598,678	
	<u>\$124,711,197</u>	<u>\$ (3,896,025)</u>

The \$4,598,678 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2023	\$ 22,538,239
2024	22,587,806
2025	20,277,149
2026	35,815,412
2027	14,997,888
	<u>\$ 116,216,494</u>

3. Correctional Plan Pension Costs. At December 31, 2022 the County reported a liability of \$52,662,797 for its proportionate share of the Correctional Plan’s net pension liability. The net pension liability was measured as of June 30, 2022 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA’s participating employers. The County’s proportionate share was 15.84% at the end of the measurement period and 17.29% for the beginning of the period.

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

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

Pension Costs – continued.

3. Correctional Plan Pension Costs – continued. For the year ended December 31, 2022, the County recognized a \$18,510,386 pension expense for its proportionate share of the Correctional Plan’s pension expense. At year end the County reported its proportionate share of the Correctional Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual economic experience	\$ -	\$ (1,810,854)
Changes in actuarial assumptions	35,098,552	(85,990)
Net difference between projected and actual investment earnings	52,034	-
Changes in proportion	170,579	(14,460)
Contributions paid to PERA subsequent to measurement date	1,722,145	-
	<u>\$ 37,043,310</u>	<u>\$ (1,911,305)</u>

The \$1,722,145 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (contra expense) as follows:

<u>Year Ended December 31</u>	<u>Pension Expense Amount</u>
2023	\$ 14,946,569
2024	15,525,129
2025	(1,294,321)
2026	4,232,484
	<u>\$ 33,409,861</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. Salary increases were based on a service-related table. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0% at age 20 to 3.0% at age 60. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and Pub-2010 Public Safety Mortality table for the Police and Fire Correctional Plans. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 2.0% per year for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0% per year as set by state statute.

Notes to the Basic Financial Statements

December 31, 2022

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

Actuarial Assumptions – continued

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

- 1. General Employees Fund.** There were no changes in plan provisions since the prior valuation. Related to actuarial assumptions, the mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- 2. Police and Fire Fund.** There were no changes in plan provisions since the prior valuation. Changes in actuarial assumptions included:
 - The single discount rate changed from 6.50 percent to 5.40 percent.
 - The mortality improvement scale was changed from MP-2020 to MN-2021.
- 3. Correctional Fund.** There were no changes in plan provisions since the prior valuation. Changes in actuarial assumptions included:
 - The single discount rate changed from 6.50 percent to 5.42 percent.
 - The mortality improvement scale was changed from MP-2020 to MN-2021.
 - The benefit increase assumption was changed from 2.00 percent per annum to 2.00 percent per annum through December 31, 2054 and 1.50 percent per annum thereafter.

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

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

Discount Rate. The discount rate used to measure the total pension liability for the General Employees Fund in 2022 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In the Police and Fire Fund and Correctional Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund and June 30, 2062 for the Correctional Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index").

Hennepin County, Minnesota
Notes to the Basic Financial Statements
 December 31, 2022

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

Actuarial Assumptions – continued

Discount Rate - continued. The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund and 5.42% for the Correctional Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

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

Sensitivity of Net Pension Liability (Asset) at Different Discount Rates (in thousands)

	<u>General Employees Fund</u>		<u>Police and Fire Fund</u>		<u>Correctional Fund</u>	
1% lower	5.50%	\$ 1,662,405,569	4.40%	\$ 268,316,938	4.42%	\$ 92,852,887
Current %	6.50%	1,052,453,588	5.40%	177,297,443	5.42%	52,662,797
1% higher	7.50%	552,198,834	6.40%	103,713,629	6.42%	21,135,146

Pension Plan Fiduciary Net Position. Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

In 2022, County governmental activities’ pension liabilities were liquidated at a rate of approximately 60.0% General Fund, 35.0% Human Services Fund, and 5.0% internal service funds.

19. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 87, Leases, was adopted by the County during 2022, with an effective implementation date of January 1, 2021 as the adoption of GASB 87 is applied retrospectively to the earliest period presented. 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. As a result of the adoption, there was no impact on previously reported net position or fund balance. The impact on previously reported amounts relating to the year ended December 31, 2021 for each affected opinion unit is as follows:

	Governmental Activities		General Fund		Human Services Fund		Business-type Activities/ Medical Center Fund	
	Previously Reported	As Restated	Previously Reported	As Restated	Previously Reported	As Restated	Previously Reported	As Restated
		\$	\$	\$	\$	\$	\$	\$
Lease receivables	-	8,888,251	-	8,888,251	-	-	-	-
Other receivable	14,957,012	14,977,180	14,957,012	14,977,180	-	-	-	-
Capital assets, depreciable, net	1,896,170,530	1,928,322,897	-	-	-	-	366,964,038	395,023,546
Accounts and contracts payable	-	-	-	-	-	-	(80,709,493)	(76,406,542)
Accrued liabilities	(40,789,042)	(40,435,499)	-	-	-	-	(119,461,769)	(118,765,464)
Lease payables	-	(32,505,910)	-	-	-	-	-	(33,058,764)
Deferred inflow of resources	-	(8,908,419)	-	(8,908,419)	-	-	-	-
Current expenditures/Operating	1,468,654,141	1,468,177,708	336,422,920	335,476,036	49,775,954	48,620,850	398,491,176	397,121,390
Debt Service:								
Principal retirement	-	-	-	937,646	-	877,189	-	-
Interest and fiscal charges	15,840,147	16,316,580	-	198,518	-	277,915	3,566,080	4,935,866
Leases (as lessee)	-	-	-	(189,280)	-	-	-	-

Notes to the Basic Financial Statements

December 31, 2022

19. NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

Accounting Standards Adopted in the Current Year – continued

GASB Statement No. 91, *Conduit Debt Obligations*, was implemented by the County on January 1, 2022. This statement clarifies the definition of conduit debt and establishes new recognition, measurement, and disclosure requirements. As a result of the adoption, there was no impact on previously reported net position or fund balance.

GASB Statement No. 92 *Omnibus 2020*, was implemented by the County on January 1, 2022. This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 93, *Replacement on Interbank Offered Rates*, was implemented by the County on January 1, 2022. This Statement establishes accounting and financial reporting requirements related to replacement of interbank offered rates (IBORs), such as the London Interbank Offered Rate (LIBOR) in hedging derivative instruments and leases.

Accounting Standards Not Yet Adopted

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for the County on January 1, 2023. This statement supersedes GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, and establishes standards of accounting and financial reporting for Public-private and public-public partnerships and availability payment arrangements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, is effective for the County on January 1, 2023. This statement establishes accounting and financial reporting standards for subscription-based information technology arrangements and government end users.

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

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

20. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 30, 2023, the date these financial statements were available to be issued. As a result of the global ramifications of the COVID-19 pandemic, economic uncertainties continue that may impact the financial position, results of operations and cash flows of the County. In January 2023, President Biden's administration announced the May 11, 2023 end of the U.S. public health emergency related to the COVID-19 pandemic. The County Board rescinded its' 2020 declaration of a local state of emergency effective May 11, 2023. Acknowledging the continuing need to protect the public and county staff, the Board delegated to the County Administrator the authority to create, maintain or discontinue programs as necessary to support the health of residents.

Notes to the Basic Financial Statements

December 31, 2022

20. SUBSEQUENT EVENTS – CONTINUED

In March 2023, the County Board responded to higher demand than anticipated for family shelter and services related to the expiration of the pandemic eviction moratorium. The Board allocated \$17,228,900 to contract with vendor partners to address this demand in the near term, while the County continues to pursue strategies to make homelessness and shelter use brief, rare, and non-recurring.

In May 2023, the County entered into a cost reimbursement agreement with North Memorial Health for the provision of medical care to indigent Hennepin County residents during the period of May 2, 2023, through December 31, 2024, in an amount not to exceed \$48,000,000. North Memorial Hospital in Robbinsdale, and its clinics in Minneapolis, Brooklyn Center and Brooklyn Park are located in areas with a high concentration of residents who use the County's healthcare, food, and other economic supports programs. North Memorial Hospital operates one of two Level 1 trauma centers in the County: The agreement is expected to enhance health care access for residents receiving services from the County, and to provide coordinating care between the County and North Memorial Health to obtain better outcomes for County residents while increasing efficiencies, reducing hospital bed stays, and reducing disparities.

On May 8, 2023, the County issued \$35,000,000 of tax-exempt commercial paper to support capital projects in the adopted capital improvement plan. The commercial paper was issued at a coupon rate of 3.2% with a July 11, 2023 maturity date.

On May 24, 2023, Governor Walz signed State budget bills that are expected to impact the County in the following ways:

- The Metropolitan Council is required to impose a 0.75% sales and use tax in the seven-county metropolitan area that includes Hennepin County, effective October 1, 2023. From this amount, 83.0% is allocated to the Metropolitan Council for various transit purposes, and 17.0% will be allocated to the metropolitan counties for various transportation and transit purposes. The bill also modified Minnesota Statutes, section 473.4051 to require the Metropolitan Council to pay all "guideway" transit operating costs from the new regional sales tax proceeds. This will remove an obligation for the County to pay a portion of current and future operating costs for the projects identified in the Sales and Use Tax Implementation Plan. As part of the transition of these obligations from the County to the Metropolitan Council, the bill included language that requires the termination of certain existing contracts on October 1, 2023.
- Effective October 1, 2023, a new 0.25% sales tax will be collected in the seven-county metropolitan area to fund affordable housing. The revenues will be allocated to the seven counties (60.0%), cities (15.0%), and to a State rental assistance program (25.0%). The allocation to counties is population based and Hennepin County is expected to receive approximately \$28,000,000 annually.

Additional State budget changes are being evaluated by the County, including how the County's existing paid family and medical leave program will interact with a new State-run program supported by a 0.7% payroll tax that begins in January 2026.

The County expects to receive significant revenues in 2023 and future years related to multiple recently finalized national opioid pharmaceutical lawsuit settlements. Opioid Settlement revenues will be restricted for future eligible costs relating to the impacts of opioid addiction. The County will receive payments subject to the Minnesota State-Subdivision Memorandum of Agreement, which provides that Opioid Settlement Funds shall not be considered funds of the State or any participating local government unless and until such time as each distribution is made. The County recognizes Opioid Settlement revenues in the year this requirement is met.

Required Supplementary Information

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

<u>OPEB - Excluding the Medical Center</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 5,298,701	\$ 4,640,136	\$ 4,559,386	\$ 4,943,170	\$ 4,476,499	\$ 4,500,514
Interest	2,647,731	3,303,319	4,968,052	4,308,362	4,592,534	4,384,787
Effect of liability gains and losses	1,938,322	-	7,737,491	-	-	-
Changes in assumptions or other inputs . . .	(7,146,714)	4,143,818	(9,589,746)	(4,708,874)	2,461,877	(1,526,977)
Benefit payments	(8,576,868)	(8,236,293)	(8,472,026)	(8,005,202)	(8,484,000)	(8,841,000)
Net change in total OPEB liability	(5,838,828)	3,850,980	(796,843)	(3,462,544)	3,046,910	(1,482,676)
Total OPEB liability, beginning	123,860,226	120,009,246	120,806,089	124,268,633	121,221,723	122,704,399
Total OPEB liability, ending	<u>\$ 118,021,398</u>	<u>\$ 123,860,226</u>	<u>\$ 120,009,246</u>	<u>\$ 120,806,089</u>	<u>\$ 124,268,633</u>	<u>\$ 121,221,723</u>
Covered-employee payroll	\$ 662,898,997	\$ 650,305,219	\$ 640,258,904	\$ 627,819,446	\$ 597,177,479	\$ 547,497,898
Total OPEB liability as a percentage of covered-employee payroll	17.80%	19.05%	18.74%	19.24%	20.81%	22.14%
<u>OPEB - Medical Center</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 2,021,775	\$ 1,756,507	\$ 1,691,909	\$ 1,775,119	\$ 1,601,420	\$ 1,613,801
Interest	584,618	719,615	1,187,494	1,041,775	1,117,968	1,064,259
Effect of liability gains and losses	4,078,393	-	(2,324,832)	-	-	-
Changes in assumptions or other inputs . . .	(7,866,559)	1,241,433	(589,612)	(1,233,262)	603,506	(348,870)
Benefit payments	(2,711,000)	(2,625,196)	(2,823,146)	(2,824,000)	(2,751,000)	(2,358,000)
Net change in total OPEB liability	(3,892,773)	1,092,359	(2,858,187)	(1,240,368)	571,894	(28,810)
Total OPEB liability, beginning	26,902,917	25,810,558	28,668,745	29,909,113	29,337,219	29,366,029
Total OPEB liability, ending	<u>\$ 23,010,144</u>	<u>\$ 26,902,917</u>	<u>\$ 25,810,558</u>	<u>\$ 28,668,745</u>	<u>\$ 29,909,113</u>	<u>\$ 29,337,219</u>
Covered-employee payroll	\$ 399,841,002	\$ 368,856,177	\$ 368,922,416	\$ 358,103,573	\$ 349,253,599	\$ 348,227,603
Total OPEB liability as a percentage of covered-employee payroll	5.75%	7.29%	7.00%	8.01%	8.56%	8.42%

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

See notes to required supplementary information.

Hennepin County, Minnesota

Schedule of Defined Benefit Pension Plan Contributions
Last Eight Calendar Years

Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
General Employees Fund:					
12/31/2015	\$ 59,766,423	\$ 59,766,423	\$ -	\$ 796,885,637	7.50%
12/31/2016	61,729,416	61,729,416	-	823,058,880	7.50%
12/31/2017	65,213,219	65,213,219	-	869,509,587	7.50%
12/31/2018	67,962,777	67,962,777	-	906,170,360	7.50%
12/31/2019	69,641,908	69,641,908	-	928,558,773	7.50%
12/31/2020	70,155,574	70,155,574	-	935,407,563	7.50%
12/31/2021	73,192,473	73,192,473	-	975,899,638	7.50%
12/31/2022	77,400,913	77,400,913	-	1,032,012,168	7.50%
Police and Fire Fund:					
12/31/2015	\$ 6,263,212	\$ 6,263,212	\$ -	\$ 38,661,801	16.20%
12/31/2016	6,394,335	6,394,335	-	39,471,204	16.20%
12/31/2017	6,917,586	6,917,586	-	42,701,148	16.20%
12/31/2018	7,087,821	7,087,821	-	43,751,982	16.20%
12/31/2019	7,365,803	7,365,803	-	43,456,065	16.95%
12/31/2020	8,036,421	8,036,421	-	45,403,508	17.70%
12/31/2021	8,829,581	8,829,581	-	49,884,641	17.70%
12/31/2022	8,971,352	8,971,352	-	50,685,607	17.70%
Correctional Fund:					
12/31/2015	\$ 2,752,592	\$ 2,752,592	\$ -	\$ 31,458,191	8.75%
12/31/2016	2,904,599	2,904,599	-	33,195,417	8.75%
12/31/2017	2,994,280	2,994,280	-	34,220,343	8.75%
12/31/2018	3,150,059	3,150,059	-	36,000,678	8.75%
12/31/2019	3,252,067	3,252,067	-	37,166,482	8.75%
12/31/2020	3,355,646	3,355,646	-	38,350,234	8.75%
12/31/2021	3,233,626	3,233,626	-	36,955,721	8.75%
12/31/2022	3,187,852	3,187,852	-	36,432,591	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.

Schedule of County Proportionate Share of Defined Benefit Pension Plans

Last Eight Measurement Dates

Fiscal Year Ended	The County's Proportion of the Net Pension Liability	The County's Proportionate Share of the Net Pension Liability (Asset) (a)	The State's Proportionate Share of the Net Pension Liability Associated with the County (b)	Combined Proportionate Share of the Net Pension Liability (Asset) Associated With the County (a+b)	The County's Covered Payroll (c)	The County's Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll ((a+b)/c)	The Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability
General Employees Fund:							
6/30/2015	12.7199%	\$ 659,211,482	\$ -	\$ 659,211,482	\$ 748,386,350	88.1%	78.2%
6/30/2016	12.9213%	1,049,141,410	13,702,696	1,062,844,106	802,521,842	132.4%	68.9%
6/30/2017	13.6448%	871,075,027	10,951,853	882,026,880	880,985,965	100.1%	75.9%
6/30/2018	13.2375%	734,362,227	24,088,367	758,450,594	891,568,889	85.1%	79.5%
6/30/2019	12.9958%	718,508,673	22,332,030	740,840,703	921,354,489	80.4%	80.2%
6/30/2020	13.0160%	780,368,683	24,063,673	804,432,356	928,253,320	86.7%	79.6%
6/30/2021	13.2950%	567,756,062	17,338,093	585,094,155	971,916,665	60.2%	87.0%
6/30/2022	13.2885%	1,052,453,588	30,854,610	1,083,308,198	1,012,285,987	107.0%	76.7%
Police and Fire Fund:							
6/30/2015	4.1430%	\$ 47,074,163	\$ -	\$ 47,074,163	\$ 38,106,826	123.5%	86.6%
6/30/2016	4.0100%	160,928,278	-	160,928,278	38,679,130	416.1%	63.9%
6/30/2017	4.1170%	55,584,399	-	55,584,399	42,503,612	130.8%	85.4%
6/30/2018	4.0950%	43,648,482	-	43,648,482	43,274,743	100.9%	88.8%
6/30/2019	4.0958%	43,603,928	-	43,603,928	43,195,250	100.9%	89.3%
6/30/2020	4.1104%	54,179,470	1,276,392	55,455,862	46,039,657	120.5%	87.2%
6/30/2021	3.8828%	29,971,101	1,347,396	31,318,497	46,963,386	66.7%	93.7%
6/30/2022	4.0743%	177,297,443	7,745,357	185,042,800	50,775,921	364.4%	70.5%
Correctional Fund:							
6/30/2015	17.0900%	\$ 2,642,146	\$ -	\$ 2,642,146	\$ 30,694,935	8.6%	97.0%
6/30/2016	17.2300%	62,943,603	-	62,943,603	42,770,433	147.2%	58.2%
6/30/2017	17.3400%	49,419,174	-	49,419,174	34,650,138	142.6%	67.9%
6/30/2018	17.2486%	2,836,910	-	2,836,910	35,245,309	8.0%	97.6%
6/30/2019	17.1100%	2,368,714	-	2,368,714	36,509,152	6.5%	98.2%
6/30/2020	17.3952%	4,720,013	-	4,720,013	37,851,303	12.5%	96.7%
6/30/2021	17.2917%	(2,840,581)	-	(2,840,581)	38,275,286	-7.4%	101.6%
6/30/2022	15.8432%	52,662,797	-	52,662,797	34,803,817	151.3%	74.6%

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

See notes to required supplementary information.

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2022
 With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2021 Actual (Restated)
REVENUES					
Property taxes	\$ 521,971,018	\$ 521,971,018	\$ 533,690,876	\$ 11,719,858	\$ 493,105,430
Wheelage tax	20,800,000	20,800,000	19,719,096	(1,080,904)	20,294,603
Other taxes	3,224,100	3,224,100	3,707,844	483,744	4,668,797
Intergovernmental	110,043,077	201,094,930	211,525,648	10,430,718	168,189,307
Investment earnings (losses)	5,215,000	5,215,000	(61,553,543)	(66,768,543)	(6,128,863)
Charges for services	94,304,588	94,304,588	83,723,967	(10,580,621)	88,214,798
Fines and forfeits	192,700	192,700	343,762	151,062	319,584
Licenses and permits	6,495,544	6,495,544	5,558,957	(936,587)	5,764,062
Other	20,575,777	21,025,777	18,781,526	(2,244,251)	18,519,157
Total Revenues	782,821,804	874,323,657	815,498,133	(58,825,524)	792,946,875
EXPENDITURES - CURRENT					
Operations					
County Board:					
Personal services	2,769,072	2,846,576	2,769,062	77,514	2,750,347
Commodities	66,850	66,850	36,164	30,686	4,924
Contractual services	185,350	185,350	107,127	78,223	212,837
Other charges	220,601	275,754	34,759	240,995	23,097
	<u>3,241,873</u>	<u>3,374,530</u>	<u>2,947,112</u>	<u>427,418</u>	<u>2,991,205</u>
County Administration:					
Personal services	2,900,686	2,990,471	3,329,103	(338,632)	4,052,316
Commodities	11,880	11,880	3,101	8,779	502,511
Contractual services	847,664	1,241,435	722,733	518,702	1,456,384
Other charges	44,804	52,513	217,400	(164,887)	205,611
	<u>3,805,034</u>	<u>4,296,299</u>	<u>4,272,337</u>	<u>23,962</u>	<u>6,216,822</u>
Libraries:					
Personal services	47,332,483	49,122,406	45,926,000	3,196,406	43,473,422
Commodities	1,196,810	633,162	1,123,885	(490,723)	1,080,118
Contractual services	14,099,784	13,917,951	13,749,682	168,269	17,658,027
Capital outlay	5,098,050	4,945,684	5,586,042	(640,358)	5,182,856
Other charges	994,225	1,002,122	720,627	281,495	559,415
	<u>68,721,352</u>	<u>69,621,325</u>	<u>67,106,236</u>	<u>2,515,089</u>	<u>67,953,838</u>
Budget & Finance:					
Personal services	12,401,343	12,713,451	11,421,695	1,291,756	11,327,315
Commodities	28,600	28,600	5,683	22,917	36,847
Contractual services	3,718,628	3,556,649	3,191,701	364,948	4,038,775
Other charges	266,105	437,291	149,957	287,334	128,143
	<u>16,414,676</u>	<u>16,735,991</u>	<u>14,769,036</u>	<u>1,966,955</u>	<u>15,531,080</u>
Housing & Economic Development:					
Personal services	4,984,258	5,102,463	4,456,852	645,611	4,162,317
Commodities	23,140	23,140	9,507	13,633	8,642
Contractual services	8,949,920	16,289,646	16,268,628	21,018	57,501,397
Capital outlay	-	720	-	720	-
Other charges	80,675	1,647,407	96,910	1,550,497	36,874
	<u>14,037,993</u>	<u>23,063,376</u>	<u>20,831,897</u>	<u>2,231,479</u>	<u>61,709,230</u>
Facility Services:					
Personal services	29,090,756	29,817,378	24,897,254	4,920,124	24,189,823
Commodities	1,872,310	1,849,505	1,089,443	760,062	1,501,021
Contractual services	36,133,258	36,085,790	35,317,443	768,347	34,355,809
Capital outlay	109,240	65,179	946,130	(880,951)	448,081
Other charges	1,153,550	1,266,374	1,502,489	(236,115)	958,652
	<u>68,359,114</u>	<u>69,084,226</u>	<u>63,752,759</u>	<u>5,331,467</u>	<u>61,453,386</u>
Central Information Technology:					
Personal services	3,317,086	3,396,663	3,540,585	(143,922)	3,386,130
Commodities	84,934	142,380	342,421	(200,041)	12,053
Contractual services	3,096,211	1,686,941	2,319,695	(632,754)	1,200,913
Capital outlay	-	(64,073)	410,725	(474,798)	250,000
Other charges	(1,422,398)	2,020,465	69,697	1,950,768	10,093
	<u>5,075,833</u>	<u>7,182,376</u>	<u>6,683,123</u>	<u>499,253</u>	<u>4,859,189</u>
Real Property Group:					
Personal services	43,821,783	44,858,517	37,814,461	7,044,056	35,024,151
Commodities	1,007,160	877,676	990,377	(112,701)	855,420
Contractual services	15,245,556	15,066,020	9,833,568	5,232,452	9,203,589
Capital outlay	243,000	243,000	1,032,456	(789,456)	-
Other charges	1,729,364	4,518,658	1,826,301	2,692,357	1,939,808
	<u>62,046,863</u>	<u>65,563,871</u>	<u>51,497,163</u>	<u>14,066,708</u>	<u>47,022,968</u>
Human Resources:					
Personal services	13,737,002	14,187,875	13,997,047	190,828	12,239,830
Commodities	41,600	43,224	34,948	8,276	19,400
Contractual services	7,205,809	7,206,234	6,049,986	1,156,248	7,255,347
Other charges	475,809	694,699	414,265	280,434	173,216
	<u>21,460,220</u>	<u>22,132,032</u>	<u>20,496,246</u>	<u>1,635,786</u>	<u>19,687,793</u>

