

Disclaimer

This Comprehensive Annual Financial Report (CAFR) of the Hennepin County Regional Railroad Authority (HCRRA) contained on the County's web pages is historical information as of December 31, 2020. The information in the CAFR has not been updated for developments subsequent to the date of the independent auditor's report.

The County has taken reasonable security measures to protect the integrity of its website and information posted thereon. However, no web site can fully ensure against infiltration. Absent any unauthorized act that deletes, edits, or somehow manipulates the words or data, this publication represents the presentation of the HCRRA's CAFR dated December 31, 2020.

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



HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY
A Component Unit of Hennepin County, Minnesota

Comprehensive Annual Financial Report

Year Ended December 31, 2020



Introductory Section



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
2020 Comprehensive Annual Financial Report
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HENNEPIN COUNTY

REGIONAL RAILROAD AUTHORITY

August 30, 2021

The Honorable Members of the Hennepin County Regional Railroad Authority Board:

Minnesota Statutes require all governmental agencies to issue an annual report on its financial position and activity prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Hennepin