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2021 Actual (Restated)
EXPENDITURES - CURRENT, continued					
Operations, continued					
Audit, Compliance and Investigation Services:					
Personal services	3,381,747	3,468,002	3,409,418	58,584	3,050,493
Commodities	15,350	18,915	7,282	11,633	2,360
Contractual services	804,559	826,559	826,995	(436)	674,802
Other charges	74,174	346,840	46,725	300,115	31,865
	<u>4,275,830</u>	<u>4,660,316</u>	<u>4,290,420</u>	<u>369,896</u>	<u>3,759,520</u>
Operations Administration:					
Personal services	12,308,041	12,637,120	12,431,702	205,418	11,857,761
Commodities	305,175	400,014	305,537	94,477	314,703
Contractual services	2,547,529	2,586,853	2,837,435	(250,582)	3,988,667
Capital outlay	-	-	105,030	(105,030)	28,096
Other charges	173,630	1,947,770	172,461	1,775,309	73,375
	<u>15,334,375</u>	<u>17,571,757</u>	<u>15,852,165</u>	<u>1,719,592</u>	<u>16,262,602</u>
General County Purposes ¹ :					
Personal services	1,176,521	1,176,521	(1,469,731)	2,646,252	412,416
Commodities	17,600	(282,400)	56,695	(339,095)	36,183
Contractual services	6,759,658	6,817,408	6,119,112	698,296	5,448,958
Capital outlay	-	-	-	-	(1)
Other charges	23,771,854	48,223,186	2,392,027	45,831,159	2,810,892
	<u>31,725,633</u>	<u>55,934,715</u>	<u>7,098,103</u>	<u>48,836,612</u>	<u>8,708,448</u>
Total Operations:					
Personal services	177,220,778	182,317,443	162,523,448	19,793,995	155,926,321
Commodities	4,671,409	3,812,946	4,005,043	(192,097)	4,374,182
Contractual services	99,593,926	105,466,836	97,344,105	8,122,731	142,995,505
Capital outlay	5,450,290	5,190,510	8,080,383	(2,889,873)	5,909,032
Other charges	27,562,393	62,433,079	7,643,618	54,789,461	6,951,041
	<u>314,498,796</u>	<u>359,220,814</u>	<u>279,596,597</u>	<u>79,624,217</u>	<u>316,156,081</u>
Disparity Reduction					
Purchasing and Contract Services:					
Personal services	4,067,245	4,152,173	3,755,675	396,498	3,006,672
Commodities	71,475	72,215	591,822	(519,607)	1,271,920
Contractual services	220,064	220,064	299,959	(79,895)	328,140
Capital outlay	-	-	-	-	445,950
Other charges	22,130	321,719	16,536	305,183	32,530
	<u>4,380,914</u>	<u>4,766,171</u>	<u>4,663,992</u>	<u>102,179</u>	<u>5,085,212</u>
Center of Innovation and Excellence (CIE):					
Personal services	2,086,048	2,133,300	2,555,021	(421,721)	1,983,090
Commodities	11,900	11,900	213,458	(201,558)	59,051
Contractual services	154,679	154,679	299,531	(144,852)	188,103
Other charges	37,646	873,119	28,676	844,443	11,711
	<u>2,290,273</u>	<u>3,172,998</u>	<u>3,096,686</u>	<u>76,312</u>	<u>2,241,955</u>
Disparity Reduction Administration:					
Personal services	1,193,010	1,199,456	1,139,721	59,735	385,460
Commodities	200	46,749	315,836	(269,087)	66,741
Contractual services	361,248	312,046	670,246	(358,200)	37,717
Other charges	16,000	1,220,680	4,412	1,216,268	2,130
	<u>1,570,458</u>	<u>2,778,931</u>	<u>2,130,215</u>	<u>648,716</u>	<u>492,048</u>
Diversity, Equity and Inclusion:					
Personal services	917,800	947,986	946,464	1,522	791,348
Commodities	15,750	15,750	10,333	5,417	12,770
Contractual services	136,101	138,401	98,783	39,618	88,866
Other charges	72,762	72,762	17,457	55,305	17,714
	<u>1,142,413</u>	<u>1,174,899</u>	<u>1,073,037</u>	<u>101,862</u>	<u>910,698</u>
Education Support Service:					
Personal services	1,255,015	1,286,200	1,163,732	122,468	648,420
Commodities	15,000	15,000	3,994	11,006	6,688
Contractual services	491,706	652,227	533,805	118,422	436,683
Other charges	9,200	516,315	46	516,269	200
	<u>1,770,921</u>	<u>2,469,742</u>	<u>1,701,577</u>	<u>768,165</u>	<u>1,091,991</u>
Total Disparity Reduction:					
Personal services	9,519,118	9,719,115	9,560,613	158,502	6,814,990
Commodities	114,325	161,614	1,135,443	(973,829)	1,417,170
Contractual services	1,363,798	1,477,417	1,902,324	(424,907)	1,079,509
Capital outlay	-	-	-	-	445,950
Other charges	157,738	3,004,595	67,127	2,937,468	64,285
	<u>11,154,979</u>	<u>14,362,741</u>	<u>12,665,507</u>	<u>1,697,234</u>	<u>9,821,904</u>

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2021 Actual (Restated)
EXPENDITURES - CURRENT, continued					
Health					
NorthPoint Health & Wellness Center:					
Personal services	34,951,544	35,723,233	33,624,827	2,098,406	30,042,088
Commodities	2,661,531	2,624,166	2,354,072	270,094	2,029,841
Contractual services	8,024,062	7,809,557	7,497,942	311,615	6,681,887
Capital outlay	67,000	(532,000)	42,807	(574,807)	29,411
Other charges	769,431	807,551	982,744	(175,193)	484,903
	<u>46,473,568</u>	<u>46,432,507</u>	<u>44,502,392</u>	<u>1,930,115</u>	<u>39,268,130</u>
Medical Examiner:					
Personal services	7,369,609	7,547,286	7,136,316	410,970	6,282,954
Commodities	89,800	90,439	120,918	(30,479)	100,341
Contractual services	1,599,229	1,599,277	2,048,271	(448,994)	2,096,131
Capital outlay	-	-	(1,479)	1,479	(11,642)
Other charges	55,100	394,392	23,819	370,573	24,222
	<u>9,113,738</u>	<u>9,631,394</u>	<u>9,327,845</u>	<u>303,549</u>	<u>8,492,006</u>
Uncompensated Care:					
Contractual services	26,000,000	26,000,000	26,000,000	-	26,000,000
	<u>26,000,000</u>	<u>26,000,000</u>	<u>26,000,000</u>	<u>-</u>	<u>26,000,000</u>
Health Administration and Support:					
Personal services	445,758	452,872	441,012	11,860	343,523
Commodities	500	500	375	125	-
Contractual services	180,200	180,200	93,736	86,464	77,418
	<u>626,458</u>	<u>633,572</u>	<u>535,123</u>	<u>98,449</u>	<u>420,941</u>
Sexual Assault Resources Service (SARS):					
Contractual services	1,200,000	1,200,000	743,945	456,055	911,095
	<u>1,200,000</u>	<u>1,200,000</u>	<u>743,945</u>	<u>456,055</u>	<u>911,095</u>
Total Health:					
Personal services	42,766,911	43,723,391	41,202,155	2,521,236	36,668,565
Commodities	2,751,831	2,715,105	2,475,365	239,740	2,130,182
Contractual services	37,003,491	36,789,034	36,383,894	405,140	35,766,531
Capital outlay	67,000	(532,000)	41,328	(573,328)	17,769
Other charges	824,531	1,201,943	1,006,563	195,380	509,125
	<u>83,413,764</u>	<u>83,897,473</u>	<u>81,109,305</u>	<u>2,788,168</u>	<u>75,092,172</u>
Law, Safety and Justice					
Public Safety and Justice:					
Personal services	9,411,226	9,614,078	9,371,298	242,780	10,223,988
Commodities	50,427	50,446	12,641	37,805	22,818
Contractual services	4,746,381	4,679,982	7,358,093	(2,678,111)	5,526,443
Capital outlay	-	-	-	-	209,290
Other charges	79,335	3,785,352	62,025	3,723,327	85,800
	<u>14,287,369</u>	<u>18,129,858</u>	<u>16,804,057</u>	<u>1,325,801</u>	<u>16,068,339</u>
County Attorney:					
Personal services	57,375,594	58,973,770	59,801,054	(827,284)	51,457,140
Commodities	155,500	160,929	280,784	(119,855)	74,239
Contractual services	8,033,958	8,010,323	7,160,638	849,685	7,337,506
Other charges	123,760	699,456	487,417	212,039	160,927
	<u>65,688,812</u>	<u>67,844,478</u>	<u>67,729,893</u>	<u>114,585</u>	<u>59,029,812</u>
Adult Representation Services:					
Personal services	6,167,296	6,395,683	6,176,362	219,321	3,853,341
Commodities	16,850	16,850	18,536	(1,686)	19,232
Contractual services	1,497,369	1,254,068	945,302	308,766	739,040
Other charges	61,923	1,376,975	70,402	1,306,573	47,845
	<u>7,743,438</u>	<u>9,043,576</u>	<u>7,210,602</u>	<u>1,832,974</u>	<u>4,659,458</u>
Court Functions:					
Contractual services	1,526,600	1,705,078	1,667,355	37,723	1,946,416
	<u>1,526,600</u>	<u>1,705,078</u>	<u>1,667,355</u>	<u>37,723</u>	<u>1,946,416</u>
Public Defender:					
Personal services	5,089,718	5,220,038	4,726,620	493,418	5,354,026
Commodities	46,000	46,000	80,932	(34,932)	111,856
Contractual services	4,389,525	4,393,510	4,600,185	(206,675)	4,091,492
Capital outlay	-	-	5,417	(5,417)	-
Other charges	29,700	705,556	23,519	682,037	20,161
	<u>9,554,943</u>	<u>10,365,104</u>	<u>9,436,673</u>	<u>928,431</u>	<u>9,577,535</u>
Sheriff's Office:					
Personal services	104,015,147	109,434,839	108,383,525	1,051,314	104,596,572
Commodities	5,249,098	5,539,243	6,438,282	(899,039)	4,993,060
Contractual services	16,772,566	16,451,424	17,233,515	(782,091)	15,218,665
Capital outlay	562,835	994,150	959,252	34,898	468,671
Other charges	1,549,527	3,606,070	2,827,442	778,628	1,439,399
	<u>128,149,173</u>	<u>136,025,726</u>	<u>135,842,016</u>	<u>183,710</u>	<u>126,716,367</u>

Schedules of Revenues, Expenditures, and Changes in Fund Balance - General Fund
Budgetary Comparisons by Department
 For the Year Ended December 31, 2022
 With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022				
	Original Budget	Final Amended Budget	Actual	Variance with Final Budget	2021 Actual (Restated)
EXPENDITURES - CURRENT, continued					
Law, Safety and Justice, continued					
Community Corrections and Rehabilitation:					
Personal services	93,589,953	97,552,845	91,728,324	5,824,521	95,528,218
Commodities	2,091,665	1,922,636	2,027,184	(104,548)	1,586,361
Contractual services	20,796,993	20,795,436	18,061,492	2,733,944	19,876,751
Capital outlay	75,000	45,046	231,500	(186,454)	100,034
Other charges	380,897	790,043	749,115	40,928	386,745
	<u>116,934,508</u>	<u>121,106,006</u>	<u>112,797,615</u>	<u>8,308,391</u>	<u>117,478,109</u>
Total Law, Safety and Justice					
Personal services	275,648,934	287,191,253	280,187,183	7,004,070	271,013,285
Commodities	7,609,540	7,736,104	8,858,359	(1,122,255)	6,807,566
Contractual services	57,763,392	57,289,821	57,026,580	263,241	54,736,313
Capital outlay	637,835	1,039,196	1,196,169	(156,973)	777,995
Other charges	2,225,142	10,963,452	4,219,920	6,743,532	2,140,877
	<u>343,884,843</u>	<u>364,219,826</u>	<u>351,488,211</u>	<u>12,731,615</u>	<u>335,476,036</u>
Total Public Works:					
Personal services	36,828,971	37,787,578	35,188,582	2,598,996	33,056,202
Commodities	4,785,227	3,901,925	3,636,136	265,789	4,441,186
Contractual services	25,921,824	28,831,817	28,290,254	541,563	22,260,617
Capital outlay	17,000	17,000	237,017	(220,017)	470,849
Other charges	544,899	544,899	296,041	248,858	226,807
	<u>68,097,921</u>	<u>71,083,219</u>	<u>67,648,030</u>	<u>3,435,189</u>	<u>60,455,661</u>
TOTAL EXPENDITURES - CURRENT:					
Personal services	541,984,712	560,738,780	528,661,981	32,076,799	503,479,363
Commodities	19,932,332	18,327,694	20,110,346	(1,782,652)	19,170,286
Contractual services	221,646,431	229,854,925	220,947,157	8,907,768	256,838,475
Capital outlay	6,172,125	5,714,706	9,554,897	(3,840,191)	7,621,595
Other charges	31,314,703	78,147,968	13,233,269	64,914,699	9,892,135
	<u>821,050,303</u>	<u>892,784,073</u>	<u>792,507,650</u>	<u>100,276,423</u>	<u>797,001,854</u>
EXPENDITURES - DEBT SERVICE					
Principal retirement	-	-	1,086,030	(1,086,030)	937,646
Interest and fiscal charges	-	-	223,919	(223,919)	198,518
	<u>-</u>	<u>-</u>	<u>1,309,949</u>	<u>(1,309,949)</u>	<u>1,136,164</u>
Total Expenditures	<u>821,050,303</u>	<u>892,784,073</u>	<u>793,817,599</u>	<u>98,966,474</u>	<u>798,138,018</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(38,228,499)</u>	<u>(18,460,416)</u>	<u>21,680,534</u>	<u>40,140,950</u>	<u>(5,191,143)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	4,549,000	4,549,000	5,000,000	451,000	5,061,425
Transfers out	-	(23,256,759)	(34,035,066)	(10,778,307)	(3,700,000)
Leases (as lessee)	-	-	567,716	567,716	189,280
Sale of capital assets	-	-	-	-	-
Insurance recoveries	-	-	-	-	768,750
Total Other Financing Sources (Uses)	<u>4,549,000</u>	<u>(18,707,759)</u>	<u>(28,467,350)</u>	<u>(9,759,591)</u>	<u>2,319,455</u>
Net Change in Fund Balance	<u>(33,679,499)</u>	<u>(37,168,175)</u>	<u>(6,786,816)</u>	<u>\$ 30,381,359</u>	<u>(2,871,688)</u>
Fund Balance - Beginning	<u>242,308,699</u>	<u>242,308,699</u>	<u>242,308,699</u>		<u>245,180,387</u>
Fund Balance - Ending	<u>\$ 208,629,200</u>	<u>\$ 205,140,524</u>	<u>\$ 235,521,883</u>		<u>\$ 242,308,699</u>

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

See notes to required supplementary information.

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022					2021 Actual (Restated)
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 274,135,085	\$ 274,135,085	\$ 277,358,008	\$ 3,222,923	\$	279,068,437
Other taxes	-	-	148,944	148,944		177,689
Intergovernmental	311,585,133	341,499,311	323,606,029	(17,893,282)		344,865,350
Investment earnings	-	-	22,290	22,290		-
Charges for services	53,885,532	53,885,532	44,226,479	(9,659,053)		44,320,143
Opioid settlements	-	450,000	8,277,173	7,827,173		-
Licenses and permits	2,209,320	2,209,320	2,063,717	(145,603)		1,934,128
Other	2,354,000	2,354,000	2,297,598	(56,402)		1,785,473
Total Revenues	644,169,070	674,533,248	658,000,238	(16,533,010)		672,151,220
EXPENDITURES						
Human Services:						
Personal services	360,728,464	376,061,545	351,493,943	24,567,602		330,154,742
Commodities	2,051,684	2,051,684	3,510,537	(1,458,853)		3,240,238
Contractual services	55,896,004	59,271,424	47,623,272	11,648,152		48,620,850
Public aid assistance	223,968,302	244,930,654	222,695,812	22,234,842		212,674,213
Capital outlay	145,000	145,000	2,810,483	(2,665,483)		-
Other	20,562,109	43,818,869	22,458,593	21,360,276		24,000,925
Debt Service:						
Principal retirement	-	-	988,008	(988,008)		877,189
Interest and fiscal charges	-	-	317,341	(317,341)		277,915
Total Expenditures	663,351,563	726,279,176	651,897,989	74,381,187		619,846,072
Excess (Deficiency) of Revenues Over Expenditures	(19,182,493)	(51,745,928)	6,102,249	57,848,177		52,305,148
OTHER FINANCING SOURCES						
Transfers in	-	23,256,760	23,256,760	-		-
Transfers out	-	-	-	-		-
Leases (as lessee)	-	-	2,683,917	2,683,917		-
Total Other Financing Sources (Uses)	-	23,256,760	25,940,677	2,683,917		-
Net Change in Fund Balance	(19,182,493)	(28,489,168)	32,042,926	\$ 60,532,094		52,305,148
Fund Balance - Beginning	200,906,815	200,906,815	200,906,815			148,601,667
Fund Balance - Ending	\$ 181,724,322	\$ 172,417,647	\$ 232,949,741			\$ 200,906,815

See notes to required supplementary information.

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Sales tax	\$ 39,995,180	\$ 39,995,180	\$ 47,884,127	\$ 7,888,947	\$ 41,531,281	
Investment earnings (losses)	-	-	392,593	392,593	3,083	
Total Revenues	39,995,180	39,995,180	48,276,720	8,281,540	41,534,364	
EXPENDITURES						
Operations						
Contractual services	500,000	500,000	342,597	157,403	391,926	
Grants	2,038,000	2,038,000	1,989,250	48,750	1,928,693	
Total Expenditures	2,538,000	2,538,000	2,331,847	206,153	2,320,619	
Excess of Revenues Over Expenditures	37,457,180	37,457,180	45,944,873	8,487,693	39,213,745	
OTHER FINANCING SOURCES (USES)						
Transfers out	(25,212,950)	(25,212,950)	(15,149,321)	10,063,629	(33,752,865)	
Net Change in Fund Balance	12,244,230	12,244,230	30,795,552	\$ 18,551,322	5,460,880	
Fund Balance - Beginning	25,832,733	25,832,733	25,832,733		20,371,853	
Fund Balance - Ending	\$ 38,076,963	\$ 38,076,963	\$ 56,628,285		\$ 25,832,733	

See notes to required supplementary information.

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Sales tax	\$ 125,800,000	\$ 125,800,000	\$ 161,287,432	\$ 35,487,432	\$ 139,232,767	
Intergovernmental	-	-	57,082	57,082	-	
Total Revenues	125,800,000	125,800,000	161,344,514	35,544,514	139,232,767	
EXPENDITURES						
Public Works						
Contractual services	800,000	800,000	946,188	(146,188)	665,104	
Intergovernmental	27,400,000	27,400,000	22,431,184	4,968,816	23,356,858	
Total Expenditures	28,200,000	28,200,000	23,377,372	4,822,628	24,021,962	
Excess of Revenues Over Expenditures	97,600,000	97,600,000	137,967,142	40,367,142	115,210,805	
OTHER FINANCING SOURCES (USES)						
Transfers out	(38,088,250)	(38,088,250)	(123,760,649)	(85,672,399)	(33,791,058)	
Net Change in Fund Balance	59,511,750	59,511,750	14,206,493	\$ (45,305,257)	81,419,747	
Fund Balance - Beginning	256,847,798	256,847,798	256,847,798		175,428,051	
Fund Balance - Ending	\$ 316,359,548	\$ 316,359,548	\$ 271,054,291		\$ 256,847,798	

See notes to required supplementary information.

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 17,640,360	\$ 17,640,360	\$ 17,805,955	\$ 165,595	\$ 16,281,982	
Intergovernmental	320,000	320,000	105,402	(214,598)	986,637	
Investment earnings (losses)	70,000	70,000	(1,515,160)	(1,585,160)	(160,536)	
Charges for services	2,605,000	2,605,000	997,278	(1,607,722)	859,366	
Other	162,087	335,726	2,602,961	2,267,235	4,012,506	
Total Revenues	20,797,447	20,971,086	19,996,436	(974,650)	21,979,955	
EXPENDITURES						
Housing and Redevelopment Authority:						
Commodities	1,250	1,250	-	1,250	-	
Contractual services	6,252,412	6,465,412	7,221,062	(755,650)	5,966,548	
Capital outlay	5,000,000	5,000,000	1,854,923	3,145,077	-	
Other	32,580	44,332,580	1,468,379	42,864,201	21,023	
Grants and contributions	9,511,205	9,684,844	9,266,875	417,969	7,759,016	
Total Expenditures	20,797,447	65,484,086	19,811,239	45,672,847	13,746,587	
Excess (Deficiency) of Revenues Over Expenditures	-	(44,513,000)	185,197	44,698,197	8,233,368	
OTHER FINANCING SOURCES (USES)						
Transfers in	-	44,300,000	7,302,246	(36,997,754)	-	
Net Change in Fund Balance	-	(213,000)	7,487,443	\$ 7,700,443	8,233,368	
Fund Balance - Beginning	40,070,133	40,070,133	40,070,133		31,836,765	
Fund Balance - Ending	\$ 40,070,133	\$ 39,857,133	\$ 47,557,576		\$ 40,070,133	

See notes to required supplementary information.

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

For the Year Ended December 31, 2022

With Summarized Comparative Actual Amounts for Year Ended December 31, 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 21,215,937	\$ 21,215,937	\$ 22,553,983	\$ 1,338,046	\$	20,526,403
Intergovernmental	-	-	49,550	49,550		87,414
Investment earnings (losses)	100,000	100,000	(2,786,669)	(2,886,669)		(288,597)
Charges for services	310,000	310,000	794,538	484,538		563,636
Other	-	-	468,045	468,045		14,091
Total Revenues	21,625,937	21,625,937	21,079,447	(546,490)		20,902,947
EXPENDITURES						
Regional Railroad Authority:						
Commodities	19,700	19,700	2,715	16,985		15,478
Contractual services	6,570,632	5,244,961	4,645,235	599,726		11,067,378
Capital outlay	15,078,305	14,949,877	15,000	14,934,877		-
Other	257,300	255,550	28,684	226,866		46,617
Total Expenditures	21,925,937	20,470,088	4,691,634	15,778,454		11,129,473
Excess (Deficiency) of Revenues Over Expenditures	(300,000)	1,155,849	16,387,813	15,231,964		9,773,474
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	2,999,965	2,999,965		-
Transfers out	-	-	-	-		(141,425)
Sale of capital assets	300,000	300,000	13,374	(286,626)		3,448,774
Total Other Financing Sources	300,000	300,000	3,013,339	2,713,339		3,307,349
Net Change in Fund Balance	-	1,455,849	19,401,152	\$ 17,945,303		13,080,823
Fund Balance - Beginning	53,144,129	53,144,129	53,144,129			40,063,306
Fund Balance - Ending	\$ 53,144,129	\$ 54,599,978	\$ 72,545,281		\$	53,144,129

See notes to required supplementary information.

Notes to Required Supplementary Information

December 31, 2022

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 Human Services, HRA, and RRA non-lapsing project budgets, total actual project expenditures may not exceed total appropriated budgets:

<u>Year</u>	<u>Appropriated Budget</u>	<u>Actual Expenditures</u>	<u>Remaining Budget</u>
<u>Human Services:</u>			
2022	\$ 450,000	\$ 403,014	\$ 46,986
<u>HRA:</u>			
2019 and prior	\$131,648,018	\$ 99,340,928	\$ 32,307,090
2020	48,173,213	37,835,739	10,337,474
2021	18,571,294	8,457,714	10,113,580
2022	58,994,844	14,740,420	44,254,424
Projects closed	<u>(63,018,000)</u>	<u>(63,018,000)</u>	<u>-</u>
	<u>\$194,369,369</u>	<u>\$ 97,356,801</u>	<u>\$ 97,012,568</u>
<u>RRA:</u>			
2019 and prior	\$291,414,453	\$156,367,158	\$135,047,295
2020	20,366,683	72,104,421	(51,737,738)
2021	12,992,000	6,669,699	6,322,301
2022	13,088,305	(32,021)	13,120,326
Projects closed	<u>(182,956,582)</u>	<u>(182,956,582)</u>	<u>-</u>
	<u>\$154,904,859</u>	<u>\$52,152,675</u>	<u>\$102,752,184</u>

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

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

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

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

Notes to Required Supplementary Information

December 31, 2022

B. Internal Service Fund Long-Term Obligations

In December 2022, \$1,990,420 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

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5% to 6.5%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2% for the period July 1, 2020 through December 31, 2023 and 0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Notes to Required Supplementary Information

December 31, 2022

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

General Employees Fund – continued

2019 Changes

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1% per year with a provision to increase to 2.5% upon attainment of 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 1.5%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

Notes to Required Supplementary Information

December 31, 2022

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

General Employees Fund – continued

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2035 and 2.5% per year thereafter to 1% per year for all years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- 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 2.5% 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 2.5% per year thereafter to 1% per year through 2035 and 2.5% per year thereafter.

Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5% to 6.5%, for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Notes to Required Supplementary Information

December 31, 2022

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

Police and Fire Fund – continued

2021 Changes - continued

Changes in Actuarial Assumptions – continued:

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

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- Post-retirement benefit increases were changed to 1% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.8% to 11.3% of pay, effective January 1, 2019 and 11.8% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2% to 16.95% of pay, effective January 1, 2019 and 17.7% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

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

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.

Notes to Required Supplementary Information

December 31, 2022

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

Police and Fire Fund – continued

2017 Changes – continued

Changes in Actuarial Assumptions (continued)

- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The Single Discount Rate was changed from 5.6% per annum to 7.5% per annum.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2037 and 2.5% thereafter to 1% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% 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 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1% per year through 2030 and 2.5% per year thereafter to 1% per year through 2037 and 2.5% per year thereafter.

Correctional Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.42%.
- The benefit increase assumption was changed from 2% per annum to 2% per annum through December 31, 2054 and 1.5% per annum thereafter.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.5% to 6.5%, for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3%.

Notes to Required Supplementary Information

December 31, 2022

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

Correctional Fund (continued)

2021 Changes - continued

Changes in Actuarial Assumptions - continued:

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

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

2018 Changes

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4% to 3%, beginning July 1, 2018.
- Deferred augmentation was changed to 0%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Postretirement benefit increases were changed from 2.5% per year with a provision to reduce to 1% if the funding status declines to a certain level, to 100% of the Social Security Cost of Living Adjustment, not less than 1% and not more than 2.5%, beginning January 1, 2019. If the funding status declines to 85% for two consecutive years or 80% for one year, the maximum increase will be lowered to 1.5%.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

Changes in Actuarial Assumptions:

- The Single Discount Rate was changed from 5.96% per annum to 7.5% per annum.
- The mortality projection scale was changed from MP-2016 to MP-2017.
- The assumed post-retirement benefit increase was changed from 2.5% per year to 2% per year.

Notes to Required Supplementary Information

December 31, 2022

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

Correctional Fund (continued)

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 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.31%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.5% for inflation.

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

OPEB – Excluding Medical Center

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

2022 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 2.12% to 2.06%
- Pub-2010 Male Healthy Retired General Mortality Table and Female Healthy Retired General Mortality Table were adjusted for mortality improvements using projects on scale MP-2020.

2021 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 2.74% to 2.12%

2020 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 4.1% to 2.74%
- The participation rate for the county access only active participants has been increased from 20% to 25%
- Annual medical trade rate increased from 5.1% to 6%
- Demographic assumptions for the general group were updated based on the June 27, 2019 experience study completed for the PERA of Minnesota General pension plan.

Notes to Required Supplementary Information

December 31, 2022

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

OPEB – Excluding Medical Center - continued

2019 Changes

Changes in Actuarial Assumptions:

- Discount rate increased to 4.1% from 3.44%
- The participation rate for the county access only active participants has been increased from 15% to 20%
- Annual medical trade rate decreased from 5.5% to 5.1%

OPEB – Medical Center

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

2022 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 2.12% to 2.06%
- Pub-2010 Male Healthy Retired General Mortality Table and Female Healthy Retired General Mortality Table were adjusted for mortality improvements using projects on scale MP-2020.

2021 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 2.74% to 2.12%

2020 Changes

Changes in Actuarial Assumptions:

- Discount rate decreased from 4.1% to 2.74%
- The participation rate for paid coverage activate participants has been updated from 100% to 85% and the participation rate for access only active participants has been updated from 25% to 30%.
- Demographic assumptions for the general group were updated based on the June 27, 2019 experience study completed for the PERA of Minnesota General pension plan.

2019 Changes

Changes in Actuarial Assumptions:

- Discount rate increased to 4.1% from 3.44%
- Annual medical trade rate decreased from 6.1% to 5.6%



Supplementary Information Governmental Funds

Hennepin County, Minnesota

General Fund - Balance Sheets

December 31, 2022 and 2021

	2022	2021 (Restated)
ASSETS		
Cash and Investments	\$ 398,192,372	\$ 396,312,969
Delinquent taxes receivable, net	5,220,198	4,837,061
Due from other governmental agencies	9,042,562	8,194,317
Accrued investment interest	5,781,591	2,307,250
Interfund receivable	7,062,622	1,265,193
Other receivable	10,668,617	14,222,542
Prepaid items	2,315,524	2,458,989
Inventories	2,365,670	2,485,871
Lease receivables	9,152,431	8,888,251
Notes receivable	189,292	130,787
Restricted cash and investments	5,623,638	5,589,212
Total Assets	\$ 455,614,517	\$ 446,692,442
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 21,850,549	\$ 26,071,017
Accrued liabilities	24,302,682	38,599,512
Interfund payable	6,888,200	13,055,737
Unearned revenue	150,573,755	110,980,351
Total Liabilities	203,615,186	188,706,617
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	4,554,598	3,823,561
Unavailable revenue - intergovernmental	2,867,057	2,945,146
Lease related	9,055,793	8,908,419
Total Deferred Inflows of Resources	16,477,448	15,677,126
Fund Balances:		
Nonspendable	6,732,134	6,998,271
Restricted	22,478,070	22,658,602
Assigned	49,452,252	50,561,810
Unassigned	156,859,427	162,090,016
Total Fund Balances	235,521,883	242,308,699
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 455,614,517	\$ 446,692,442

Special Revenue Funds - Balance Sheets

December 31, 2022 and 2021

	Human Services		Ballpark Sales Tax	
	2022	2021	2022	2021
ASSETS				
Cash and investments	\$ 205,128,033	\$ 182,737,421	\$ -	\$ -
Delinquent taxes receivable, net	1,783,164	1,850,132	-	-
Due from other governmental agencies	68,168,538	58,840,385	9,001,909	7,462,395
Interfund receivable	5,308,850	1,792,488	-	-
Other receivables	559,860	294,854	-	-
Prepaid items	178,677	153,841	-	-
Land held for resale	-	-	-	-
Notes receivable	-	-	-	-
Restricted cash and investments	-	-	47,683,425	18,428,615
Total Assets	\$ 281,127,122	\$ 245,669,121	\$ 56,685,334	\$ 25,891,010
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and contracts payable	\$ 30,259,355	\$ 27,380,620	\$ 57,049	\$ 58,277
Accrued liabilities	11,407,432	10,984,477	-	-
Interfund payable	302,126	717,754	-	-
Unearned revenue	164,428	116,809	-	-
Total Liabilities	42,133,341	39,199,660	57,049	58,277
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	1,612,664	1,473,232	-	-
Unavailable revenue - intergovernmental	4,431,376	4,089,414	-	-
Total Deferred Inflows of Resources	6,044,040	5,562,646	-	-
Fund Balances:				
Nonspendable	178,677	153,841	-	-
Restricted	10,362,896	2,557,536	56,628,285	25,832,733
Committed	222,408,168	198,195,438	-	-
Total Fund Balances	232,949,741	200,906,815	56,628,285	25,832,733
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 281,127,122	\$ 245,669,121	\$ 56,685,334	\$ 25,891,010

Transportation Sales Tax		Housing and Redevelopment Authority		Regional Railroad Authority	
2022	2021	2022	2021	2022	2021
\$ -	\$ -	\$ 39,069,238	\$ 31,021,270	\$ 73,073,951	\$ 53,465,431
-	-	100,799	92,107	194,825	200,470
16,094,841	13,213,512	-	52,624	-	1,375
-	-	-	-	-	-
-	126,201	72,134	181,980	133,333	150,170
-	-	33,798	243,842	-	-
-	-	2,700,000	3,933,789	-	-
-	-	6,157,845	5,187,452	-	-
255,108,850	243,631,657	1,283,468	1,230,226	554,735	533,123
<u>271,203,691</u>	<u>256,971,370</u>	<u>49,417,282</u>	<u>41,943,290</u>	<u>73,956,844</u>	<u>54,350,569</u>
\$ 149,400	\$ 123,572	\$ 1,770,007	\$ 1,268,510	\$ 1,235,527	\$ 1,046,470
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	433,945	311	-
<u>149,400</u>	<u>123,572</u>	<u>1,770,007</u>	<u>1,702,455</u>	<u>1,235,838</u>	<u>1,046,470</u>
-	-	89,699	70,107	175,725	159,970
-	-	-	100,595	-	-
-	-	89,699	170,702	175,725	159,970
-	-	33,798	243,842	-	-
271,054,291	256,847,798	47,523,778	39,826,291	72,545,281	53,144,129
-	-	-	-	-	-
<u>271,054,291</u>	<u>256,847,798</u>	<u>47,557,576</u>	<u>40,070,133</u>	<u>72,545,281</u>	<u>53,144,129</u>
<u>\$ 271,203,691</u>	<u>\$ 256,971,370</u>	<u>\$ 49,417,282</u>	<u>\$ 41,943,290</u>	<u>\$ 73,956,844</u>	<u>\$ 54,350,569</u>

Hennepin County, Minnesota

RRA Debt Service Fund - Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 770,202	\$ 1,247,461
FUND BALANCES		
Restricted	\$ 770,202	\$ 1,247,461

Hennepin County, Minnesota

General Debt Service Fund - Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and investments	\$ 9,890,768	\$ 16,469,396
Delinquent taxes receivable, net	574,171	575,870
Due from other governmental agencies	-	329,880
Notes receivable	7,280,000	7,935,000
Restricted cash and investments	1,251,681	996,821
Total Assets	\$ 18,996,620	\$ 26,306,967
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 779,500	\$ 876,226
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	516,271	454,970
Unavailable revenue - intergovernmental	7,280,000	7,935,000
Total Deferred Inflows of Resources	7,796,271	8,389,970
Fund Balances:		
Restricted	10,420,849	17,040,771
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 18,996,620	\$ 26,306,967

Hennepin County, Minnesota

Capital Projects Fund - Balance Sheets

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and investments	\$ 73,592,882	\$ 114,318,079
Delinquent taxes receivable, net	16,214	19,579
Due from other governmental agencies	1,710,004	1,965,954
Accrued investment interest	-	3,791
Prepaid items	26,376	-
Other receivable	-	1,433
Restricted cash and investments	-	33,764,130
	<hr/>	<hr/>
Total Assets	\$ 75,345,476	\$ 150,072,966
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts and contracts payable	\$ 29,012,377	\$ 27,581,102
Interfund payable	1,482,785	1,991,664
	<hr/>	<hr/>
Total Liabilities	30,495,162	29,572,766
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	14,814	17,579
Unavailable revenue - intergovernmental	488,263	1,668,221
	<hr/>	<hr/>
Total Deferred Inflows of Resources	503,077	1,685,800
Fund Balances:		
Restricted	44,347,237	118,814,400
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 75,345,476	\$ 150,072,966
	<hr/> <hr/>	<hr/> <hr/>

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

For the Years Ended December 31, 2022 and 2021

	2022					2021 Actual (Restated)
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 521,971,018	\$ 521,971,018	\$ 533,690,876	\$ 11,719,858	\$ 493,105,430	
Wheelage tax	20,800,000	20,800,000	19,719,096	(1,080,904)	20,294,603	
Other taxes	3,224,100	3,224,100	3,707,844	483,744	4,668,797	
Intergovernmental	110,043,077	201,094,930	211,525,648	10,430,718	168,189,307	
Investment earnings (losses)	5,215,000	5,215,000	(61,553,543)	(66,768,543)	(6,128,863)	
Charges for services	94,304,588	94,304,588	83,723,967	(10,580,621)	88,214,798	
Fines and forfeits	192,700	192,700	343,762	151,062	319,584	
Licenses and permits	6,495,544	6,495,544	5,558,957	(936,587)	5,764,062	
Other	20,575,777	21,025,777	18,781,526	(2,244,251)	18,519,157	
Total Revenues	782,821,804	874,323,657	815,498,133	(58,825,524)	792,946,875	
EXPENDITURES						
Current:						
Operations	314,498,796	359,220,814	279,596,597	79,624,217	316,156,081	
Disparity reduction	11,154,979	14,362,741	12,665,507	1,697,234	9,821,904	
Health	83,413,764	83,897,473	81,109,305	2,788,168	75,092,172	
Law, safety and justice	343,884,843	364,219,826	351,488,211	12,731,615	335,476,036	
Public works	68,097,921	71,083,219	67,648,030	3,435,189	60,455,661	
Debt service:						
Principal retirement	-	-	1,086,030	(1,086,030)	937,646	
Interest and fiscal charges	-	-	223,919	(223,919)	198,518	
Total Expenditures	821,050,303	892,784,073	793,817,599	98,966,474	798,138,018	
Excess (Deficiency) of Revenues Over Expenditures	(38,228,499)	(18,460,416)	21,680,534	40,140,950	(5,191,143)	
OTHER FINANCING SOURCES (USES)						
Transfers in	4,549,000	4,549,000	5,000,000	451,000	5,061,425	
Transfers out	-	(23,256,759)	(34,035,066)	(10,778,307)	(3,700,000)	
Leases (as lessee)	-	-	567,716	567,716	189,280	
Insurance recoveries	-	-	-	-	768,750	
Total Other Financing Sources (Uses)	4,549,000	(18,707,759)	(28,467,350)	(9,759,591)	2,319,455	
Net Change in Fund Balance	(33,679,499)	(37,168,175)	(6,786,816)	\$ 30,381,359	(2,871,688)	
Fund Balance - Beginning	242,308,699	242,308,699	242,308,699		245,180,387	
Fund Balance - Ending	\$ 208,629,200	\$ 205,140,524	\$ 235,521,883		\$ 242,308,699	

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

For the Years Ended December 31, 2022 and 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 8,344,226	\$ 8,344,226	\$ 8,308,091	\$ (36,135)	\$	9,173,483
EXPENDITURES						
Debt Service:						
Principal retirement	4,345,000	4,345,000	4,345,000	-		4,125,000
Interest and fiscal charges	4,440,350	4,440,350	4,440,350	-		4,646,600
Total Expenditures	8,785,350	8,785,350	8,785,350	-		8,771,600
Net Change in Fund Balance	(441,124)	(441,124)	(477,259)	\$ (36,135)		401,883
Fund Balance - Beginning	1,247,461	1,247,461	1,247,461			845,578
Fund Balance - Ending	\$ 806,337	\$ 806,337	\$ 770,202		\$	1,247,461

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

For the Years Ended December 31, 2022 and 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 94,500,000	\$ 94,500,000	\$ 94,200,068	\$ (299,932)	\$	89,570,151
Other taxes	-	-	47,965	47,965		56,860
Intergovernmental	13,485,454	13,485,454	2,283,612	(11,201,842)		2,228,463
Investment earnings	-	-	70,589	70,589		1,301
Total Revenues	107,985,454	107,985,454	96,602,234	(11,383,220)		91,856,775
EXPENDITURES						
Debt Service:						
Principal retirement	94,773,671	82,645,901	80,282,966	2,362,935		91,623,002
Interest and fiscal charges	63,182,447	55,097,267	61,370,134	(6,272,867)		59,058,096
Total Expenditures	157,956,118	137,743,168	141,653,100	(3,909,932)		150,681,098
Excess (Deficiency) of Revenues	(49,970,664)	(29,757,714)	(45,050,866)	(15,293,152)		(58,824,323)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	75,350,000	75,350,000		-
Payment to refunded bond escrow agent	-	-	(83,832,587)	(83,832,587)		-
Transfers in	49,970,664	29,757,714	38,237,571	8,479,857		56,915,365
Debt premiums	-	-	8,675,960	8,675,960		-
Total Other Financing Sources (Uses)	49,970,664	29,757,714	38,430,944	8,673,230		56,915,365
Net Change in Fund Balance	-	-	(6,619,922)	(6,619,922)		(1,908,958)
Fund Balance - Beginning	17,040,771	17,040,771	17,040,771			18,949,729
Fund Balance - Ending	\$ 17,040,771	\$ 17,040,771	\$ 10,420,849		\$	17,040,771

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

For the Years Ended December 31, 2022 and 2021

	2022					2021 Actual
	Budgeted Amounts		Actual	Variance with Final Budget		
	Original	Final				
REVENUES						
Property taxes	\$ 2,154,000	\$ 2,154,000	\$ 2,185,056	\$ 31,056	\$	1,843,927
Other taxes	-	-	1,027	1,027		279,552
Intergovernmental	75,771,000	76,947,668	77,216,373	268,705		56,220,369
Investment earnings	-	-	662,543	662,543		46,278
Other	1,350,000	1,492,707	374,533	(1,118,174)		4,373,007
Total Revenues	79,275,000	80,594,375	80,439,532	(154,843)		62,763,133
EXPENDITURES						
Operations	10,000,000	10,000,000	139,004,321	(129,004,321)		59,049,720
Public works	-	-	-	-		5,000,000
Capital projects	327,014,500	348,083,875	167,417,372	180,666,503		141,189,533
Total Expenditures	337,014,500	358,083,875	306,421,693	51,662,182		205,239,253
Excess (Deficiency) of Revenues	(257,739,500)	(277,489,500)	(225,982,161)	51,507,339		(142,476,120)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	239,839,500	254,839,500	55,000,000	(199,839,500)		100,000,000
Transfers in	17,900,000	22,650,000	99,148,459	76,498,459		9,408,558
Transfers out	-	-	(2,999,965)	(2,999,965)		-
Debt premiums	-	-	366,504	366,504		27,187,243
Total Other Financing Sources (Uses)	257,739,500	277,489,500	151,514,998	(125,974,502)		136,595,801
Net Change in Fund Balance	-	-	(74,467,163)	\$ (74,467,163)		(5,880,319)
Fund Balance - Beginning	118,814,400	118,814,400	118,814,400			124,694,719
Fund Balance - Ending	\$ 118,814,400	\$ 118,814,400	\$ 44,347,237		\$	118,814,400



Schedule of Changes in Long-term Debt

For the Year Ended December 31, 2022

	Repayment Terms	Interest Rates	Amount of Original Issue
General Obligation -			
Levy Supported Bonds and Notes			
September 15, 2010 Series C, ¹ Taxable	\$4,320,000 in 2023, \$4,430,000 in 2024, \$4,540,000 in 2025 and \$19,420,000 in various increments from 2026 through 2029	3.75% to 4.5%	41,060,000
September 15, 2010 Series D, ² Recovery Zone Econ Development	\$5,665,000 in 2030, \$5,950,000 in 2031, \$6,145,000 in 2032 and \$19,615,000 in various increments from 2033 through 2035	4.65% to 4.875%	37,375,000
November 04, 2014 Series A	\$3,265,000 in 2023 and \$3,395,000 in 2024	5.0%	100,000,000
November 04, 2014 Series B	\$6,425,000 in 2023, \$6,825,000 in 2024	4.0% to 5.0%	80,615,000
July 13, 2016 Series A, AOSC	\$2,720,000 in 2023, \$3,055,000 in 2024, \$3,405,000 in 2025 and \$86,015,000 in various increments from 2026 through 2041	5.0%	104,285,000
October 19, 2016 Series B	\$3,000,000 in 2023, 2024 and 2025, and \$68,000,000 in various increments from 2026 through 2036	5.0%	95,000,000
October 19, 2016 Series C	\$4,765,000 in 2023, \$5,010,000 in 2024, \$5,260,000 in 2025 and \$17,430,000 in various increments from 2026 through 2028	5.0%	59,865,000
July 6, 2017 Series B, AOSC	\$1,870,000 in 2023, \$1,940,000 in 2024, \$2,020,000 in 2025 and \$45,860,000 in various increments from 2026 through 2041	Variable - Est. 0.945%	60,000,000
August 29, 2017 Series C	\$3,905,000 in 2023, \$4,100,000 in 2024, \$4,305,000 in 2025 and \$71,965,000 in various increments from 2026 through 2037	5.0%	100,000,000
July 17, 2018 Series A	\$3,925,000 in 2023, \$4,120,000 in 2024, \$4,330,000 in 2025 and \$80,495,000 in various increments from 2026 through 2038	5.0%	100,000,000
November 1, 2018 Series B	\$9,430,000 in 2023, \$9,845,000 in 2024, \$10,280,000 in 2025 and \$94,815,000 in various increments from 2026 through 2038	Variable - Est. 0.942%	163,485,000
September 11, 2019 Series C, Refunding	\$3,650,000 in 2023, \$3,840,000 in 2024, \$4,030,000 in 2025 and \$18,260,000 in various increments from 2026 through 2029	5.0%	39,265,000
September 24, 2020 Series A	\$3,225,000 in 2023, \$3,385,000 in 2024, \$3,555,000 in 2025 and \$80,535,000 in various increments from 2026 through 2040	5.0%	100,000,000
September 24, 2020 Series B, Refunding	\$4,730,000 in 2023, \$4,825,000 in 2024, \$4,930,000 in 2025 and \$15,030,000 in various increments from 2026 through 2031	5.0%	37,795,000
September 30, 2021 Series A	\$1,500,000 in 2023, 2024, 2025 and \$88,000,000 in various increments from 2026 through 2041	4.0% to 5.0%	100,000,000
September 1, 2022 Series A	\$1,925,000 in 2023, \$1,975,000 in 2024, \$2,040,000 in 2025 and \$49,060,000 in various increments from 2026 through 2042	3.5% to 4.125%	55,000,000
October 27, 2022 Series B Refunding	\$8,575,000 in 2025 and \$66,775,000 in various increments from 2026 to 2039	5.0%	75,350,000
G.O. Non-Levy Supported Bonds			
January 29, 2013 Series B, Watershed District	\$360,000 in 2023, \$370,000 in 2024, \$375,000 in 2025 and \$2,895,000 in various increments from 2026 through 2032	2.0 to 3.0%	7,075,000
September 24, 2020 Series B, Watershed District Refunding	\$315,000 in 2023, \$330,000 in 2024, \$345,000 in 2025 and \$2,290,000 in various increments from 2026 to 2031	5.0%	3,825,000
September 5, 2019 Series B, SWLRT (Sales Tax Revenue)	\$7,000,000 in 2023, \$7,350,000 in 2024, \$7,720,000 in 2025 and \$158,860,000 in various increments from 2026 through 2039	5.0%	200,000,000
September 5, 2020C, Series C, SWLRT (Sales Tax Revenue)	\$5,000,000 in 2023, \$5,250,000 in 2024, \$5,515,000 in 2025 and \$124,935,000 in various increments from 2026 through 2040	5.0%	150,000,000
Sales Tax Revenue Bonds			
Ballpark: January 30, 2017 Series A,	\$7,495,000 in 2023, \$8,030,000 in 2024, \$8,570,000 in 2025 and \$65,560,000 in various increments from 2026 through 2032	5.0%	116,885,000
Limited Tax Bonds -			
Regional Railroad Authority (RRA), March 12, 2019 Series A	\$2,955,000 in 2023, \$3,015,000 in 2024, \$3,165,000 in 2025 and \$58,860,000 in various increments from 2026 through 2038	2.0 to 5.0%	80,000,000
Regional Railroad Authority (RRA), September 11, 2019 Series D, Refunding	\$1,615,000 in 2023, \$1,705,000 in 2024, \$1,800,000 in 2025 and \$13,120,000 in various increments from 2026 to 2031	5.0%	22,345,000

¹Bonds were issued as Build America Bonds - Direct Payment to Issuer, whereby the County receives a 35 percent annual interest rate subsidy from the U.S. Treasury for the life of the bonds.²Bonds were issued as Recovery Zone Economic Development Bonds - Direct Payment to Issuer, whereby the County receives a 45 percent annual interest rate subsidy from the U.S. Treasury for the life of the bonds.

	Principal Payable				Interest Payable		
	Balance Dec. 31, 2021	Additions	Payments	Balance Dec. 31, 2022	Due Within One Year	Total	Due Within One Year
General Obligation -							
Levy Supported Bonds and Notes							
September 15, 2010 Series C, ¹ Taxable	\$ 36,930,000	\$ -	\$ 4,220,000	\$ 32,710,000	4,320,000	5,754,995	1,363,905
September 15, 2010 Series D, ² Recovery Zone Econ Development	37,375,000	-	-	37,375,000	-	18,870,145	1,780,009
November 04, 2014 Series A	86,405,000	-	79,745,000	6,660,000	3,265,000	8,163,250	4,163,250
November 04, 2014 Series B	38,970,000	-	25,720,000	13,250,000	6,425,000	2,378,650	1,353,450
July 13, 2016 Series A, AOSC	97,595,000	-	2,400,000	95,195,000	2,720,000	54,824,750	4,759,750
October 19, 2016 Series B	80,000,000	-	3,000,000	77,000,000	3,000,000	38,391,500	3,850,000
October 19, 2016 Series C	37,015,000	-	4,550,000	32,465,000	4,765,000	5,914,250	1,623,250
July 6, 2017 Series B, AOSC	53,485,000	-	1,795,000	51,690,000	1,870,000	5,777,178	505,455
August 29, 2017 Series C	87,995,000	-	3,720,000	84,275,000	3,905,000	37,516,000	4,213,750
July 17, 2018 Series A	96,640,000	-	3,770,000	92,870,000	3,925,000	44,236,250	4,643,500
November 1, 2018 Series B	128,140,000	-	3,770,000	124,370,000	6,430,000	10,325,038	1,207,009
September 11, 2019 Series C, Refunding	33,250,000	-	3,470,000	29,780,000	3,650,000	6,248,750	1,489,000
September 24, 2020 Series A	98,000,000	-	7,300,000	90,700,000	3,225,000	48,963,500	4,535,000
September 24, 2020 Series B Refunding	33,860,000	-	4,345,000	29,515,000	4,415,000	6,678,750	1,475,750
September 30, 2021 Series A	100,000,000	-	7,500,000	92,500,000	1,500,000	48,551,650	4,218,100
September 1, 2022 Series A	-	55,000,000	-	55,000,000	1,925,000	25,401,138	2,153,994
October 27, 2022 Series B Refunding	-	75,350,000	-	75,350,000	-	36,109,319	4,123,319
Total G.O. Levy Supported	1,045,660,000	130,350,000	155,305,000	1,020,705,000	55,340,000	404,105,113	47,458,491
G.O. Non-Levy Supported Bonds							
January 29, 2013 Series B, Watershed District	4,355,000	-	355,000	4,000,000	360,000	617,575	100,138
September 24, 2020 Series B Watershed District Refunding	3,580,000	-	300,000	3,280,000	315,000	838,750	164,000
September 5, 2019, Series B, Sales Tax Revenue (SWLRT)	187,600,000	-	6,670,000	180,930,000	7,000,000	91,894,000	9,046,500
October 1, 2020, Series C SWLRT (Sales Tax Revenue)	145,465,000	-	4,765,000	140,700,000	5,000,000	75,952,000	7,035,000
Total G.O. Non-Levy Supported	341,000,000	-	12,090,000	328,910,000	12,675,000	169,302,325	16,345,638
Sales Tax Revenue Bonds							
Ballpark: January 30, 2017, Series A	94,875,000	-	5,220,000	89,655,000	7,495,000	24,634,750	4,482,750
Total Sales Tax Revenue	94,875,000	-	5,220,000	89,655,000	7,495,000	24,634,750	4,482,750
Limited Tax Bonds							
Regional Railroad Authority (RRA) March 12, 2019 Series A	70,810,000	-	2,815,000	67,995,000	2,955,000	32,260,350	3,311,100
Regional Railroad Authority (RRA) September 11, 2019 Series D Refunding	19,770,000	-	1,530,000	18,240,000	1,615,000	4,889,500	912,000
Total Limited Tax Bonds	90,580,000	-	4,345,000	86,235,000	4,570,000	37,149,850	4,223,100
Total Long-Term Debt	\$ 1,572,115,000	\$ 130,350,000	\$ 176,960,000	\$ 1,525,505,000	\$ 80,080,000	\$ 635,192,038	\$ 72,509,979



Supplementary Information Enterprise Funds

Combining Statement of Net Position - Nonmajor Enterprise Funds

December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	Glen Lake Golf Course	Radio Communications	Totals	
			2022	2021
ASSETS				
Current Assets:				
Cash.	\$ 634,456	\$ 5,891,992	\$ 6,526,448	\$ 4,730,566
Interfund receivable.	-	21,086	21,086	27,778
Other receivables.	-	323,494	323,494	266,555
Inventories.	10,147	-	10,147	5,351
Prepaid items.	-	-	-	3,395
Total Current Assets	<u>644,603</u>	<u>6,236,572</u>	<u>6,881,175</u>	<u>5,033,645</u>
Noncurrent Assets:				
Capital assets, nondepreciable	985,092	-	985,092	985,092
Capital asset, net of accumulated depreciation/amortization.	48,183	7,550,184	7,598,367	8,849,750
Total Noncurrent Assets	<u>1,033,275</u>	<u>7,550,184</u>	<u>8,583,459</u>	<u>9,834,842</u>
Total Assets	<u>\$ 1,677,878</u>	<u>\$ 13,786,756</u>	<u>\$ 15,464,634</u>	<u>\$ 14,868,487</u>
LIABILITIES				
Current Liabilities:				
Accounts and contracts payable.	\$ 70,661	\$ 15,286	\$ 85,947	\$ 114,445
Total Current Liabilities	<u>70,661</u>	<u>15,286</u>	<u>85,947</u>	<u>114,445</u>
NET POSITION				
Net investment in capital assets.	1,033,275	7,550,184	8,583,459	9,834,842
Unrestricted.	573,942	6,221,286	6,795,228	4,919,200
Total Net Position	<u>1,607,217</u>	<u>13,771,470</u>	<u>15,378,687</u>	<u>14,754,042</u>
Total Liabilities and Net Position	<u>\$ 1,677,878</u>	<u>\$ 13,786,756</u>	<u>\$ 15,464,634</u>	<u>\$ 14,868,487</u>

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

For the Year Ended December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	Glen Lake Golf Course	Radio Communications	Totals	
			2022	2021
OPERATING REVENUES				
Charges for services.	\$ 1,208,513	\$ 4,077,007	\$ 5,285,520	\$ 5,324,488
OPERATING EXPENSES				
Personal services.	607,773	1,555,823	2,163,596	1,983,561
Commodities.	99,915	95,988	195,903	183,161
Contractual services.	234,566	325,772	560,338	535,513
Depreciation.	12,046	1,584,236	1,596,282	1,665,240
Other.	32,600	112,156	144,756	160,775
Total Operating Expenses	986,900	3,673,975	4,660,875	4,528,250
Operating Income (Loss)	221,613	403,032	624,645	796,238
NONOPERATING REVENUES (EXPENSES)				
Gain (Loss) on capital asset disposal.	-	-	-	(9,825)
Total Nonoperating Revenues (Expenses)	-	-	-	(9,825)
Change in Net Position	221,613	403,032	624,645	786,413
Total Net Position - Beginning	1,385,604	13,368,438	14,754,042	13,967,629
Total Net Position-Ending	\$ 1,607,217	\$ 13,771,470	\$ 15,378,687	\$ 14,754,042

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

For the Year Ended December 31, 2022

	Glen Lake Golf Course	Radio Communications	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 1,208,513	\$ 4,026,760	\$ 5,235,273
Payments to suppliers for goods and services.	(276,665)	(509,475)	(786,140)
Payments to employees for services.	(607,773)	(1,555,823)	(2,163,596)
Other operating disbursements.	(32,600)	(112,156)	(144,756)
Net Cash Provided by Operating Activities	291,475	1,849,306	2,140,781
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	-	(344,899)	(344,899)
Net Increase in Cash	291,475	1,504,407	1,795,882
Cash at Beginning of Year	342,981	4,387,585	4,730,566
Cash at End of Year	\$ 634,456	\$ 5,891,992	\$ 6,526,448
CASH COMPONENTS:			
Cash.	\$ 634,456	\$ 5,891,992	\$ 6,526,448
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 221,613	\$ 403,032	\$ 624,645
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	12,046	1,584,236	1,596,282
(Increase) decrease in:			
Receivables and prepaid items.	3,395	(50,247)	(46,852)
Inventories.	(4,796)	-	(4,796)
Increase (decrease) in:			
Accounts payable and accrued expenses.	59,217	(87,715)	(28,498)
Net Cash Provided by Operating Activities	\$ 291,475	\$ 1,849,306	\$ 2,140,781

Schedules of Net Position - Enterprise Funds

December 31, 2022 and 2021

	Hennepin Health		Solid Waste	
	2022	2021	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash	\$ 114,042,947	\$ 70,432,305	\$ 40,617,083	\$ 33,667,664
Interfund receivable	-	-	-	-
Other receivables	33,530,184	26,512,629	9,482,705	7,768,470
Inventories	-	-	3,476,294	2,839,165
Prepaid items	144,646	53,924	2,916	385
Total Current Assets	147,717,777	96,998,858	53,578,998	44,275,684
Noncurrent Assets:				
Cash and investments	-	-	-	-
Restricted cash and investments	500,000	500,000	17,915,037	16,900,658
Notes receivable and other	-	-	470,646	575,877
Capital assets, nondepreciable	-	-	10,300,340	11,623,559
Capital asset, net of accumulated depreciation/amortization	189,999	1,137,303	97,006,774	98,874,609
Total Noncurrent Assets	689,999	1,637,303	125,692,797	127,974,703
Total Assets	148,407,776	98,636,161	179,271,795	172,250,387
Deferred Outflows of Resources:				
Pension related	2,695,060	3,605,150	2,148,505	2,693,888
Postemployment healthcare related	85,405	82,990	91,601	92,233
Total Deferred Outflows of Resources	2,780,465	3,688,140	2,240,106	2,786,121
Total Assets and Deferred Outflows of Resources	\$ 151,188,241	\$ 102,324,301	\$ 181,511,901	\$ 175,036,508
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current liabilities:				
Interfund payable	\$ 9,038,693	\$ 2,624,070	\$ -	\$ -
Accounts and contracts payable	5,590,709	7,620,149	7,827,460	7,988,631
Accrued expenses	68,571,562	40,892,838	-	300,372
Unearned revenue	-	-	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	1,778,259	1,594,052
Lease payables	-	-	-	-
Compensated absences	110,000	110,000	120,000	140,000
Total Current Liabilities	83,310,964	51,247,057	9,725,719	10,023,055
Noncurrent liabilities, net of current portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	35,912,875	34,028,734
Lease payables	-	-	-	-
Net pension	8,040,703	3,862,358	6,982,764	3,695,580
Postemployment healthcare benefits	446,364	528,248	720,387	680,188
Compensated absences	1,127,208	1,159,193	1,185,805	1,179,948
Total Noncurrent Liabilities	9,614,275	5,549,799	44,801,831	39,584,450
Total Liabilities	92,925,239	56,796,856	54,527,550	49,607,505
Deferred Inflows of Resources:				
Pension related	215,890	4,799,912	156,574	3,580,442
Postemployment healthcare related	59,897	45,654	83,847	57,320
Total Deferred Inflows of Resources	275,787	4,845,566	240,421	3,637,762
Net Position:				
Net investment in capital assets	189,999	1,137,303	69,615,980	74,875,382
Restricted for:				
Statutory requirements relating to:				
Hennepin health plan	57,797,216	39,544,576	-	-
Solid waste management	-	-	56,949,370	46,767,792
Medical Center expendable	-	-	-	-
Medical Center nonexpendable	-	-	-	-
Brownfield assessment and cleanup	-	-	178,580	148,067
Unrestricted (deficit)	-	-	-	-
Total Net Position	57,987,215	40,681,879	126,743,930	121,791,241
Total Liabilities, Deferred Inflows and Net Position	\$ 151,188,241	\$ 102,324,301	\$ 181,511,901	\$ 175,036,508

Medical Center		Total Nonmajor	
2022	2021 (Restated)	2022	2021
\$ 133,185,245	\$ 193,329,563	\$ 6,526,448	\$ 4,730,566
7,203,193	5,709,230	21,086	27,778
211,594,452	182,679,691	323,494	266,555
11,296,206	11,191,446	10,147	5,351
12,371,076	14,474,137	-	3,395
<u>375,650,172</u>	<u>407,384,067</u>	<u>6,881,175</u>	<u>5,033,645</u>
14,491,382	24,060,977	-	-
62,420,834	62,729,726	-	-
7,144,640	9,949,126	-	-
62,652,403	55,974,684	985,092	985,092
371,969,036	395,023,546	7,598,367	8,849,750
<u>518,678,295</u>	<u>547,738,059</u>	<u>8,583,459</u>	<u>9,834,842</u>
894,328,467	955,122,126	15,464,634	14,868,487
171,302,368	176,972,432	-	-
7,779,797	4,177,831	-	-
<u>179,082,165</u>	<u>181,150,263</u>	<u>-</u>	<u>-</u>
\$ <u>1,073,410,632</u>	\$ <u>1,136,272,389</u>	\$ <u>15,464,634</u>	\$ <u>14,868,487</u>
\$ 3,332,542	\$ 5,227,228	\$ -	\$ -
41,749,426	76,406,542	85,947	114,445
120,114,523	118,765,464	-	-
-	-	-	-
4,961,000	6,308,000	-	-
6,129,602	5,743,994	-	-
4,803,635	6,057,219	-	-
1,450,000	1,450,000	-	-
<u>182,540,728</u>	<u>219,958,447</u>	<u>85,947</u>	<u>114,445</u>
11,694,515	11,259,653	-	-
160,527,862	166,657,464	-	-
22,765,759	27,001,545	-	-
471,640,991	226,497,523	-	-
23,010,145	26,902,918	-	-
41,136,374	41,798,186	-	-
<u>730,775,646</u>	<u>500,117,289</u>	<u>-</u>	<u>-</u>
<u>913,316,374</u>	<u>720,075,736</u>	<u>85,947</u>	<u>114,445</u>
7,386,458	227,782,542	-	-
9,869,185	3,330,101	-	-
<u>17,255,643</u>	<u>231,112,643</u>	<u>-</u>	<u>-</u>
239,855,293	246,836,720	8,583,459	9,834,842
-	-	-	-
-	-	-	-
43,080,760	40,630,797	-	-
22,791,169	27,667,623	-	-
-	-	-	-
(162,888,607)	(130,051,130)	6,795,228	4,919,200
<u>142,838,615</u>	<u>185,084,010</u>	<u>15,378,687</u>	<u>14,754,042</u>
\$ <u>1,073,410,632</u>	\$ <u>1,136,272,389</u>	\$ <u>15,464,634</u>	\$ <u>14,868,487</u>

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

For the Years Ended December 31, 2022 and 2021

	2022			2021 Actual
	Final Budget	Actual	Variance with Final Budget	
OPERATING REVENUES				
Net charges for services.	\$ 423,330,015	\$ 445,078,043	\$ 21,748,028	\$ 327,212,725
OPERATING EXPENSES				
Personal services.	14,955,876	13,424,074	1,531,802	11,964,319
Commodities.	35,834	16,896	18,938	12,697
Contractual services.	399,685,797	396,466,326	3,219,471	311,146,364
Depreciation and amortization.	862,754	163,478	699,276	332,680
Other.	9,023,238	11,120,558	(2,097,320)	8,600,005
Total Operating Expenses	424,563,499	421,191,332	3,372,167	332,056,065
Operating Income (Loss)	(1,233,484)	23,886,711	25,120,195	(4,843,340)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	525,000	(5,564,857)	(6,089,857)	(470,362)
Interest expense.	-	(42,692)	(42,692)	(9,455)
Gain (loss) on sale of capital assets.	-	(973,826)	(973,826)	-
Other.	30,469	-	(30,469)	-
Pandemic relief funds.	-	-	-	5,202
Total Nonoperating Revenues (Expenses)	555,469	(6,581,375)	(7,136,844)	(474,615)
Income (Loss) Before Contributions	(678,015)	17,305,336	17,983,351	(5,317,955)
Capital contributions.	-	-	-	-
Change in Net Position	(678,015)	17,305,336	\$ 17,983,351	(5,317,955)
Total Net Position - Beginning	40,681,879	40,681,879		45,999,834
Total Net Position - Ending	\$ 40,003,864	\$ 57,987,215		\$ 40,681,879

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

For the Years Ended December 31, 2022 and 2021

	2022		Variance with Final Budget	2021 Actual
	Final Budget	Actual		
OPERATING REVENUES				
Charges for services.....	\$ 64,022,099	\$ 78,528,112	\$ 14,506,013	\$ 70,787,987
OPERATING EXPENSES				
Personal services.....	10,016,929	9,974,676	42,253	8,646,372
Commodities.....	284,950	235,448	49,502	132,005
Contractual services.....	48,261,698	49,698,986	(1,437,288)	46,884,744
Depreciation and amortization.....	9,206,927	10,189,773	(982,846)	9,546,045
Other.....	6,726,994	4,555,679	2,171,315	3,164,046
Total Operating Expenses	74,497,498	74,654,562	(157,064)	68,373,212
Operating Income (Loss)	(10,475,399)	3,873,550	14,348,949	2,414,775
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental.....	6,441,577	6,074,194	(367,383)	4,174,844
Investment earnings (losses).....	425,000	(2,340,614)	(2,765,614)	(281,981)
Interest expense.....	(545,000)	(1,046,884)	(501,884)	(926,370)
Other.....	(3,471,866)	(1,607,557)	1,864,309	(3,068,174)
Total Nonoperating Revenues (Expenses)	2,849,711	1,079,139	(1,770,572)	(101,681)
Change in Net Position	(7,625,688)	4,952,689	\$ 12,578,377	2,313,094
Total Net Position - Beginning	121,791,241	121,791,241		119,478,147
Total Net Position - Ending	\$ 114,165,553	\$ 126,743,930		\$ 121,791,241

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

For the Years Ended December 31, 2022 and 2021

	2022 Actual	2021 Actual (Restated)
OPERATING REVENUES		
Net charges for services.	\$ 1,243,721,190	\$ 1,143,140,548
Intergovernmental.	111,637,816	80,138,198
Total Operating Revenues	1,355,359,006	1,223,278,746
OPERATING EXPENSES		
Personal services.	948,467,468	814,965,556
Commodities.	310,070,726	280,690,535
Contractual services.	70,658,398	67,910,294
Depreciation and amortization.	48,193,214	48,520,561
Other.	10,885,608	7,537,142
Total Operating Expenses	1,388,275,414	1,219,624,088
Operating Income (Loss)	(32,916,408)	3,654,658
NONOPERATING REVENUES (EXPENSES)		
Investment earnings (losses).	(16,081,733)	7,927,463
Interest expense.	(5,147,582)	(4,935,866)
Other.	67,050	130,400
Pandemic relief funds.	-	22,357,500
Total Nonoperating Revenues (Expenses)	(21,162,265)	25,479,497
Income (Loss) Before Contributions	(54,078,673)	29,134,155
Capital contributions.	11,833,278	26,186,000
Change in Net Position	(42,245,395)	55,320,155
Total Net Position - Beginning	185,084,010	129,763,855
Total Net Position - Ending	\$ 142,838,615	\$ 185,084,010



Schedules of Cash Flows
Enterprise Funds

For the Years Ended December 31, 2022 and 2021

	Hennepin Health		Solid Waste	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 465,739,212	\$ 331,495,692	\$ 76,513,505	\$ 71,159,261
Operating grants	-	-	-	-
Other operating receipts	-	-	-	-
Payments to suppliers for goods and services	(398,603,384)	(308,081,785)	(50,735,265)	(48,279,695)
Payments to employees for services	(13,021,702)	(12,343,613)	(9,512,762)	(9,056,235)
Other operating disbursements	(11,120,558)	(8,600,005)	(4,555,679)	(3,164,046)
Net Cash Provided (Used) by Operating Activities	42,993,568	2,470,289	11,709,799	10,659,285
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Net grants and contributions	-	-	4,571,868	1,211,196
Interfund loans	6,414,623	2,446,860	-	-
Pandemic relief funds	-	5,202	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	6,414,623	2,452,062	4,571,868	1,211,196
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(190,000)	-	(3,336,319)	-
Interest paid	(42,692)	(9,455)	(1,046,884)	(926,370)
Debt issuance cost and principal payments	-	-	(1,594,052)	(1,349,972)
Net Cash Provided (Used) by Capital and Related Financing Activities	(232,692)	(9,455)	(5,977,255)	(2,276,342)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	(5,564,857)	(470,362)	(2,340,614)	(281,981)
Purchase of investments	-	-	-	-
Sale of investments	-	-	-	-
Net Cash Provided (Used) by Investing Activities	(5,564,857)	(470,362)	(2,340,614)	(281,981)
Net Increase (Decrease) in Cash	43,610,642	4,442,534	7,963,798	9,312,158
Cash at Beginning of Year	70,932,305	66,489,771	50,568,322	41,256,164
Cash at End of Year	\$ 114,542,947	\$ 70,932,305	\$ 58,532,120	\$ 50,568,322
CASH COMPONENTS:				
Cash	\$ 114,042,947	\$ 70,432,305	\$ 40,617,083	\$ 33,667,664
Restricted cash	500,000	500,000	17,915,037	16,900,658
Cash at End of Year	\$ 114,542,947	\$ 70,932,305	\$ 58,532,120	\$ 50,568,322
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 23,886,711	\$ (4,843,340)	\$ 3,873,550	\$ 2,414,775
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	163,478	332,680	10,189,773	9,546,045
(Increase) decrease in:				
Receivables and prepaid items	(7,108,277)	(6,013,009)	(1,716,766)	338,452
Inventories	-	-	(637,129)	44,443
Increase (decrease) in:				
Accounts payable and accrued expenses	25,535,415	13,600,916	(435,487)	(1,217,821)
Net pension liability	4,178,345	(1,992,079)	3,287,184	(1,469,261)
Deferred outflows	907,675	(3,017,788)	546,015	(2,283,998)
Deferred inflows	(4,569,779)	4,402,909	(3,397,341)	3,286,650
Net Cash Provided (Used) by Operating Activities	\$ 42,993,568	\$ 2,470,289	\$ 11,709,799	\$ 10,659,285
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -
Gain (loss) on disposal of capital assets	(973,826)	-	-	-
Increase (decrease) in fair value of investments	(6,903,109)	(747,437)	(2,983,971)	(446,621)
Transfer of G.O. Bonds and related capital assets	-	-	3,662,400	5,478,348

Medical Center		Total Nonmajor	
2022	2021 (Restated)	2022	2021
\$ 1,124,038,190	\$ 1,117,885,109	\$ 5,235,273	\$ 5,281,959
156,369,694	80,139,198	-	-
-	16,262,696	-	-
(349,628,315)	(318,241,732)	(786,140)	(674,924)
(922,835,321)	(873,381,790)	(2,163,596)	(1,983,561)
(18,725,167)	-	(144,756)	(160,775)
(10,780,919)	22,663,481	2,140,781	2,462,699
27,991	44,037	-	-
-	-	-	(8,000)
-	22,357,500	-	-
27,991	22,401,537	-	(8,000)
(37,814,501)	(19,953,133)	(344,899)	(1,121,343)
(5,147,582)	(4,936,080)	-	-
(5,743,994)	(13,993,605)	-	-
(48,706,077)	(38,882,818)	(344,899)	(1,121,343)
3,119,493	3,116,823	-	-
(2,277,475)	(4,122,295)	-	-
1,507,308	1,211,910	-	-
2,349,326	206,438	-	-
(57,109,679)	6,388,638	1,795,882	1,333,356
203,974,389	197,585,751	4,730,566	3,397,210
\$ 146,864,710	\$ 203,974,389	\$ 6,526,448	\$ 4,730,566
\$ 133,185,245	\$ 193,329,563	\$ 6,526,448	\$ 4,730,566
13,679,465	10,644,826	-	-
\$ 146,864,710	\$ 203,974,389	\$ 6,526,448	\$ 4,730,566
\$ (32,916,408)	\$ 3,654,658	\$ 624,645	\$ 796,238
48,193,214	52,716,358	1,596,282	1,665,240
(25,501,177)	1,215,329	(46,852)	(45,924)
(104,760)	1,586,238	(4,796)	3,527
(33,806,354)	3,077,826	(28,498)	43,618
245,143,468	(86,148,398)	-	-
2,068,098	(147,102,506)	-	-
(213,857,000)	193,663,976	-	-
\$ (10,780,919)	\$ 22,663,481	\$ 2,140,781	\$ 2,462,699
\$ 11,833,278	\$ 26,186,000	\$ -	\$ -
-	(1,243,803)	-	(9,825)
(6,787,213)	(4,609,718)	-	-
-	722,072	-	-



Supplementary Information Other



Combining Statement of Net Position - Internal Service Funds

December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	Fleet Services	Information Technology	Energy Center	Self Insurance
ASSETS & DEFERRED OUTFLOWS				
Current Assets:				
Cash	\$ 30,090,318	\$ 58,890,286	\$ 3,737,786	\$ 21,340,875
Interfund receivable	393,782	57,023	1,043,554	20,899
Receivables from users	116,322	311,903	319,752	-
Inventories	217,325	217,624	385,993	-
Prepaid items	1,552	9,616,283	-	-
Total Current Assets	30,819,299	69,093,119	5,487,085	21,361,774
Noncurrent Assets:				
Capital assets, nondepreciable	2,272,584	-	2,966,888	-
Capital asset, net of accumulated depreciation/amortization	29,972,237	10,779,160	16,008,768	-
Total Noncurrent Assets	32,244,821	10,779,160	18,975,656	-
Total Assets	63,064,120	79,872,279	24,462,741	21,361,774
Deferred Outflows of Resources:				
Postemployment healthcare related	17,971	456,483	4,765	18,201
Total Assets and Deferred Outflows	\$ 63,082,091	\$ 80,328,762	\$ 24,467,506	\$ 21,379,975
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current Liabilities:				
Interfund payable	\$ -	\$ -	\$ -	\$ 543,970
Accounts and contracts payable	1,596,081	3,332,359	1,168,372	580,274
Accrued expenses	-	-	-	-
Unearned revenue	-	-	-	-
Current portion of:				
Workers' compensation claims	-	-	-	3,200,000
General obligation bonds	-	-	1,215,038	-
Compensated absences	70,000	480,000	-	20,000
Total Current Liabilities	1,666,081	3,812,359	2,383,410	4,344,244
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims	-	-	-	9,676,000
General obligation bonds	-	-	13,872,760	-
Postemployment healthcare benefits	104,079	2,538,515	9,792	32,910
Compensated absences	276,040	5,716,924	48,101	96,179
Total Noncurrent Liabilities	380,119	8,255,439	13,930,653	9,805,089
Total Liabilities	2,046,200	12,067,798	16,314,063	14,149,333
Deferred Inflows of Resources:				
Postemployment healthcare related	17,269	316,021	1,087	2,492
Net Position:				
Net investment in capital assets	32,244,821	10,779,160	3,887,858	-
Unrestricted (deficit)	28,773,801	57,165,783	4,264,498	7,228,150
Total Net Position	61,018,622	67,944,943	8,152,356	7,228,150
Total Liabilities, Deferred Inflows and Net Position	\$ 63,082,091	\$ 80,328,762	\$ 24,467,506	\$ 21,379,975

	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2022	2021
\$	30,067,449	\$ 101,432,899	\$ 245,559,613	\$ 239,818,747
	500,000	2,013,888	4,029,146	14,821,764
	-	-	747,977	1,153,841
	-	-	820,942	476,159
	-	-	9,617,835	10,577,731
	<u>30,567,449</u>	<u>103,446,787</u>	<u>260,775,513</u>	<u>266,848,242</u>
	-	-	5,239,472	3,711,757
	-	-	56,760,165	55,847,724
	-	-	61,999,637	59,559,481
	<u>30,567,449</u>	<u>103,446,787</u>	<u>322,775,150</u>	<u>326,407,723</u>
	6,516	-	503,936	518,388
\$	<u>30,573,965</u>	<u>103,446,787</u>	<u>323,279,086</u>	<u>326,926,111</u>
\$	-	\$ 2,036,581	\$ 2,580,551	\$ -
	387,299	-	7,064,385	7,795,153
	15,416,751	-	15,416,751	13,144,259
	5,025,102	-	5,025,102	-
	-	-	3,200,000	2,900,000
	-	-	1,215,038	1,161,401
	10,000	11,320,000	11,900,000	11,860,000
	<u>20,839,152</u>	<u>13,356,581</u>	<u>46,401,827</u>	<u>36,860,813</u>
	-	-	9,676,000	8,109,000
	-	-	13,872,760	13,097,378
	83,294	-	2,768,590	2,857,019
	101,830	90,090,206	96,329,280	96,586,554
	<u>185,124</u>	<u>90,090,206</u>	<u>122,646,630</u>	<u>120,649,951</u>
	<u>21,024,276</u>	<u>103,446,787</u>	<u>169,048,457</u>	<u>157,510,764</u>
	4,696	-	341,565	245,386
	-	-	46,911,839	45,300,702
	9,544,993	-	106,977,225	123,869,259
	<u>9,544,993</u>	<u>-</u>	<u>153,889,064</u>	<u>169,169,961</u>
\$	<u>30,573,965</u>	<u>103,446,787</u>	<u>323,279,086</u>	<u>326,926,111</u>

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

For the Year Ended December 31, 2022

With Summarized Comparative Totals for December 31, 2021

	Fleet Services	Information Technology	Energy Center	Self Insurance
OPERATING REVENUES				
Charges for services.	\$ 18,783,227	\$ 84,005,651	\$ 10,991,103	\$ 11,530,429
Total Operating Revenues	<u>18,783,227</u>	<u>84,005,651</u>	<u>10,991,103</u>	<u>11,530,429</u>
OPERATING EXPENSES				
Personal services.	2,557,665	50,401,377	161,336	12,076,824
Commodities.	3,261,614	4,438,833	5,395,584	194,568
Contractual services.	2,626,844	25,069,358	3,110,788	702,795
Depreciation.	8,635,467	4,711,421	1,668,329	-
Other charges.	409,307	3,535,770	113,928	(1,604,901)
Total Operating Expenses	<u>17,490,897</u>	<u>88,156,759</u>	<u>10,449,965</u>	<u>11,369,286</u>
Operating Income (Loss)	<u>1,292,330</u>	<u>(4,151,108)</u>	<u>541,138</u>	<u>161,143</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	-	-	-	-
Interest expense.	-	-	(397,862)	-
Gain (Loss) on capital asset disposal.	1,790,449	(1,234)	-	-
Pandemic relief funds.	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>1,790,449</u>	<u>(1,234)</u>	<u>(397,862)</u>	<u>-</u>
Income (Loss) Before Contributions	<u>3,082,779</u>	<u>(4,152,342)</u>	<u>143,276</u>	<u>161,143</u>
Capital contributions.	921,164	1,585,248	-	-
Change in Net Position	<u>4,003,943</u>	<u>(2,567,094)</u>	<u>143,276</u>	<u>161,143</u>
Total Net Position - Beginning	<u>57,014,679</u>	<u>70,512,037</u>	<u>8,009,080</u>	<u>7,067,007</u>
Total Net Position - Ending	<u>\$ 61,018,622</u>	<u>\$ 67,944,943</u>	<u>\$ 8,152,356</u>	<u>\$ 7,228,150</u>

	Employee Health Plan Self Insurance	Other Employee Benefits	Totals	
			2022	2021
\$	137,791,840	\$ 11,396,390	\$ 274,498,640	\$ 269,196,396
	137,791,840	11,396,390	274,498,640	269,196,396
	144,007,856	11,396,390	220,601,448	207,366,181
	11,401	-	13,302,000	10,313,284
	9,768,584	-	41,278,369	39,661,635
	-	-	15,015,217	14,301,277
	5,720	-	2,459,824	5,169,319
	153,793,561	11,396,390	292,656,858	276,811,696
	(16,001,721)	-	(18,158,218)	(7,615,300)
	(1,020,444)	-	(1,020,444)	(311,554)
	-	-	(397,862)	(424,555)
	-	-	1,789,215	1,919,030
	-	-	-	137,066
	(1,020,444)	-	370,909	1,319,987
	(17,022,165)	-	(17,787,309)	(6,295,313)
	-	-	2,506,412	596,711
	(17,022,165)	-	(15,280,897)	(5,698,602)
	26,567,158	-	169,169,961	174,868,563
\$	9,544,993	\$ -	\$ 153,889,064	\$ 169,169,961

Combining Statement of Cash Flows Internal Service Funds

For the Year Ended December 31, 2022

	Fleet Services	Information Technology	Energy Center
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users.	\$ 18,659,729	\$ 82,838,961	\$ 11,359,640
Payments to suppliers for goods and services.	(5,215,357)	(29,083,397)	(8,428,361)
Payments to employees for services.	(2,696,792)	(49,868,991)	(164,022)
Other operating disbursements.	(409,307)	(3,535,770)	(113,928)
Net Cash Provided (Used) by Operating Activities	<u>10,338,273</u>	<u>350,803</u>	<u>2,653,329</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund loans.	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets.	(7,921,278)	(3,248,048)	-
Interest paid.	-	-	(397,862)
Debt issuance cost and principal payments.	-	-	(1,161,401)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,921,278)</u>	<u>(3,248,048)</u>	<u>(1,559,263)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss).	-	-	-
Net Increase (Decrease) in Cash	2,416,995	(2,897,245)	1,094,066
Cash at Beginning of Year	27,673,323	61,787,531	2,643,720
Cash at End of Year	<u>\$ 30,090,318</u>	<u>\$ 58,890,286</u>	<u>\$ 3,737,786</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss).	\$ 1,292,330	\$ (4,151,108)	\$ 541,138
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization.	8,635,467	4,711,421	1,668,329
(Increase) decrease in:			
Receivables and prepaid items.	(35,865)	1,386,399	373,684
Inventories.	(61,948)	(178,691)	(104,144)
Increase (decrease) in:			
Accounts payable and accrued expenses.	469,297	(1,508,049)	177,959
Unearned revenue.	-	-	-
Deferred outflows.	36,413	3,506	(4,016)
Deferred inflows.	2,579	87,325	379
Net Cash Provided (Used) by Operating Activities	<u>\$ 10,338,273</u>	<u>\$ 350,803</u>	<u>\$ 2,653,329</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributions of capital assets.	\$ 921,164	\$ 1,585,248	\$ -
Loss on disposal of capital assets.	1,790,449	(1,234)	-
Increase (decrease) in fair value of investments.	-	-	-
Transfer of G.O. Bonds and related capital assets.	-	0	1,990,420

	Self Insurance	Employee Health Plan Self-Insurance	Other Employee Benefits	Total
\$	14,187,126	\$ 146,510,832	\$ 19,438,427	\$ 292,994,715
	(2,458,052)	(9,510,857)	-	(54,696,024)
	(10,211,078)	(143,920,243)	(12,068,394)	(218,929,520)
	1,604,901	(5,720)	-	(2,459,824)
	<u>3,122,897</u>	<u>(6,925,988)</u>	<u>7,370,033</u>	<u>16,909,347</u>
	543,970	-	2,036,581	2,580,551
	-	-	-	(11,169,326)
	-	-	-	(397,862)
	-	-	-	(1,161,401)
	-	-	-	(12,728,589)
	-	(1,020,443)	-	(1,020,443)
	3,666,867	(7,946,431)	9,406,614	5,740,866
	<u>17,674,008</u>	<u>38,013,880</u>	<u>92,026,285</u>	<u>239,818,747</u>
\$	<u>21,340,875</u>	<u>30,067,449</u>	<u>101,432,899</u>	<u>245,559,613</u>
\$	161,143	\$ (16,001,721)	\$ -	\$ (18,158,218)
	-	-	-	15,015,217
	2,687,114	(294,992)	8,042,037	12,158,377
	-	-	-	(344,783)
	288,415	4,347,403	(672,004)	3,103,021
	-	5,025,102	-	5,025,102
	(15,314)	(6,137)	-	14,452
	<u>1,539</u>	<u>4,357</u>	<u>-</u>	<u>96,179</u>
\$	<u>3,122,897</u>	<u>(6,925,988)</u>	<u>7,370,033</u>	<u>16,909,347</u>
\$	-	\$ -	\$ -	\$ 2,506,412
	-	-	-	1,789,215
	-	(1,361,278)	-	(1,361,278)
	-	-	-	1,990,420

Schedules of Net Position - Internal Service Funds

For the Years Ended December 31, 2022 and 2021

	Fleet Services		Information Technology	
	2022	2021	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash	\$ 30,090,318	\$ 27,673,323	\$ 58,890,286	\$ 61,787,531
Interfund receivable	393,782	384,394	57,023	261,715
Receivables from users	116,322	91,397	311,903	532,162
Inventories	217,325	155,377	217,624	38,933
Prepaid items	1,552	-	9,616,283	10,577,731
Total Current Assets	30,819,299	28,304,491	69,093,119	73,198,072
Noncurrent Assets:				
Capital assets, nondepreciable	2,272,584	2,306,657	-	-
Capital asset, net of accumulated depreciation/amortization	29,972,237	27,940,740	10,779,160	10,658,519
Total Noncurrent Assets	32,244,821	30,247,397	10,779,160	10,658,519
Total Assets	63,064,120	58,551,888	79,872,279	83,856,591
Deferred Outflows of Resources				
Postemployment healthcare related	17,971	54,384	456,483	459,989
Total Assets and Deferred Outflows of Resources	\$ 63,082,091	\$ 58,606,272	\$ 80,328,762	\$ 84,316,580
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Current Liabilities:				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts and contracts payable	1,596,081	859,480	3,332,359	3,690,322
Accrued expenses	-	89,185	-	1,591,641
Unearned revenue	-	-	-	-
Current portion of:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	-
Compensated absences	70,000	40,000	480,000	440,000
Total Current Liabilities	1,666,081	988,665	3,812,359	5,721,963
Noncurrent Liabilities, Net of Current Portion:				
Workers' compensation claims	-	-	-	-
General obligation bonds	-	-	-	-
Postemployment healthcare benefits	104,079	176,169	2,538,515	2,656,337
Compensated absences	276,040	412,069	5,716,924	5,197,547
Total Noncurrent Liabilities	380,119	588,238	8,255,439	7,853,884
Total Liabilities	2,046,200	1,576,903	12,067,798	13,575,847
Deferred Inflows of Resources				
Postemployment healthcare related	17,269	14,690	316,021	228,696
Net Position:				
Net investment in capital assets	32,244,821	30,247,397	10,779,160	10,658,519
Unrestricted	28,773,801	26,767,282	57,165,783	59,853,518
Total Net Position	61,018,622	57,014,679	67,944,943	70,512,037
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 63,082,091	\$ 58,606,272	\$ 80,328,762	\$ 84,316,580

Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
2022	2021	2022	2021	2022	2021	2022	2021
\$ 3,737,786	\$ 2,643,720	\$ 21,340,875	\$ 17,674,008	\$ 30,067,449	\$ 38,013,880	\$ 101,432,899	\$ 92,026,285
1,043,554	1,411,717	20,899	2,708,013	500,000	-	2,013,888	10,055,925
319,752	325,273	-	-	-	205,009	-	-
385,993	281,849	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,487,085	4,662,559	21,361,774	20,382,021	30,567,449	38,218,889	103,446,787	102,082,210
2,966,888	1,405,100	-	-	-	-	-	-
16,008,768	17,248,465	-	-	-	-	-	-
18,975,656	18,653,565	-	-	-	-	-	-
24,462,741	23,316,124	21,361,774	20,382,021	30,567,449	38,218,889	103,446,787	102,082,210
4,765	749	18,201	2,887	6,516	379	-	-
\$ 24,467,506	\$ 23,316,873	\$ 21,379,975	\$ 20,384,908	\$ 30,573,965	\$ 38,219,268	\$ 103,446,787	\$ 102,082,210
\$ -	\$ -	\$ 543,970	\$ -	\$ -	\$ -	\$ 2,036,581	\$ -
1,168,372	986,217	580,274	2,140,963	387,299	118,171	-	-
-	5,147	-	30,417	15,416,751	11,427,869	-	-
-	-	-	-	5,025,102	-	-	-
-	-	3,200,000	2,900,000	-	-	-	-
1,215,038	1,161,401	-	-	-	-	-	-
-	-	20,000	20,000	10,000	20,000	11,320,000	11,340,000
2,383,410	2,152,765	4,344,244	5,091,380	20,839,152	11,566,040	13,356,581	11,340,000
-	-	9,676,000	8,109,000	-	-	-	-
13,872,760	13,097,378	-	-	-	-	-	-
9,792	9,253	32,910	10,190	83,294	5,070	-	-
48,101	47,689	96,179	106,378	101,830	80,661	90,090,206	90,742,210
13,930,653	13,154,320	9,805,089	8,225,568	185,124	85,731	90,090,206	90,742,210
16,314,063	15,307,085	14,149,333	13,316,948	21,024,276	11,651,771	103,446,787	102,082,210
1,087	708	2,492	953	4,696	339	-	-
3,887,858	4,394,786	-	-	-	-	-	-
4,264,498	3,614,294	7,228,150	7,067,007	9,544,993	26,567,158	-	-
8,152,356	8,009,080	7,228,150	7,067,007	9,544,993	26,567,158	-	-
\$ 24,467,506	\$ 23,316,873	\$ 21,379,975	\$ 20,384,908	\$ 30,573,965	\$ 38,219,268	\$ 103,446,787	\$ 102,082,210

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

For the Years Ended December 31, 2022 and 2021

	Fleet Services		Information Technology	
	2022	2021	2022	2021
OPERATING REVENUES				
Charges for services.	\$ 18,783,227	\$ 18,331,289	\$ 84,005,651	\$ 88,760,162
Total Operating Revenues	18,783,227	18,331,289	84,005,651	88,760,162
OPERATING EXPENSES				
Personal services.	2,557,665	2,735,325	50,401,377	45,746,457
Commodities.	3,261,614	2,921,084	4,438,833	2,616,514
Contractual services.	2,626,844	3,048,711	25,069,358	23,741,751
Depreciation.	8,635,467	8,719,113	4,711,421	3,935,267
Other charges.	409,307	359,810	3,535,770	3,153,374
Total Operating Expenses	17,490,897	17,784,043	88,156,759	79,193,363
Operating Income (Loss)	1,292,330	547,246	(4,151,108)	9,566,799
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses).	-	-	-	-
Interest expense.	-	-	-	-
Gain (Loss) on capital asset disposal.	1,790,449	1,922,537	(1,234)	(3,507)
Pandemic relief funds.	-	15,086	-	88,521
Total Nonoperating Revenues (Expenses)	1,790,449	1,937,623	(1,234)	85,014
Income (Loss) Before Contributions	3,082,779	2,484,869	(4,152,342)	9,651,813
Capital contributions.	921,164	841,645	1,585,248	(244,934)
Change in Net Position	4,003,943	3,326,514	(2,567,094)	9,406,879
Total Net Position - Beginning	57,014,679	53,688,165	70,512,037	61,105,158
Total Net Position - Ending	\$ 61,018,622	\$ 57,014,679	\$ 67,944,943	\$ 70,512,037

	Energy Center		Self Insurance		Employee Health Plan Self Insurance		Other Employee Benefits	
	2022	2021	2022	2021	2022	2021	2022	2021
\$	10,991,103	\$ 9,948,250	\$ 11,530,429	\$ 11,664,153	\$ 137,791,840	\$ 130,494,728	\$ 11,396,390	\$ 9,997,814
	10,991,103	9,948,250	11,530,429	11,664,153	137,791,840	130,494,728	11,396,390	9,997,814
	161,336	150,367	12,076,824	10,117,462	144,007,856	138,618,756	11,396,390	9,997,814
	5,395,584	4,675,304	194,568	97,395	11,401	2,987	-	-
	3,110,788	2,987,600	702,795	745,769	9,768,584	9,137,804	-	-
	1,668,329	1,646,897	-	-	-	-	-	-
	113,928	76,164	(1,604,901)	1,574,051	5,720	5,920	-	-
	10,449,965	9,536,332	11,369,286	12,534,677	153,793,561	147,765,467	11,396,390	9,997,814
	541,138	411,918	161,143	(870,524)	(16,001,721)	(17,270,739)	-	-
	-	-	-	-	(1,020,444)	(311,554)	-	-
	(397,862)	(424,555)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	33,025	-	434	-	-
	(397,862)	(424,555)	-	33,025	(1,020,444)	(311,120)	-	-
	143,276	(12,637)	161,143	(837,499)	(17,022,165)	(17,581,859)	-	-
	-	-	-	-	-	-	-	-
	143,276	(12,637)	161,143	(837,499)	(17,022,165)	(17,581,859)	-	-
	8,009,080	8,021,717	7,067,007	7,904,506	26,567,158	44,149,017	-	-
\$	8,152,356	\$ 8,009,080	\$ 7,228,150	\$ 7,067,007	\$ 9,544,993	\$ 26,567,158	\$ -	\$ -



Statistical Section

Statistical Section

Page Table

Financial Trends – This section provides information that shows how the County's financial position has changed over time.

160	1. Government-wide Net Position
162	2. Government-wide Change in Net Position
164	3. Government-wide Expenses by Function
166	4. Government-wide Revenues
168	5. Fund Balances - Governmental Funds
170	6. Change in Fund Balances - Governmental Funds
172	7. Governmental Fund Expenditures by Function
174	8. Governmental Fund Revenues by Source

Revenue Capacity – This section provides information that shows factors affecting the County's ability to generate its own-source revenues.

176	9. Property Estimated Market Value
178	10. Property Tax Rates and Levies - Direct and Overlapping Governments
180	11. Principal Taxpayers
182	12. Tax Levies and Collections on Property Located Within the County
184	13. Net Tax Capacity and Taxable Market Value of Property
186	14. Tax Capacity of Taxable Property by Municipality

Debt Capacity – This section provides information regarding the County's current level of outstanding debt and its ability to issue additional debt.

188	15. Ratios of Outstanding Debt by Type
190	16. Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
191	17. Ratio of Net General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita
192	18. Direct, Overlapping, and Underlying Levy-supported General Obligation Debt
193	19. Direct, Overlapping, and Underlying Governmental Activities Debt
194	20. Legal Debt Margin Information
196	21. Sales Tax Revenue Bond Coverage
198	22. Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures

Demographic and Economic Information – This section provides information regarding the County's socioeconomic environment and facilitates comparisons over time and among governments.

199	23. Demographic and Economic Statistics
200	24. Labor Force Size and Unemployment Rate
201	25. Employment Information by Industry
202	26. Principal Employers

Operating Information – This section provides information about the County's operations and resources.

204	27. Employees by Function/Program
206	28. Operating Indicators
208	29. Capital Asset Statistics by Function/Program
210	30. Selected Per Capita Measures of Financial Condition
212	31. Selected Ratio Measures of Financial Condition

Government-wide Net Position

Last Ten Years

Year	Governmental Activities Net Position ¹				Business-type	
	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Net Investment in Capital Assets	Restricted
2013	\$ 1,008,692,715 65.0 %	41,252,656 2.7	499,825,926 32.3	\$ 1,549,771,297 100.0 %	\$ 114,135,225 63.2 %	65,314,557 36.2
2014	\$ 1,034,215,941 62.6 %	57,683,720 3.5	559,125,672 33.9	\$ 1,651,025,333 100.0 %	\$ 117,989,973 64.1 %	64,605,171 35.1
2015	\$ 1,115,088,507 107.8 %	60,073,851 5.8	(140,552,867) (13.6)	\$ 1,034,609,491 100.0 %	\$ 125,124,499 71.0 %	46,195,638 26.2
2016	\$ 1,219,864,333 134.4 %	55,598,868 6.1	(367,758,308) (40.5)	\$ 907,704,893 100.0 %	\$ 395,059,037 154.8 %	100,921,673 39.6
2017	\$ 1,206,561,675 146.6 %	33,310,365 4.0	(416,536,711) (50.6)	\$ 823,335,329 100.0 %	\$ 384,924,769 151.0 %	110,665,578 43.4
2018	\$ 1,262,978,840 135.4 %	107,904,209 11.6	(438,421,345) (47.0)	\$ 932,461,704 100.0 %	\$ 357,743,028 135.5 %	113,076,467 42.8
2019	\$ 1,182,547,879 125.6 %	364,061,414 38.7	(605,345,730) (64.3)	\$ 941,263,563 100.0 %	\$ 340,520,315 138.3 %	113,845,957 46.3
2020	\$ 1,140,681,933 148.0 %	325,286,070 42.2	(695,375,554) (90.2)	\$ 770,592,449 100.0 %	\$ 334,564,780 108.2 %	140,821,957 45.5
2021	\$ 1,150,924,259 112.6 %	418,125,500 40.9	(546,857,995) (53.5)	\$ 1,022,191,764 100.0 %	\$ 332,684,247 91.8 %	154,758,855 42.7
2022	\$ 1,162,116,718 105.7 %	509,294,932 46.4	(572,931,112) (52.2)	\$ 1,098,480,538 99.9 %	\$ 318,244,731 92.8 %	180,797,095 52.7

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

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

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

Unaudited

Activities Net Position ¹			Total Primary Government Net Position			
Unrestricted	Total		Net Investment in Capital Assets	Restricted	Unrestricted	Total
1,217,306 0.6	\$ 180,667,088 100.0 %		\$ 1,122,827,940 64.9 %	106,567,213 6.1	501,043,232 29.0	\$ 1,730,438,385 100.0 %
1,499,952 0.8	\$ 184,095,096 100.0 %		\$ 1,152,205,914 62.8 %	122,288,891 6.7	560,625,624 30.5	\$ 1,835,120,429 100.0 %
4,927,906 2.8	\$ 176,248,043 100.0 %		\$ 1,240,213,006 102.4 %	106,269,489 8.8	(135,624,961) (11.2)	\$ 1,210,857,534 100.0 %
(240,873,069) (94.4)	\$ 255,107,641 100.0 %		\$ 1,614,923,370 138.8 %	156,520,541 13.5	(608,631,377) (52.3)	\$ 1,162,812,534 100.0 %
(240,740,842) (94.4)	\$ 254,849,505 100.0 %		\$ 1,591,486,444 147.6 %	143,975,943 13.4	(657,277,553) (61.0)	\$ 1,078,184,834 100.0 %
(206,832,888) (78.3)	\$ 263,986,607 100.0 %		\$ 1,620,721,868 135.5 %	220,980,676 18.4	(645,254,233) (53.9)	\$ 1,196,448,311 100.0 %
(208,288,661) (84.6)	\$ 246,077,611 100.0 %		\$ 1,523,068,194 128.2 %	477,907,371 40.3	(813,634,391) (68.5)	\$ 1,187,341,174 100.0 %
(166,177,272) (53.7)	\$ 309,209,465 100.0 %		\$ 1,475,246,713 136.6 %	466,108,027 43.2	(861,552,826) (79.8)	\$ 1,079,801,914 100.0 %
(125,131,930) (34.5)	\$ 362,311,172 100.0 %		\$ 1,483,608,506 107.2 %	572,884,355 41.4	(671,989,925) (48.6)	\$ 1,384,502,936 100.0 %
(156,093,379) (45.5)	\$ 342,948,447 100.0 %		\$ 1,480,361,449 102.7 %	690,092,027 47.9	(729,024,491) (50.6)	\$ 1,441,428,985 100.0 %

Government-wide Change in Net Position

Last Ten Years

Governmental Activities Change in Net Position ¹					
Year	Net Program Expense	General Revenue	Transfers In (Out)	Insurance Recoveries	Total
2013	\$ (673,663,528)	746,149,988	(1,823,612)	-	\$ 70,662,848
2014	\$ (676,641,873)	777,420,470	475,439	-	\$ 101,254,036
2015	\$ (743,751,041)	859,497,012	1,043,430	-	\$ 116,789,401
2016	\$ (860,383,897)	853,717,908	(17,323,096)	-	\$ (23,989,085)
2017	\$ (939,947,496)	915,334,413	(8,396,008)	-	\$ (33,009,091)
2018	\$ (943,600,045)	1,064,502,788	(11,776,368)	-	\$ 109,126,375
2019	\$ (1,119,662,343)	1,142,841,349	(14,377,147)	-	\$ 8,801,859
2020	\$ (1,296,728,088)	1,144,927,388	(18,870,414)	-	\$ (170,671,114)
2021	\$ (862,965,987)	1,139,982,552	(26,186,000)	768,750	\$ 251,599,315
2022	\$ (1,075,309,570)	1,163,431,622	(11,833,278)	-	\$ 76,288,774

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

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

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

Governmental Activities' Net Program Expense amounts include contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit. For example, 2020, 2021 and 2022 Net Program Expense amounts include \$305,144,084, \$32,863,492 and \$127,171,043 respectively.

Unaudited

Table 2

Business-type Activities Change in Net Position ¹				
Net Program Revenue (Expense)	General Revenue	Transfers In (Out)	Total	Total Change in Net Position
\$ (705,949)	1,373,368	1,823,612	2,491,031	\$ 73,153,879
\$ 1,367,401	2,536,046	(475,439)	3,428,008	\$ 104,682,044
\$ (10,480,718)	3,677,095	(1,043,430)	(7,847,053)	\$ 108,942,348
\$ (45,026,903)	3,647,892	17,323,096	(24,055,915)	\$ (48,045,000)
\$ (26,428,996)	3,743,368	8,396,008	(14,289,620)	\$ (47,298,711)
\$ (6,779,710)	4,140,444	11,776,368	9,137,102	\$ 118,263,477
\$ (36,656,879)	4,370,736	14,377,147	(17,908,996)	\$ (9,107,137)
\$ 39,540,810	4,720,630	18,870,414	63,131,854	\$ (107,539,260)
\$ 24,024,854	2,890,853	26,186,000	53,101,707	\$ 304,701,022
\$ (36,468,119)	5,272,116	11,833,278	(19,362,725)	\$ 56,926,049

Government-wide Expenses by Function

Last Ten Years

Year	Governmental Activities						
	Operations ¹	Disparity Reduction	Human Services	Health	Law, Safety and Justice	Public Works	Housing and Redevelopment Authority
2013	\$ 199,526,136 13.9 %	- -	449,290,676 31.5	103,977,207 7.2	271,313,487 18.9	127,796,822 8.9	7,695,959 0.5
2014	\$ 220,017,553 14.6 %	- -	486,567,994 32.5	100,984,162 6.7	283,974,464 18.8	113,177,930 7.5	9,930,939 0.7
2015	\$ 250,254,163 16.5 %	- -	518,754,330 34.3	72,266,334 4.8	290,419,591 19.2	90,238,102 6.0	10,170,173 0.7
2016	\$ 270,717,240 10.2 %	- -	578,786,579 22.0	66,712,310 2.5	348,219,386 13.2	95,340,184 3.6	11,037,512 0.4
2017	\$ 280,950,579 9.8 %	- -	606,245,245 21.3	68,619,425 2.4	347,612,537 12.1	116,853,788 4.1	12,340,350 0.4
2018	\$ 318,590,971 11.0 %	- -	611,146,772 21.2	78,387,060 2.7	319,194,885 11.0	125,680,478 4.3	11,282,225 0.4
2019	\$ 431,819,777 13.8 %	- -	606,469,494 19.3	79,401,626 2.5	353,266,892 11.3	149,132,482 4.7	9,420,106 0.3
2020	\$ 610,577,999 17.6 %	- -	620,995,687 17.7	71,311,173 2.1	345,693,745 10.0	218,469,994 6.3	18,731,951 0.5
2021	\$ 350,790,082 11.0 %	- -	600,417,949 18.8	82,175,836 2.6	339,834,100 10.7	136,917,181 4.3	15,131,283 0.5
2022	\$ 451,289,556 12.2 %	12,925,386 0.3	671,856,407 18.1	88,818,746 2.4	401,991,998 10.8	123,466,469 3.3	20,886,498 0.6

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

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

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

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

The 2020, 2021 and 2022 Operations Expense amounts include \$305,144,084, \$32,863,492 and \$127,171,043 respectively, relating to contributions to Metropolitan Council for light rail projects such as Southwest Light Rail Transit.

The implementation of GASB 87 in 2022 changed the method for reporting leases. 2021 was restated for comparison purposes but periods prior to 2021 were not restated because the information is not available.

Table 3

Regional Railroad Authority	Interest on Long-term Debt	Business-type Activities				Total	
		Hennepin Health Plan	Environment and Energy	Medical Center	Other Enterprises		
23,971,130	45,159,276	150,299,117	56,132,775	-	3,325,288	\$ 1,438,487,873	
1.7	3.1	10.4	3.9	-	0.2	100.0	%
29,180,649	42,719,174	159,611,117	58,056,471	-	2,959,443	\$ 1,507,179,896	
1.9	2.8	10.6	3.9	-	0.2	100.0	%
23,908,644	43,205,097	148,124,869	63,285,558	-	3,339,214	\$ 1,513,966,075	
1.6	2.9	9.8	4.2	-	0.2	100.0	%
24,713,823	44,024,761	128,098,502	59,055,113	1,015,357,256	3,630,950	\$ 2,645,693,616	
0.9	1.7	4.8	2.2	38.4	0.1	100.0	%
54,407,297	48,127,742	227,311,006	68,754,823	1,026,701,749	3,964,905	\$ 2,861,889,446	
1.9	1.7	7.9	2.4	35.9	0.1	100.0	%
42,915,345	35,450,382	229,332,103	70,997,580	1,044,068,505	4,380,778	\$ 2,891,427,084	
1.5	1.2	7.9	2.5	36.1	0.2	100.0	%
43,898,191	40,630,769	229,885,013	70,825,616	1,120,652,913	4,579,516	\$ 3,139,982,395	
1.4	1.3	7.3	2.3	35.7	0.1	100.0	%
78,322,450	35,147,804	249,234,707	71,939,427	1,148,474,054	5,024,258	\$ 3,473,923,249	
2.3	1.0	7.2	2.1	33.1	0.1	100.0	%
9,343,977	16,316,580	332,065,520	75,128,209	1,224,559,954	4,538,075	\$ 3,187,218,746	
0.3	0.5	10.4	2.4	38.4	0.1	100.0	%
4,962,493	29,049,628	422,207,850	87,343,316	1,393,422,996	4,660,875	\$ 3,712,882,218	
0.1	0.8	11.4	2.4	37.5	0.1	100.0	%

Government-wide Revenues

Last Ten Years

Year	Program Revenues						Operating Grants and Contributions	Capital Grants and Contributions
	Charges for Services					Other		
	Operations	Human Services	Hennepin Health Plan	Environmental and Energy	Medical Center ²			
2013	\$ 21,370,765 1.4 %	52,099,614 3.4	154,552,561 10.2	48,136,426 3.2		68,832,677 4.6	334,913,319 22.2	84,213,034 5.6
2014	\$ 18,639,389 1.2 %	48,700,014 3.0	161,168,368 10.0	51,262,909 3.2		69,363,314 4.3	356,302,561 22.1	126,468,869 7.8
2015	\$ 34,555,322 2.1 %	47,429,213 2.9	144,120,318 8.9	50,713,519 3.1		62,755,921 3.9	344,250,910 21.2	75,909,113 4.7
2016	\$ 31,996,677 1.2 %	47,896,357 1.8	127,883,397 4.9	52,352,065 2.0	912,560,574 35.1	65,745,283 2.5	412,009,659 15.9	89,838,804 3.5
2017	\$ 32,495,916 1.2 %	52,685,114 1.9	231,003,831 8.2	53,834,305 1.9	939,043,280 33.3	67,759,787 2.4	439,130,074 15.6	79,560,647 2.8
2018	\$ 32,735,156 1.1 %	58,597,385 1.9	234,468,514 7.8	50,812,125 1.7	981,700,323 32.6	61,739,433 2.0	432,482,869 14.4	88,511,524 2.9
2019	\$ 38,733,451 1.2 %	57,141,476 1.8	213,812,696 6.8	58,364,153 1.9	1,021,757,979 32.7	63,569,218 2.0	463,496,099 14.8	66,788,101 2.1
2020 ³	\$ 33,455,173 1.0 %	55,734,790 1.7	256,562,245 7.6	60,138,047 1.8	955,633,560 28.4	53,626,143 1.6	745,244,593 22.1	56,341,420 1.7
2021 ⁴	\$ 42,414,586 1.2 %	48,991,682 1.4	327,212,725 9.4	70,787,987 2.0	1,143,140,548 32.8	55,886,631 1.6	603,911,682 17.3	55,931,772 1.6
2022	\$ 41,491,766 1.1 %	48,587,795 1.3	445,078,043 11.8	78,528,112 2.1	1,243,721,190 32.9	55,598,237 1.5	613,669,682 16.3	74,429,704 2.0

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

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

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

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

Unaudited

Table 4

General Revenues								
Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings (Losses) ¹	Change in Equity Interest in Component Unit ²	Insurance Recoveries	Total Revenues
704,236,338 46.5	33,446,430 2.2		4,470,781 0.3	26,023,981 1.7	(1,807,848) (0.1)	(18,846,326) (1.2)	- -	\$ 1,511,641,752 100.0 %
673,098,851 41.8	34,254,757 2.1		14,806,538 0.9	32,185,948 2.0	10,847,530 0.7	14,762,892 0.9	- -	\$ 1,611,861,940 100.0 %
736,107,711 45.3	35,769,164 2.2		17,112,605 1.1	32,451,058 2.0	8,350,369 0.5	33,383,200 2.1	- -	\$ 1,622,908,423 100.0 %
765,198,455 29.6	36,468,191 1.4	9,918,363 0.4	7,161,937 0.3	32,451,058 1.2	6,167,796 0.2	- -	- -	\$ 2,597,648,616 100.0 %
800,979,263 28.5	57,266,835 2.0	9,973,509 0.4	7,088,190 0.3	31,242,476 1.1	12,527,508 0.4	- -	- -	\$ 2,814,590,735 100.0 %
829,362,438 27.6	170,834,314 5.7	10,468,350 0.3	7,654,965 0.3	32,605,262 1.1	17,717,903 0.6	- -	- -	\$ 3,009,690,561 100.0 %
885,201,195 28.3	177,893,004 5.7	10,678,140 0.3	7,894,285 0.3	31,702,806 1.0	33,842,655 1.1	- -	- -	\$ 3,130,875,258 100.0 %
915,936,953 27.2	158,887,776 4.7	19,305,219 0.6	8,388,333 0.2	35,914,968 1.1	11,214,769 0.3	- -	- -	\$ 3,366,383,989 100.0 %
903,936,662 25.9	180,764,048 5.2	20,294,603 0.6	8,073,751 0.2	36,043,078 1.0	(6,238,737) (0.2)	- -	768,750 -	\$ 3,491,919,768 100.0 %
948,263,013 25.2	209,171,559 5.5	19,719,096 0.5	9,177,896 0.2	44,292,862 1.2	(61,920,688) (1.6)	- -	- -	\$ 3,769,808,267 100.0 %

61,292,035

Fund Balances - Governmental Funds

Last Ten Years

General Fund						
Year	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2013	\$ 3,883,200 2.0%	14,364,594 7.5%	-	28,648,841 14.9%	144,809,448 75.6%	191,706,083 100.0%
2014	\$ 3,295,076 1.7%	15,130,850 7.6%	9,000,000 4.5%	36,308,948 18.3%	134,755,227 67.9%	198,490,101 100.0%
2015	\$ 3,786,580 1.9%	14,538,052 7.4%	-	39,060,573 19.9%	138,845,323 70.8%	196,230,528 100.0%
2016	\$ 3,634,594 1.9%	15,085,450 7.9%	-	42,751,107 22.6%	128,298,246 67.6%	189,769,397 100.0%
2017	\$ 3,711,556 1.7%	14,439,209 6.7%	-	39,704,269 18.6%	156,228,977 73.0%	214,084,011 100.0%
2018	\$ 2,447,895 1.2%	15,051,095 7.4%	-	37,305,151 18.3%	149,347,465 73.1%	204,151,606 100.0%
2019	\$ 2,442,985 1.1%	15,336,277 6.9%	-	46,121,699 20.7%	158,941,880 71.3%	222,842,841 100.0%
2020	\$ 3,100,646 1.4%	16,040,900 7.3%	-	61,861,604 28.3%	137,559,210 63.0%	218,562,360 100.0%
2021 ¹	\$ 6,998,271 2.9%	22,658,602 9.4%	-	50,561,810 20.9%	162,090,016 66.8%	242,308,699 100.0%
2022	\$ 6,732,134 2.9%	22,478,070 9.5%	-	49,452,252 21.0%	156,859,427 66.6%	235,521,883 100.0%

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

Unaudited

Table 5

All Other Governmental Funds				
Nonspendable	Restricted	Committed	Unassigned	Total
4,222,433 6.4%	144,182,010 44.1%	173,150,307 59.0%	(27,950,047) -9.5%	\$ 293,604,703 100.0%
3,739,660 4.4%	220,495,528 50.3%	185,971,038 45.3%	-	\$ 410,206,226 100.0%
9,807,491 6.9%	164,488,646 44.1%	167,233,245 49.0%	-	\$ 341,529,382 100.0%
10,772,803 2.7%	234,651,766 58.2%	157,639,040 39.1%	-	\$ 403,063,609 100.0%
3,784,193 1.1%	177,485,513 51.4%	164,038,954 47.5%	-	\$ 345,308,660 100.0%
3,612,832 0.9%	252,841,007 64.3%	136,894,323 34.8%	-	\$ 393,348,162 100.0%
3,906,490 0.6%	449,017,383 76.4%	134,809,172 22.9%	-	\$ 587,733,045 100.0%
3,704,937 0.7%	420,856,843 71.6%	162,847,915 27.7%	-	\$ 587,409,695 100.0%
397,683 0.1%	515,311,119 72.2%	198,195,438 27.7%	-	\$ 713,904,240 100.0%
212,475 0.0%	513,652,819 69.8%	222,408,168 30.2%	-	\$ 736,273,462 100.0%

Change in Fund Balances - Governmental Funds

Last Ten Years

Year	Excess (Deficiency) of Revenues Over Expenditures ¹	Bond Proceeds Net of Payments to Refund Bonds	Transfers In	Transfers Out	Other Financing Sources (Uses)	
					Leases (as Lessee) ³	Sale of Capital Assets
2013	\$ (105,421,760)	132,855,000	68,720,202	(67,720,202)	-	791,350
2014	\$ (9,038,656)	100,233,006	53,779,062	(53,303,623)	-	475,802
2015	\$ (73,545,921)	-	91,512,238	(90,386,342)	-	1,483,608
2016	\$ (171,544,571)	160,908,146	62,603,156	(62,603,156)	-	483,806
2017	\$ (197,273,841)	52,254,866	78,973,598	(78,973,598)	-	9,316,350
2018	\$ (147,729,152)	157,452,035	107,969,676	(107,969,676)	-	10,502,804
2019	\$ (135,202,349)	265,415,000	126,781,860	(126,781,860)	-	-
2020	\$ (332,034,131)	239,955,000	97,711,411	(97,711,411)	-	398,640
2021	\$ 18,646,837	100,000,000	71,385,348	(71,385,348)	189,280	3,448,774
2022	\$ (43,242,478)	46,517,413	175,945,001	(175,945,001)	3,251,633	13,374

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

² Governmental Funds' optional payments for early redemption of outstanding bond issues are included in the debt service amount used to calculate this percentage, including \$10,000,000 in 2012, \$33,700,000 in 2013, \$22,400,000 in 2014, \$24,800,000 in 2015, \$22,000,000 in 2016, \$127,822,940 in 2017, \$15,000,000 in 2018, \$11,165,000 for 2019, \$15,000,000 for 2020, \$21,855,000 in 2021, and \$12,000,000 in 2022. The ratio would be lower if it was based only on required debt service expenditures. For example, 2020 would be 6.1%, 2021 would be 7.8%, and 2022 would be 7.1%.

³ The implementation of GASB 87 in 2022 changed the method for reporting leases. 2021 was restated for comparison purposes but periods prior to 2021 were not restated because the information is not available.

Unaudited

Table 6

Bond and Note Premiums	Insurance Recoveries	Total	Net Change in Fund Balances	Debt Service as a Percentage of Noncapital Expenditures ²
5,767,852	-	\$ 140,414,202	\$ 34,992,442	10.9 %
31,239,950	-	\$ 132,424,197	\$ 123,385,541	10.3 %
-	-	\$ 2,609,504	\$ (70,936,417)	9.5 %
65,225,715	-	\$ 226,617,667	\$ 55,073,096	8.0 %
42,409,439	-	\$ 103,980,655	\$ (93,293,186)	13.7 %
17,881,410	-	\$ 185,836,249	\$ 38,107,097	7.6 %
82,863,467	-	\$ 348,278,467	\$ 213,076,118	7.3 %
87,076,660	-	\$ 327,430,300	\$ (4,603,831)	6.8 %
27,187,243	768,750	\$ 131,594,047	\$ 150,240,884	9.1 %
9,042,464	-	\$ 58,824,884	\$ 15,582,406	8.3 %

Governmental Fund Expenditures by Function

Last Ten Years

Year	Operations ^{1,2}	Disparity Reduction	Human Services	Health	Law, Safety and Justice	Public Works
2013	\$ 239,009,051 16.7 %	- -	452,758,532 31.8	100,968,808 7.1	252,514,555 17.7	63,396,228 4.5
2014	\$ 230,393,414 15.9 %	- -	480,331,430 33.1	95,889,084 6.6	259,029,720 17.9	70,920,557 4.9
2015	\$ 255,685,859 17.1 %	- -	515,973,604 34.5	70,720,068 4.7	266,219,052 17.8	67,495,212 4.5
2016 ³	\$ 259,373,965 15.9 %	- -	553,443,954 33.6	62,204,105 3.8	285,755,221 17.4	71,479,236 4.4
2017 ⁴	\$ 261,810,210 14.4 %	- -	590,273,036 32.5	70,618,049 3.9	304,342,954 16.8	69,273,932 3.8
2018	\$ 332,993,941 17.9 %	- -	621,038,721 33.5	75,426,403 4.1	316,524,000 17.0	67,255,611 3.6
2019	\$ 448,340,644 23.6 %	- -	604,984,913 32.0	74,255,063 3.9	327,864,150 17.3	75,470,618 4.0
2020	\$ 614,580,859 27.6 %	- -	629,564,177 28.2	69,065,962 3.1	337,506,137 15.1	144,255,851 6.5
2021	\$ 387,348,324 21.1 %	- -	618,690,968 33.8	75,092,172 4.1	335,476,036 18.3	66,120,765 3.6
2022	\$ 420,932,765 21.6 %	12,665,507 0.6	650,592,640 33.4	81,109,305 4.2	351,488,211 18.0	68,594,218 3.5

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

² Significant Operations expenditure fluctuations from year to year may relate to large contributions to other governments for capital projects where the resulting capital assets will not be owned by the County. For example, in 2013 and 2014, \$25.2 million and \$8 million, respectively, were contributed to the Metropolitan Council for railroad track and bridge improvements relating to the Interchange project. Light rail transit projects were contributed to the Metropolitan Council totaling \$305.1 million, \$32.8 million and \$127.1 million in 2020, 2021 and 2022 respectively.

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

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

Unaudited

Table 7

Housing and Redevelopment Authority	Regional Railroad Authority	Capital Projects	Debt Service, Principal	Debt Service, Interest	Intergovernmental	Total
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	\$ 1,424,165,736 100.0 %
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	- -	\$ 1,447,845,295 100.0 %
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	- -	\$ 1,494,328,720 100.0 %
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	- -	\$ 1,640,834,621 100.0 %
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	\$ 1,815,403,891 100.0 %
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	\$ 1,860,151,667 100.0 %
8,711,659 0.5	43,710,690 2.3	158,190,495 8.4	80,125,800 4.2	51,531,000 2.7	21,098,166 1.1	\$ 1,894,283,198 100.0 %
41,887,215 1.9	81,257,409 3.6	144,239,058 6.5	89,001,244 4.0	56,595,823 2.5	21,650,626 1.0	\$ 2,229,604,361 100.0 %
13,746,587 0.7	11,129,473 0.6	141,189,533 7.7	97,562,837 5.3	64,181,129 3.5	23,356,858 1.3	\$ 1,833,894,682 100.0 %
19,811,239 1.0	4,691,634 0.2	167,417,372 8.6	86,702,004 4.4	66,351,744 3.4	22,431,184 1.1	\$ 1,952,787,823 100.0 %

Governmental Fund Revenues by Source

Last Ten Years

Year	Property Taxes	Sales Tax	Wheelage Tax	Other Taxes	Inter-governmental	Charges for Services
2013	\$ 710,562,709 53.9 %	33,446,430 2.5	- -	3,097,413 0.2	406,450,147 30.8	140,376,730 10.8
2014	\$ 712,632,987 49.5 %	34,254,757 2.4	9,296,105 0.6	2,974,387 0.2	502,234,132 34.9	136,680,039 9.6
2015	\$ 746,943,774 52.6 %	35,769,164 2.5	9,965,015 0.7	3,470,495 0.2	444,999,327 31.3	139,607,449 9.9
2016	\$ 771,058,972 52.5 %	36,468,191 2.5	9,918,363 0.7	3,514,045 0.2	472,035,912 32.1	137,518,611 9.4
2017 ²	\$ 806,846,486 49.9 %	57,266,835 3.5	9,973,509 0.6	3,338,349 0.2	547,360,046 33.8	145,875,571 9.1
2018	\$ 842,488,555 49.2 %	170,834,314 10.0	10,468,350 0.6	3,514,521 0.2	484,719,090 28.3	147,901,689 8.5
2019	\$ 888,496,114 50.5 %	177,893,004 10.1	10,678,140 0.6	3,523,549 0.2	451,715,160 25.7	150,128,843 8.5
2020 ³	\$ 933,749,484 49.2 %	158,887,776 8.4	19,305,219 1.0	3,667,703 0.2	593,777,977 31.3	143,716,181 7.7
2021 ³	\$ 909,569,813 49.1 %	180,764,048 9.8	20,294,603 1.1	5,182,898 0.3	572,577,540 30.9	133,957,943 7.3
2022	\$ 956,102,037 50.1 %	209,171,559 11.0	19,719,096 1.0	3,905,780 0.2	614,843,696 32.2	129,742,262 6.8

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

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

³ Governmental Funds received significant intergovernmental revenues in 2020 through 2022 to mitigate some of the economic disruption caused by the COVID-19 pandemic.

Unaudited

Table 8

Fines and Forfeits	Licenses and Permits	Opioid Settlements	Investment Earnings ¹	Other	Total
1,873,560 0.1	7,041,106 0.5	- -	(1,991,204) (0.2)	17,887,085 1.4	\$ 1,318,743,976 100.0 %
1,662,357 0.1	7,549,567 0.5	- -	11,188,951 0.8	20,333,357 1.4	\$ 1,438,806,639 100.0 %
1,767,015 0.1	7,816,949 0.6	- -	8,631,414 0.6	21,812,197 1.5	\$ 1,420,782,799 100.0 %
1,627,304 0.1	7,978,466 0.5	- -	6,337,260 0.4	22,832,926 1.6	\$ 1,469,290,050 100.0 %
1,471,221 0.1	8,112,225 0.5	- -	12,954,847 0.8	24,930,961 1.5	\$ 1,618,130,050 100.0 %
1,075,264 0.1	8,310,952 0.5	- -	18,146,864 1.1	24,962,916 1.5	\$ 1,712,422,515 100.0 %
1,179,249 0.1	8,590,254 0.5	- -	35,930,504 2.0	30,946,032 1.8	\$ 1,759,080,849 100.0 %
369,143 0.0	6,630,582 0.3	- -	12,022,313 0.6	25,443,852 1.3	\$ 1,897,570,230 100.0 %
319,584 0.0	7,698,190 0.4	- -	(6,527,334) -0.4	28,704,234 1.5	\$ 1,852,541,519 100.0 %
343,762 0.0	7,622,674 0.4	8,277,173 0.4	(64,707,357) -3.4	24,524,663 1.3	\$ 1,909,545,345 100.0 %

Property Estimated Market Value (000s omitted) ¹

Last Ten Years

Real Estate						
Year	Residential Property	Multiple Dwelling	Commercial & Industrial	Agricultural	Public Utilities & Miscellaneous	Exempt
2013	\$ 87,277,599 59.8 %	9,013,557 6.2	26,048,651 17.9	656,586 0.5	28,944 0.0	21,249,594 14.6
2014	\$ 95,014,228 61.0 %	10,607,391 6.8	26,807,208 17.2	689,117 0.4	33,456 0.0	21,249,594 13.6
2015	\$ 100,213,026 60.5 %	12,777,974 7.7	29,127,324 17.6	653,729 0.4	33,007 0.0	21,249,594 12.8
2016	\$ 105,538,203 60.2 %	15,110,310 8.6	31,057,471 17.7	626,311 0.4	37,624 0.0	21,249,594 12.1
2017	\$ 112,595,483 60.5 %	16,998,612 9.1	32,745,319 17.6	625,310 0.4	40,490 0.0	21,249,594 11.4
2018	\$ 121,055,934 58.6 %	19,169,684 9.3	34,298,045 16.6	609,956 0.3	39,389 0.0	29,293,485 14.2
2019	\$ 128,325,438 58.8 %	21,698,642 9.9	36,083,870 16.5	667,926 0.3	41,859 0.0	29,293,485 13.4
2020	\$ 133,004,321 58.2 %	24,449,210 10.7	38,388,183 16.8	704,655 0.3	51,000 0.0	29,807,594 13.0
2021	\$ 140,180,412 59.4 %	26,135,254 11.0	37,657,061 15.9	735,793 0.3	51,253 0.0	29,826,817 12.6
2022	\$ 161,754,523 60.8 %	29,108,360 10.9	40,067,014 15.1	858,481 0.3	53,914 0.0	32,694,206 12.3

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

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

Source: Hennepin County Property Information System.

Unaudited

Table 9

<u>Total Real Estate</u>	<u>Personal Property</u>	<u>Total Estimated Market Value Including Exempt Property</u>	<u>Total Estimated Market Value</u>	<u>Total Direct Tax Rate ²</u>
144,274,931 99.0	1,482,731 1.0	\$ 145,757,662 100.0 %	\$ 124,508,068	50 %
154,400,994 99.0	1,540,312 1.0	\$ 155,941,306 100.0 %	\$ 134,691,712	46 %
164,054,654 99.0	1,604,661 1.0	\$ 165,659,315 100.0 %	\$ 144,409,721	45 %
173,619,513 99.0	1,750,967 1.0	\$ 175,370,480 100.0 %	\$ 154,120,886	46 %
184,254,808 99.0	1,825,398 1.0	\$ 186,080,206 100.0 %	\$ 164,830,612	43 %
204,466,493 99.0	1,993,722 1.0	\$ 206,460,215 100.0 %	\$ 177,166,730	42 %
216,111,220 99.0	2,103,357 1.0	\$ 218,214,577 100.0 %	\$ 188,921,092	41 %
226,404,963 99.0	2,187,136 1.0	\$ 228,592,099 100.0 %	\$ 198,784,505	38 %
234,586,590 99.2	1,986,516 0.8	\$ 236,573,106 100.0 %	\$ 206,746,289	39 %
264,536,498 99.4	1,473,804 0.6	\$ 266,010,302 100.0 %	\$ 233,316,096	35 %

Property Tax Rates and Levies - Direct and Overlapping Governments

Last Ten Years

Payable Year	Hennepin County Direct Taxes					Tax Levies
	General Fund Rate	G.O. Debt Service Rate	Other	Total Direct Rates		
2013	23.210 %	5.560 %	20.770 %	49.540 %	\$	2,620,562,626
2014	21.510	5.400	19.335	46.245		2,692,058,025
2015	20.710	5.400	19.220	45.330		2,743,541,472
2016	20.144	5.016	20.570	45.730		2,869,712,621
2017	19.857	4.878	18.033	42.768		2,958,325,463
2018	19.640	4.523	17.643	41.806		3,109,776,988
2019	19.240	4.238	17.557	41.035		3,275,426,285
2020	21.750	3.959	12.480	38.189		3,403,480,198
2021	22.455	4.034	12.024	38.513		3,412,246,511
2022	20.508	3.600	10.434	34.542		3,519,955,301

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

Unaudited

Table 10

Metropolitan Transit Commission Tax		Metropolitan Council Tax		Metropolitan Mosquito Control District Tax	
<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>	<u>Tax Rates</u>	<u>Tax Levies</u>
1.689 % \$	21,903,368	0.997 % \$	13,568,768	0.556 % \$	7,584,690
1.703	22,134,343	1.069	14,520,773	0.563	7,688,848
1.523	21,820,724	0.976	14,656,486	0.507	7,623,950
1.491	22,787,462	0.925	14,881,601	0.483	7,767,028
1.463	23,980,023	0.883	15,228,763	0.475	8,170,878
1.383	24,308,615	0.844	15,562,741	0.456	8,405,155
1.456	27,329,788	0.659	13,329,568	0.427	8,490,764
1.433	28,854,952	0.616	13,078,674	0.412	8,723,923
1.256	27,307,385	0.631	14,198,800	0.381	8,658,865
1.201	26,785,331	0.659	15,275,522	0.377	8,793,964

Hennepin County, Minnesota

Principal Taxpayers ¹
 Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
MOAC Mall Holdings	\$ 13,859,250	1	0.52 %	\$ 12,379,250	1	0.91 %
BRI 1855 IDS Center LLC	5,801,750	2	0.22			
WFM Office Owner LLC	5,315,250	3	0.20			
SRI Eleven Mpls 225 LLC	5,086,650	4	0.19	3,305,250	4	0.24
City Center 33 So Prop LLC	4,825,950	5	0.18	3,251,250	5	0.24
Wells REIT	4,157,250	6	0.16	2,717,250	6	0.20
US Bank Corp	4,003,550	7	0.15	2,669,250	7	0.20
CenterPoint Energy	3,664,188	8	0.14			
South Sixth Office LLC	3,199,250	9	0.12			
BAM 701 LLC	3,162,150	10	0.12			
Xcel Energy (NSP)				7,215,770	2	0.53
MB Minneapolis 8th St LLC				3,551,250	3	0.26
Hilton Hotels Corporation				2,403,250	8	0.18
Best Buy Co Inc				2,369,250	9	0.17
Ridgedale Joint Venture				2,359,250	10	0.17
Total	\$ 53,075,238		2.00 %	\$ 42,221,020		3.10 %

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

Source: Hennepin County Property Information System.

Unaudited



Tax Levies and Collections on Property Located Within the County

Last Ten Years

Year	Current Tax Levy					
	County	All Other Taxing Districts/Special Assessments	Current Year Adjustments ¹	Total	Current Tax Collections Net of Refunds	Percent of Levy Collected
2013	\$ 713,992,585	\$ 1,912,964,824	\$ (6,394,783)	\$ 2,620,562,626	\$ 2,603,084,407	99.33 %
2014	737,085,368	1,970,205,401	(15,232,744)	2,692,058,025	2,664,108,747	98.96
2015	754,696,348	1,994,826,865	(5,981,741)	2,743,541,472	2,732,383,895	99.59
2016	788,618,398	2,091,614,243	(10,520,020)	2,869,712,621	2,863,352,382	99.78
2017	823,315,723	2,157,324,318	(22,314,578)	2,958,325,463	2,948,159,290	99.66
2018	856,817,660	2,265,626,291	(12,666,963)	3,109,776,988	3,090,563,442	99.38
2019	897,233,940	2,391,597,844	(13,405,499)	3,275,426,285	3,258,252,595	99.48
2020	934,876,350	2,482,052,643	(13,448,795)	3,403,480,198	3,393,176,814	99.70
2021	934,965,405	2,490,473,709	(13,192,603)	3,412,246,511	3,392,788,559	99.43
2022	966,419,216	2,567,829,418	(14,293,333)	3,519,955,301	3,494,911,949	99.29

¹ Adjustments include abatements, cancellations, and increases to the current year levy.

Unaudited

Table 12

	<u>Prior Year Collections Net of Refunds</u>	<u>Total Tax Collections</u>	<u>Uncollected Current Tax Levy</u>	<u>Percent of Current Tax Levy Uncollected</u>
\$	9,086,657	\$ 2,612,171,064	\$ 17,478,219	0.67 %
	(4,695,777)	2,659,412,970	27,949,278	1.04
	2,373,939	2,734,757,834	11,157,577	0.41
	(1,470,007)	2,861,882,375	6,360,239	0.22
	(4,870,907)	2,943,288,383	10,166,173	0.34
	(851,579)	3,089,711,863	19,213,546	0.62
	1,913,671	3,260,166,266	17,173,690	0.52
	12,302,883	3,405,479,697	10,303,384	0.30
	9,226,024	3,402,014,583	19,457,952	0.57
	2,964,617	3,497,876,566	25,043,352	0.71

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
2013	\$ 993,329,908	\$ 87,321,591,088	\$ 374,174,247	\$ 31,706,298,572
2014	1,079,365,752	94,514,474,174	410,514,191	35,136,247,648
2015	1,147,830,415	100,627,634,030	454,641,259	38,952,721,161
2016	1,225,469,292	106,688,710,677	493,479,516	42,812,588,043
2017	1,304,690,419	113,730,370,808	533,535,674	46,774,230,040
2018	1,392,585,502	121,532,445,186	586,430,142	51,664,025,894
2019	1,487,545,247	129,895,715,054	625,162,153	55,348,967,846
2020	1,563,969,055	136,857,875,524	697,098,964	58,391,790,384
2021	1,631,381,661	143,141,564,535	704,727,774	59,717,760,945
2022	1,911,697,254	166,949,089,587	760,971,267	63,788,249,391

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
\$	1,367,504,155	\$ 119,027,889,660	1.1 %	72.6 %	27.4 %
	1,489,879,943	129,650,721,822	1.1	72.4	27.6
	1,602,471,674	139,580,355,191	1.1	71.6	28.4
	1,718,948,808	149,501,298,720	1.1	71.3	28.7
	1,838,226,093	160,504,600,848	1.1	71.0	29.0
	1,979,015,644	173,196,471,080	1.1	70.4	29.6
	2,112,707,400	185,244,682,900	1.1	70.4	29.6
	2,261,068,019	195,249,665,908	1.2	69.2	30.8
	2,336,109,435	202,859,325,480	1.2	69.8	30.2
	2,672,668,521	230,737,338,978	1.2	71.5	28.5

Tax Capacity of Taxable Property by Municipality ¹
 Current Year Assessments

	Tax Capacity			Adjustment		Net Tax Capacity	Average Tax Rate ²
	Real Estate	Personal Property	Total	Fiscal Disparities	Tax Increment Financing/ Value Capture		
Bloomington	\$ 221,811,448	739,752	\$ 222,551,200	\$ (13,462,405)	(13,866,282)	\$ 195,222,513	101 %
Brooklyn Center	36,762,864	270,798	37,033,662	5,283,813	(868,538)	41,448,937	120
Brooklyn Park	123,730,533	634,754	124,365,287	6,262,994	(1,449,747)	129,178,534	103
Champlin	36,420,388	210,347	36,630,735	2,362,220	(1,119,274)	37,873,681	92
Chanhassen (part)	2,112,110	4,122	2,116,232	(706,951)	-	1,409,281	82
Corcoran	16,264,902	579,151	16,844,053	131,924	-	16,975,977	108
Crystal	28,754,043	239,360	28,993,403	3,263,784	(311,074)	31,946,113	113
Dayton (part)	18,187,082	628,098	18,815,180	(200,813)	(439,385)	18,174,982	96
Deephaven	21,902,904	44,112	21,947,016	(10,709)	-	21,936,307	76
Eden Prairie	162,893,706	1,261,919	164,155,625	(9,964,026)	(2,847,499)	151,344,100	93
Edina	189,621,642	851,683	190,473,325	(11,565,732)	(2,217,665)	176,689,928	96
Excelsior	9,261,644	55,078	9,316,722	(689,729)	(232,508)	8,394,485	88
Fort Snelling	-	194,302	194,302	-	-	194,302	69
Golden Valley	65,160,662	356,366	65,517,028	(6,031,969)	(1,318,072)	58,166,987	122
Greenfield	7,217,753	166,490	7,384,243	(1,793)	-	7,382,450	100
Greenwood	6,300,859	77,146	6,378,005	(115,114)	-	6,262,891	71
Hanover (part)	1,192,578	3,488	1,196,066	109,495	-	1,305,561	100
Hopkins	33,883,537	151,960	34,035,497	(732,696)	(2,969,538)	30,333,263	133
Independence	10,616,937	212,242	10,829,179	104,353	-	10,933,532	95
International Airport	-	10,943,197	10,943,197	-	-	10,943,197	42
Long Lake	4,755,263	12,632	4,767,895	(423,840)	(152,907)	4,191,148	95
Loretto	1,051,422	4,350	1,055,772	17,284	-	1,073,056	123
Maple Grove	157,555,132	1,151,490	158,706,622	(5,538,740)	(1,536,309)	151,631,573	91
Maple Plain	3,318,737	16,362	3,335,099	(65,095)	-	3,270,004	113
Medicine Lake	1,444,080	1,982	1,446,062	(10,056)	-	1,436,006	108
Medina	27,936,001	334,700	28,270,701	(989,065)	(679,624)	26,602,012	88
Minneapolis	797,589,474	4,549,112	802,138,586	(18,415,842)	(22,751,477)	760,971,267	117
Minnnetonka	151,405,755	528,942	151,934,697	(9,782,976)	(2,551,314)	139,600,407	100
Minnnetonka Beach	5,739,713	3,935	5,743,648	(14,541)	-	5,729,107	82
Minnetrsta	29,534,035	402,600	29,936,635	470,142	-	30,406,777	81
Mound	22,187,162	52,704	22,239,866	739,335	(1,055,435)	21,923,766	88
New Hope	33,031,992	193,291	33,225,283	810,529	(1,912,890)	32,122,922	125
Orono	50,742,986	180,456	50,923,442	(201,139)	(106,588)	50,615,715	78
Osseo	4,635,469	28,660	4,664,129	(103,339)	(616,679)	3,944,111	115
Plymouth	200,268,686	1,412,674	201,681,360	(10,591,541)	(1,978,931)	189,110,888	90
Richfield	55,956,298	296,436	56,252,734	1,905,837	(5,858,456)	52,300,115	121
Robbinsdale	18,245,420	121,581	18,367,001	2,497,965	(1,756,078)	19,108,888	116
Rockford	473,728	170,938	644,666	4,486	-	649,152	111
Rogers	38,520,009	524,675	39,044,684	(4,545,824)	(702,081)	33,796,779	98
St. Anthony (part)	9,360,174	53,854	9,414,028	461,019	(14,713)	9,860,334	135
St. Bonifacius	3,316,208	23,824	3,340,032	225,818	-	3,565,850	90
St. Louis Park	116,291,091	335,559	116,626,650	(6,106,046)	(13,838,198)	96,682,406	115
Shorewood	28,970,939	148,734	29,119,673	57,462	(256,177)	28,920,958	82
Spring Park	4,969,297	13,802	4,983,099	(116,725)	(153,412)	4,712,962	85
Tonka Bay	9,960,224	11,015	9,971,239	(53,348)	-	9,917,891	74
Wayzata	36,244,217	101,716	36,345,933	(2,870,660)	(4,403,242)	29,072,031	84
Woodland	5,316,335	19,040	5,335,375	-	-	5,335,375	69
Total	\$ 2,810,915,439	\$ 28,319,429	\$ 2,839,234,868	\$ (78,602,254)	\$ (87,964,093)	\$ 2,672,668,521	

¹ Tax capacity is for the 2022 assessment year, for taxes payable in 2023. In Minnesota, tax capacity is the basis of property taxation. Tax capacity is based on State determined class rates applied to estimated market value (e.g. a residential homestead valued at \$75,000 x 1% = \$750 tax capacity). Different property classifications are assigned different class rates.

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



Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities					
	General Obligation Bonds	General Obligation Notes	Revenue Bonds	Lease Revenue Certificates of Participation	Leases Payable ⁴	Notes Payable
2013	\$ 879,228,943	\$ 15,575,000	\$ 282,962,191	\$ 5,865,470		\$ 6,522,175
2014	933,862,600	13,293,242	266,899,972	2,985,220		5,899,012
2015	868,376,433	9,276,778	249,497,753	-		5,380,920
2016 ³	984,173,168	6,525,000	236,295,534	-		4,862,828
2017 ²	912,827,483	3,320,000	204,901,559	-		4,344,736
2018	1,005,692,157	2,240,000	185,985,139	-		3,826,644
2019	1,275,208,578	1,130,000	161,313,719	-		3,308,552
2020	1,512,635,323	-	135,837,299	-		2,790,460
2021	1,519,127,623	-	106,185,341	-	32,505,910	2,272,368
2022	1,454,609,000	-	99,139,059	-	33,683,505	-

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

² In 2010, the County assisted the Counties Transit Improvement Board (CTIB) in obtaining more favorable financing terms by issuing \$102.8 million of general obligation sales tax revenue bonds and loaning the proceeds to CTIB. In 2017, CTIB repaid the County in full, which allowed the County to defease the bonds.

³ The implementation of GASB 80 in 2017 required the County to report the Medical Center as a blended component unit rather than a discretely presented component unit. 2016 was restated for comparison purposes, but data is not available for prior years due to the Medical Center's own implementation of GASB 80 that added two blended component units to Medical Center financial statements in 2016.

⁴ The implementation of GASB 87 in 2022 changed the method for reporting leases. 2021 was restated for comparison purposes but periods prior to 2021 were not restated because the information is not available.

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	Leases Payable	Total Outstanding Debt	Total Debt as a Percentage of Personal Income ¹	Total Debt Per Capita ¹
\$ 1,120,000	-	\$ 1,191,273,779	1.71%	\$ 994
975,000	-	1,223,915,046	1.68%	1,010
825,000	-	1,133,356,884	1.44%	927
73,356,771	-	1,305,213,301	1.64%	1,067
162,455,247	-	1,287,849,025	1.55%	1,045
206,307,769	-	1,404,051,709	1.58%	1,121
209,942,201	-	1,650,903,050	1.75%	1,311
209,267,473	-	1,860,530,555	1.92%	1,470
208,024,244	33,058,764	1,901,174,250	1.87%	1,483
204,348,598	27,569,394	1,819,349,556	1.68%	1,435

Hennepin County, Minnesota

Ratio of Net Levy-supported General Obligation Debt to Property Estimated Market Value, and Net Debt Per Capita

Last Ten Years

Year	Net General Obligation Debt ¹				Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Debt Not Supported by Tax Levy	Less Amount Available for Debt Service	Net				
2013	\$ 895,923,943	\$ 96,440,000	\$ 13,088,237	\$ 786,395,706	\$ 124,508,068,000	1,198,778	0.63 %	\$ 656.00
2014	948,130,842	105,960,000	14,597,849	827,572,993	134,691,712,000	1,212,064	0.61	682.78
2015	878,478,211	101,195,000	17,702,437	759,580,774	144,409,721,000	1,223,149	0.53	621.00
2016	1,064,054,939	96,250,000	26,697,045	941,107,894	154,120,886,000	1,232,483	0.61	763.59
2017	1,078,602,730	11,630,000	18,219,325	1,048,753,405	164,830,612,000	1,252,024	0.64	837.65
2018	1,214,239,926	10,965,000	21,718,920	1,181,556,006	177,166,730,000	1,259,428	0.67	938.17
2019	1,486,280,779	210,275,000	16,559,894	1,259,445,885	188,921,092,000	1,265,843	0.67	994.95
2020	1,721,902,796	352,475,000	19,795,307	1,349,632,489	198,784,505,000	1,281,565	0.68	1,053.11
2021	1,727,151,867	341,000,000	18,288,232	1,367,863,635	206,746,289,000	1,267,416	0.66	1,079.25
2022	1,658,957,598	328,910,000	11,191,051	1,318,856,547	233,316,096,000	1,260,121	0.57	1,046.61

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

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

³ Source: U.S. Census Bureau.

Unaudited

Hennepin County, Minnesota

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

Year	Net General Obligation Debt ¹			Property Estimated Market Value ²	Population ³	Net General Obligation Debt to Property Estimated Market Value	Net General Obligation Debt Per Capita
	Total	Less Amount Available for Debt Service	Net				
2013	\$ 895,923,943	\$ 13,088,237	\$ 882,835,706	\$ 124,508,068,000	1,198,778	0.71 %	\$ 736.45
2014	948,130,842	14,597,849	933,532,993	134,691,712,000	1,212,064	0.69	770.20
2015	878,478,211	17,702,437	860,775,774	144,409,721,000	1,223,149	0.60	703.74
2016	1,064,054,939	26,697,045	1,037,357,894	154,120,886,000	1,232,483	0.67	841.68
2017	1,078,602,730	18,219,325	1,060,383,405	164,830,612,000	1,252,024	0.64	846.94
2018	1,214,239,926	21,718,920	1,192,521,006	177,166,730,000	1,259,428	0.67	946.88
2019	1,486,280,779	16,559,894	1,469,720,885	188,921,092,000	1,265,843	0.78	1,161.06
2020	1,721,902,796	19,795,307	1,702,107,489	198,784,505,000	1,281,565	0.86	1,328.15
2021	1,727,151,867	18,288,232	1,708,863,635	206,746,289,000	1,267,416	0.83	1,348.31
2022	1,658,957,598	11,191,051	1,647,766,547	233,316,096,000	1,260,121	0.71	1,307.63

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

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

³ Source: U.S. Census Bureau.

Unaudited

Hennepin County, Minnesota

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

December 31, 2022

Governmental Unit	Debt ¹		Percent Applicable To County ²	Amount Applicable to County
	Total	Net		
Direct:				
Hennepin County	\$ 1,020,705,000	\$ 1,010,814,232	100.00	% \$ 1,010,814,232
Hennepin County Regional Railroad	86,235,000	85,464,798	100.00	85,464,798
Total Direct Debt	<u>1,106,940,000</u>	<u>1,096,279,030</u>		<u>1,096,279,030</u>
Overlapping:				
Metropolitan Council ³	1,717,186,171	83,059,397	47.00	39,037,917
Metropolitan Airport Commission	1,583,965,000	-	-	-
Total Overlapping Debt	<u>3,301,151,171</u>	<u>83,059,397</u>		<u>39,037,917</u>
Underlying:				
School Districts	2,793,132,000	2,227,609,526	100.00	2,227,609,526
Municipalities	2,064,785,821	732,082,843	100.00	732,082,843
Three Rivers Park District	58,975,000	47,650,901	100.00	47,650,901
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	1,745,218,539	98,031,518	100.00	98,031,518
Total Underlying Debt	<u>6,662,111,360</u>	<u>3,105,374,788</u>		<u>3,105,374,788</u>
Total	\$ <u>11,070,202,531</u>	\$ <u>4,284,713,215</u>		\$ <u>4,240,691,735</u>

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

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

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County, Minnesota

Direct, Overlapping, and Underlying Governmental Activities Debt

December 31, 2022

Governmental Unit	Debt Outstanding ¹	Estimated Percentage Applicable	Amount Applicable to County
Direct:			
Hennepin County	\$ 1,501,196,564	100.00 %	\$ 1,501,196,564
Hennepin County Regional Railroad	86,235,000	100.00	86,235,000
Total Direct Debt	1,587,431,564		1,587,431,564
Overlapping:			
Metropolitan Council	1,717,186,171	47.00	807,077,500
Metropolitan Airport Commission	1,583,965,000	47.00	744,463,550
Total Overlapping Debt	3,301,151,171		1,551,541,050
Total Direct and Overlapping Debt	\$ 4,888,582,735		\$ 3,138,972,614
Underlying:			
School Districts	2,793,132,000	100.00	2,793,132,000
Municipalities	2,064,785,821	100.00	2,064,785,821
Three Rivers Park District	58,975,000	100.00	58,975,000
Miscellaneous (Watersheds, HRAs, EDAs, etc.) - Excludes RRA	1,745,218,539	100.00	1,745,218,539
Total Underlying Debt	\$ 6,662,111,360		\$ 6,662,111,360

¹ See Table 18 for similar information that is only for levy-supported G.O. debt.

Unaudited

Hennepin County, Minnesota

Legal Debt Margin Information
Last Ten Years

Year	Debt Limit ¹	Total Net Debt Applicable to Limit	Legal Debt Margin	Net Debt Applicable to Limit as a Percentage of Debt Limit
2013	\$ 3,570,836,690	\$ 786,395,706	\$ 2,784,440,984	22.02%
2014	3,889,521,655	827,572,993	3,061,948,662	21.28%
2015	4,332,291,618	759,580,774	3,572,710,844	17.53%
2016	4,623,626,544	941,107,894	3,682,518,650	20.35%
2017	4,944,918,369	1,048,753,405	3,896,164,964	21.21%
2018	5,315,001,888	1,181,556,006	4,133,445,882	22.23%
2019	5,667,632,760	1,259,445,885	4,408,186,875	22.22%
2020	5,963,535,150	1,349,632,489	4,613,902,661	22.63%
2021	6,202,388,670	1,367,863,635	4,834,525,035	22.05%
2022	6,999,482,880	1,318,856,547	5,680,626,333	18.84%

Computation of 2022 Legal Debt Margin	
2022 estimated market value of taxable property	<u>\$ 233,316,096,000</u>
Debt limit, 3% of estimated market value	\$ 6,999,482,880
Amount of levy supported debt	\$ 1,330,047,598
Less amount available for debt service	<u>11,191,051</u>
Legal Debt Margin	<u>\$ 5,680,626,333</u>

¹ See MN Statute 475.53.

Unaudited



Sales Tax Revenue Bond and Note CoverageLast Ten Years ¹

	2013	2014	2015	2016
Net Revenues ²	<u>\$ 32,943,112</u>	<u>\$ 33,771,519</u>	<u>\$ 35,294,545</u>	<u>\$ 36,013,974</u>
First Lien Revenue Bond Coverage:				
First lien principal	\$ 1,150,000	\$ 1,300,000	\$ 1,400,000	\$ 1,550,000
First lien interest	7,057,375	6,999,875	6,934,875	6,864,875
Total first lien debt service	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>
First lien coverage	4.01	4.07	4.23	4.28
<i>First lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Second Lien Revenue Bond Coverage:				
Total first lien debt service	<u>\$ 8,207,375</u>	<u>\$ 8,299,875</u>	<u>\$ 8,334,875</u>	<u>\$ 8,414,875</u>
Second lien principal	3,280,000	3,590,000	3,930,000	4,280,000
Second lien interest	4,949,025	4,789,925	4,616,925	4,454,725
Total second lien debt service	<u>8,229,025</u>	<u>8,379,925</u>	<u>8,546,925</u>	<u>8,734,725</u>
Total first and second lien debt service	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>
Second lien coverage	2.00	2.02	2.09	2.10
<i>Second lien principal optionally redeemed using sales tax revenues</i>	\$ -	\$ -	\$ -	\$ -
Third Lien Revenue Bond and Note Coverage:				
Total first and second lien debt service	<u>\$ 16,436,400</u>	<u>\$ 16,679,800</u>	<u>\$ 16,881,800</u>	<u>\$ 17,149,600</u>
Third lien principal	800,000	800,000	800,000	-
Third lien interest	42,312	16,375	6,676	21,289
Third lien remarketing and liquidity provider fees	238,964	132,514	93,937	49,715
Total third lien debt service	<u>1,081,276</u>	<u>948,889</u>	<u>900,613</u>	<u>71,004</u>
Total first, second and third lien debt service	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>
Third lien coverage	1.88	1.92	1.98	2.09
<i>Third lien principal optionally redeemed using sales tax revenues</i>	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000
Total Sales Tax Revenue Bond and Note Coverage:				
Sales tax revenue bond and note principal	\$ 5,230,000	\$ 5,690,000	\$ 6,130,000	\$ 5,830,000
Sales tax revenue bond and note interest	12,048,712	11,806,175	11,558,476	11,340,889
Remarketing and liquidity provider fees	238,964	132,514	93,937	49,715
Total sales tax revenue bond and note debt service	<u>\$ 17,517,676</u>	<u>\$ 17,628,689</u>	<u>\$ 17,782,413</u>	<u>\$ 17,220,604</u>
Total coverage	1.88	1.92	1.98	2.09
<i>Total principal optionally redeemed using sales tax revenues</i>	\$ 11,000,000	\$ 10,000,000	\$ 10,900,000	\$ 7,000,000

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

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

Unaudited

Table 21

2017	2018	2019	2020	2021	2022
<u>\$ 36,444,848</u>	<u>\$ 37,696,559</u>	<u>\$ 39,296,388</u>	<u>\$ 35,200,993</u>	<u>\$ 41,139,355</u>	<u>\$ 47,541,530</u>
\$ 4,370,000	\$ 3,975,000	\$ 4,230,000	\$ 4,535,000	\$ 4,900,000	\$ 5,220,000
5,113,719	5,625,750	5,427,000	5,215,500	4,988,750	4,743,750
<u>\$ 9,483,719</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>	<u>\$ 9,888,750</u>	<u>\$ 9,963,750</u>
3.84	3.93	4.07	3.61	4.16	4.77
\$ 9,019,206	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 9,483,719</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>	<u>\$ 9,888,750</u>	<u>\$ 9,963,750</u>
4,655,000	-	-	-	-	-
4,267,725	-	-	-	-	-
8,922,725	-	-	-	-	-
<u>\$ 18,406,444</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>	<u>\$ 9,888,750</u>	<u>\$ 9,963,750</u>
1.98	N/A	N/A	N/A	N/A	N/A
\$ 18,822,940	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 18,406,444</u>	<u>\$ 9,600,750</u>	<u>\$ 9,657,000</u>	<u>\$ 9,750,500</u>	<u>\$ 9,888,750</u>	<u>\$ 9,963,750</u>
-	13,600,000	14,100,000	14,600,000	10,000,000	-
-	1,412,272	1,294,401	377,950	88,755	-
-	-	-	3,900	1,300	1,300
-	15,012,272	15,394,401	14,981,850	10,090,055	1,300
<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>	<u>\$ 25,051,401</u>	<u>\$ 24,732,350</u>	<u>\$ 19,978,805</u>	<u>\$ 9,965,050</u>
1.98	1.53	1.57	1.42	2.06	4.77
\$ -	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 9,855,000	\$ -
\$ 9,025,000	\$ 17,575,000	\$ 18,330,000	\$ 19,135,000	\$ 14,900,000	\$ 5,220,000
9,381,444	7,038,022	6,721,401	5,593,450	5,077,505	4,743,750
-	-	-	3,900	1,300	1,300
<u>\$ 18,406,444</u>	<u>\$ 24,613,022</u>	<u>\$ 25,051,401</u>	<u>\$ 24,732,350</u>	<u>\$ 19,978,805</u>	<u>\$ 9,965,050</u>
1.98	1.53	1.57	1.42	2.06	4.77
\$ 27,842,146	\$ -	\$ 5,000,000	\$ 5,000,000	\$ 9,855,000	\$ -

Hennepin County, Minnesota

Ratio of Debt Service Expenditures for Property Tax Supported Bonds to Total Expenditures

Last Ten Years

Year	Debt Service Expenditures ^{1,2}			Total Expenditures Governmental Funds	Debt Service Expenditures to Total Expenditures
	Principal	Interest and Fiscal Charges	Total		
2013	\$ 54,194,103	\$ 29,834,052	\$ 84,028,155	\$ 1,424,165,736	5.90 %
2014	73,914,868	30,717,538	104,632,406	1,447,845,295	7.23
2015	62,382,824	31,175,502	93,558,326	1,494,328,720	6.26
2016 ³	56,414,556	30,857,794	87,272,350	1,640,834,621	5.32
2017	71,920,587	38,354,557	110,275,144	1,815,403,891	6.07
2018	62,215,449	39,136,786	101,352,235	1,860,151,667	5.45
2019	56,795,800	44,809,599	101,605,399	1,894,283,198	5.36
2020	64,866,244	51,002,373	115,868,617	2,229,604,361	5.20
2021	70,993,002	58,625,891	129,618,893	1,833,894,682	7.07
2022	81,482,004	61,606,694	143,088,698	1,952,787,823	7.33

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

² The County's optional payments for early redemption of outstanding property tax supported bond issues, including \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, \$15,000,000 in 2018, \$6,165,000 in 2019, \$10,000,000 in 2020, \$12,000,000 in 2021 and \$12,000,000 in 2022, 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, 2020 would be 4.75% and 2021 would be 6.41%, and 2022 would be 6.71%.

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

Unaudited

Hennepin County, Minnesota

Demographic and Economic Statistics

Last Ten Years

Year	Population ¹	Per Capita Income ²	Total Income	Median Age ³	Persons 25 years and older who are high school graduates ¹	PK-12 School Enrollment ⁴	Unemployment Rate ⁶
2013	1,198,778	\$ 60,601	\$ 72,647,145,578	36.0	92.2 %	162,827	4.7 %
2014	1,212,064	65,033	78,824,158,112	36.1	92.3	164,151	3.7
2015	1,223,149	65,231	79,787,232,419	36.1	92.7	166,106	3.3
2016	1,232,483	67,427	83,102,631,241	36.2	92.6	168,629	3.4
2017	1,252,024	71,067	88,977,589,608	36.5	92.8	170,683	3.2
2018	1,259,428	74,698	94,076,752,744	36.5	93.0	177,653	2.5
2019	1,265,843	76,552	96,902,813,336	36.8	93.2	178,657	2.8
2020	1,281,565	79,183	101,478,161,395	36.7	93.3	173,481	6.2
2021	1,267,416	85,505	108,370,405,080	37.4	93.6	171,453	3.6
2022	1,260,121	N/A ⁵	N/A ⁵	N/A ⁵	93.9	170,899	2.5

Sources:

¹ U.S. Census Bureau² Bureau of Economic Analysis, County Table³ U.S. Census Bureau, U.S. Community Survey Estimates⁴ Fall registration for public schools - Minnesota State Department of Education⁵ Information not available at time of publication.⁶ Minnesota Department Of Employment And Economic Development (12-month average of figures not seasonally adjusted)

Unaudited

Hennepin County, Minnesota

Labor Force Size and Unemployment Rate

Last Ten Years

Year	Hennepin County		Metropolitan Area ¹		State		National	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
2013	667,999	4.7 %	1,876,212	4.9 %	2,974,397	5.08%	155,389,167	7.4 %
2014	672,114	3.7	1,917,301	3.9	2,974,102	4.1	155,921,833	6.2
2015	679,549	3.3	1,938,858	3.4	3,010,367	3.7	157,129,917	5.3
2016	679,285	3.4	1,938,642	3.6	3,001,131	3.9	159,106,500	4.9
2017	694,060	3.2	1,979,780	3.3	3,046,697	3.6	160,319,750	4.4
2018	707,209	2.5	2,016,208	2.7	3,099,006	2.9	162,075,000	3.9
2019	711,530	2.8	2,023,566	3.0	3,113,673	3.3	163,538,667	3.7
2020 ²	706,189	6.2	2,005,559	6.0	3,075,445	5.8	160,742,333	8.1
2021	693,226	3.6	1,973,734	3.6	3,024,835	3.6	161,298,000	5.4
2022	703,572	2.5	2,009,050	2.6	3,077,500	2.7	164,287,167	3.7

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

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

Unaudited

Hennepin County, Minnesota

Employment Information by Industry

Last Ten Years

Industry	Hennepin County Industry Ranking									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health care and social assistance	1	1	1	1	1	1	1	1	1	1
Professional and technical services	2	2	2	2	2	2	2	2	2	2
Finance and insurance	4	4	4	4	4	4	4	3	3	3
Government and government enterprises	3	3	3	3	3	3	3	4	4	4
Retail trade	5	5	5	5	5	5	5	5	5	5
Manufacturing	6	6	6	6	6	6	6	6	6	6
Administrative and waste services	7	7	7	7	7	8	8	8	7	7
Management of companies and enterprises	12	11	11	11	12	12	13	9	8	8
Accommodation and food services	8	8	8	8	8	7	7	7	9	9
Real estate	11	12	12	12	11	11	10	10	10	10
Transportation and warehousing	13	14	13	13	13	13	12	12	13	11
Wholesale trade	9	9	9	9	9	9	9	13	11	12
Other services, except public administration	10	10	10	10	10	10	11	11	12	13
Construction	14	13	14	14	14	14	14	14	14	14
Arts, entertainment, and recreation	15	15	15	15	15	15	15	15	16	15
Educational services	16	16	16	16	16	16	16	16	15	16
Information	17	17	17	17	17	17	17	17	17	17
Utilities	18	18	18	18	18	18	18	18	18	18
Forestry, fishing, mining, other	19	19	19	19	19	19	19	19	19	19
Farm	20	20	20	20	20	20	20	20	20	20

Note: 2022 information was not available at the time of publication.

Source: Bureau of Economic Analysis

Unaudited

Hennepin County, Minnesota

Principal Employers

Current Year and Nine Years Ago

	2022 ²			2013 ¹		
	Employees (rounded to nearest 1,000)	Rank	Percentage of Total State Employment	Employees (rounded to nearest 1,000)	Rank	Percentage of Total County Employment
<u>State of Minnesota Principal Employers</u>						
Mayo Foundation	48,000	1	1.56%	33,000	3	1.11%
Allina Health	41,000	2	1.33%	23,000	5	0.77%
State of Minnesota	36,000	3	1.17%	40,000	1	1.35%
United States Federal Government	32,000	4	1.04%	34,000	2	1.15%
Fairview Health Services	32,000	5	1.04%			
Target Corporation				31,000	4	1.04%
	<u>189,000</u>		<u>6.14%</u>	<u>161,000</u>		<u>5.42%</u>

¹ Source for 2013: Statewide information from the US Department of Labor (acinet.org). Data specific to the County is no longer available, so available statewide information is shown.

² Source for 2022: Statewide information from the Minneapolis / St. Paul Business Journal.

Unaudited



Employees by Function/Program

Last Ten Years

	2013	2014	2015	2016
<u>Governmental Activities:</u>				
Operations	1,844	2,005	2,073	2,138
Human Services	2,955	3,084	3,264	3,482
Health	241	259	280	281
Law, Safety and Justice	2,203	2,249	2,245	2,313
Public Works	350	343	367	373
Disparity Reduction	N/A	N/A	N/A	N/A
<u>Business-type Activities:</u>				
Hennepin Health Plan	94	82	70	91
Environment and Energy	91	85	90	94
Medical Center ¹	N/A	N/A	N/A	7,286
	<u>7,778</u>	<u>8,107</u>	<u>8,389</u>	<u>16,058</u>
<i>Percent change from prior year, excluding Medical Center</i>	<i>1.4%</i>	<i>4.2%</i>	<i>3.5%</i>	<i>4.6%</i>
Total Unionized Employees	5,315	5,315	5,504	10,275
Total Full-Time Equivalents	7,379	7,608	7,890	14,305

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

Unaudited

Table 27

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
2,289	2,251	2,257	2,184	2,039	2,227
3,586	3,506	3,274	3,260	3,151	3,361
290	300	303	278	269	292
2,369	2,386	2,426	2,410	2,153	2,365
366	374	372	360	361	319
N/A	N/A	N/A	N/A	N/A	88
109	114	106	103	99	103
94	97	99	93	93	96
<u>7,143</u>	<u>7,276</u>	<u>7,246</u>	<u>7,334</u>	<u>7,167</u>	<u>7,050</u>
<u>16,246</u>	<u>16,304</u>	<u>16,083</u>	<u>16,022</u>	<u>15,332</u>	<u>15,901</u>
3.8%	-0.8%	-2.1%	-1.7%	-6.0%	8.4%
10,404	10,507	10,395	10,398	9,974	10,173
14,450	14,497	14,330	14,267	14,207	14,757

Operating Indicators

Last Ten Years

	2013	2014	2015
<u>Governmental Activities Operating Indicators by Function/Program</u>			
<u>Operations</u>			
Library items circulated (millions)	15.8	16.0	16.0
eLibrary visits (millions)	19.5	20.0	20.0
Number of library volunteer hours supplementing service	92,773	100,000	100,000
<u>Human Services</u>			
Cash assistance programs use	N/A	N/A	N/A
Children, custodial and non-custodial parents in child support system	N/A	N/A	N/A
Emergency assistance programs use	N/A	N/A	N/A
Food support or MFIP food portion use	N/A	N/A	N/A
<u>Health</u>			
NorthPoint Health & Wellness Center patient statistics:			
Medical, Behavioral & Dental Visits	82,069	85,358	96,962
Medical Examiner			
Number of Autopsies Performed	N/A	1,060	1,100
<u>Public Safety</u>			
Sheriff's Office:			
Number of mortgage foreclosure sales	2,596	1,752	1,545
Number of jail bookings	35,910	34,116	34,343
Community Corrections:			
Percent of client recidivism	28.8%	22.9%	20.0%
<u>Public Works</u>			
Present pavement serviceability rating (portion rated good or better)	62%	59%	60%
Engineering costs as a percent of actual capital project costs	22%	18%	18%
<u>Business-type Activities Operating Indicators by Function/Program</u>			
<u>Hennepin Health</u>			
Administrative Cost Ratio	14.8%	14.0%	15.5%
Enrollment ¹	11,888	13,290	13,734
<u>Medical Center</u>			
Number of clinic visits	N/A	N/A	N/A
Number of Medical Center inpatient discharges	N/A	N/A	N/A
<u>Environment and Energy</u>			
Recycling rate	41.0%	41.0%	45.0%

¹ In 2017, Hennepin Health added 21,000 new enrollees previously served by a different HMO.

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

Sources: Various County departments

Unaudited

Table 28

2016	2017	2018	2019	2020 ²	2021 ²	2022 ²
16.0	15.1	18.3	17.7	9.0	13.8	16.2
20.0	12.8	12.2	12.0	8.6	8.9	9.2
100,000	75,076	72,045	62,774	11,523	4,150	10,750
52,273	51,609	50,390	47,440	51,279	39,831	40,037
145,080	132,602	138,088	135,920	136,104	130,125	126,875
1,437	1,179	1,276	1,498	954	629	898
117,026	111,901	108,064	103,003	116,846	100,887	110,225
95,345	104,054	105,059	102,135	79,121	87,028	106,548
1,288	1,310	1,196	1,196	1,437	1,450	1,480
1,054	809	630	494	231	173	300
31,554	32,154	32,154	30,950	21,173	18,208	22,000
24.3%	20.4%	22.0%	23.0%	22.0%	16.0%	15.0%
66%	63%	65%	60%	63%	63%	67%
18%	24%	23%	28%	21%	22%	22%
15.0%	10.4%	12.0%	11.6%	9.9%	10.5%	9.3%
12,144	25,529	27,500	24,613	27,842	27,225	33,846
620,781	628,037	628,735	643,739	585,180	662,753	626,917
23,051	22,050	21,718	21,349	19,282	18,965	16,587
51.0%	50.0%	49.0%	49.0%	42.0%	43.0%	45.0%

Capital Asset Statistics by Function/Program

Last Ten Years

	2013	2014	2015
<u>Operations</u>			
Building square footage occupied by Operations	187,821	190,343	233,684
Building square footage occupied by the Libraries	1,005,367	1,017,502	1,017,502
Size of Library collection (copies)	4,670,388	4,815,158	4,995,316
<u>Human Services</u> ¹			
Building square footage occupied by Human Services	452,108	422,338	421,624
<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>Law, Safety and Justice</u>			
Building square footage - Public Safety Facility Cells/Sheriff's Jail	359,083	359,083	383,128
Building square footage occupied by the Corrections Department	562,480	571,792	571,792
Building square footage occupied by the Sheriff's Office (w/o Jail)	153,437	174,229	174,229
<u>Public Works</u>			
County roads and highways (center line miles)	570	570	570
Number of bridges	143	145	146
<u>Hennepin Health</u>			
Building square footage occupied by Hennepin Health	32,957	32,957	32,957

¹ Square footage excludes common areas.

Sources: Various County departments

Unaudited

Table 29

2016	2017	2018	2019	2020	2021	2022
246,979	254,889	257,319	261,606	271,086	295,240	281,347
1,041,136	1,074,505	1,072,901	1,075,285	1,059,260	1,059,260	1,049,262
4,995,316	4,943,703	4,979,909	4,984,797	5,201,785	5,029,195	4,955,222
337,666	288,858	397,514	397,304	372,274	349,496	333,650
43,422	43,422	43,422	52,083	52,083	54,162	54,162
29,430	29,430	29,311	29,311	29,311	29,311	64,383
3,301,101	3,314,481	3,761,310	3,801,977	3,778,628	3,675,566	3,675,566
383,128	385,312	409,101	409,101	399,288	392,613	392,613
571,879	571,878	565,448	581,635	578,249	573,079	507,051
174,305	174,108	174,723	168,435	168,048	163,452	173,490
570	570	570	570	570	566	566
147	147	147	147	148	149	149
32,957	25,574	25,574	25,574	25,574	25,574	10,957

Selected Per Capita Measures of Financial Condition
Last Ten Years

	2013	2014	2015	2016
PROPERTY TAX LEVY				
County ¹	\$ 596	608	617	640
% Change	0.1	2.0	1.5	3.7
County and other ²	\$ 2,171	2,221	2,243	2,328
% Change	0.8	2.3	1.0	3.8
REVENUES				
Total governmental funds ³	\$ 1,100	1,187	1,162	1,192
% Change	2.1	7.9	(2.1)	2.6
Intergovernmental	\$ 339	414	364	383
% Change	7.0	22.2	(12.1)	5.2
EXPENDITURES				
Total governmental funds ³	\$ 1,188	1,195	1,222	1,331
% Change	8.1	0.5	2.2	8.9
Capital projects	\$ 121	113	123	149
% Change	37.0	(6.4)	9.1	20.9
LEVY-SUPPORTED GENERAL OBLIGATION DEBT				
Net direct ⁴	\$ 656	683	621	764
% Change	5.9	4.1	(9.1)	23.0
Net direct, overlapping, and underlying G.O.	\$ 2,157	2,238	2,240	2,507
% Change	(1.0)	3.7	0.1	11.9
PROPERTY ESTIMATED MARKET VALUE	\$ 103,862	111,126	118,064	125,049
% Change	(0.5)	7.0	6.2	5.9
EMPLOYEES PER 10,000 CAPITA ⁵	61.6	62.8	64.5	114.3
% Change	0.4	1.9	2.7	77.1

¹ The levy includes state-paid aids and credits such as Homestead and Agricultural Credit Aid, Agricultural Preserve Credit, Disparity Aid, and Equalization Aid. The levy does not include County Program Aid or Education Aid.

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

³ 2017 revenues and expenditures include the \$83.6 million received upon the dissolution of the Counties Transit Improvement Board (CTIB) joint venture. The revenues were used for the early defeasance of bonds the County had issued in 2010 to assist the CTIB in obtaining more favorable financing terms.

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

⁵ Includes full-time and part-time employees converted to full-time equivalents. The employee count was restated in 2016 to include Medical Center employees due to the blending of the Medical Center, which had been a discretely presented component unit previously.

Unaudited

Table 30

2017	2018	2019	2020	2021	2022
658	680	709	729	738	767
2.7	3.5	4.2	2.9	1.1	4.0
2,363	2,469	2,588	2,656	2,692	2,793
1.5	4.5	4.8	2.6	1.4	3.8
1,292	1,360	1,390	1,481	1,462	1,515
8.4	5.2	2.2	6.5	(1.3)	3.7
437	385	357	463	452	488
14.1	(12.0)	(7.3)	29.8	(2.5)	8.0
1,450	1,477	1,496	1,740	1,447	1,550
8.9	1.9	1.3	16.3	(16.8)	7.1
138	196	125	113	111	133
(7.3)	41.9	(36.2)	(9.9)	(1.0)	19.3
838	938	995	1,053	1,079	1,047
9.6	12.0	6.1	5.8	2.5	(3.0)
2,622	2,944	3,089	3,255	3,317	3,365
4.6	12.3	4.9	5.4	1.9	1.5
131,651	140,672	149,245	155,111	163,124	185,154
5.3	6.9	6.1	3.9	5.2	13.5
115.4	115.1	113.2	111.3	112.1	117.1
1.0	(0.3)	(1.6)	(1.7)	0.7	4.5

Selected Ratio Measures of Financial Condition

Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt service expenditures for property tax supported bonds to: ¹				
County property tax levy	11.8 %	11.2 %	12.4 %	15.9 %
Governmental fund expenditures	5.9	5.7	6.3	7.4
Net general obligation debt to:				
Property taxable market value	0.66	0.64	0.53	0.61
Legal debt margin	28.2	27.0	21.3	25.6
Direct, overlapping, and underlying net G.O. debt	30.4	30.5	27.7	30.5
Governmental fund revenues	59.6	57.5	53.5	64.1
General obligation debt due within ten years				
To total general obligation debt	59.3	58.5	61.7	55.0
Unassigned General Fund fund balance ²				
To general fund expenditures	25.8	23.4	24.6	22.1

¹ In years when the County made optional payments for early redemption of outstanding bond issues, the optional amounts are included for the calculation of the debt service ratios. The County's optional payments for early redemption of outstanding property tax supported bond issues were \$13,970,000 in 2015, \$15,000,000 in 2016, \$34,414,206 in 2017, \$15,000,000 in 2018, \$6,165,000 in 2019, \$10,000,000 in 2020, \$12,000,000 in 2021, and \$12,000,000 in 2022.

Unaudited

Table 31

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
13.4 %	11.8 %	11.3 %	12.4 %	13.9 %	14.8 %
6.1	5.4	5.4	5.2	7.1	7.3
0.64	0.67	0.68	0.69	0.67	0.57
26.9	28.6	28.6	29.3	28.3	23.2
31.9	31.9	32.2	32.4	32.5	31.1
64.8	69.0	71.6	71.1	73.8	69.1
58.0	58.0	58.0	51.3	52.6	54.7
25.6	23.6	24.4	17.9	20.3	19.8





Regional Medical Examiner's Facility

The new Regional Medical Examiner's Facility opened in 2022, serving the residents of Hennepin, Dakota and Scott counties. Starting in 2015, the three counties joined forces to provide more efficient and effective medical examiner services for residents. The new facility serves as the home base for the tri-county service area.

Mission

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



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

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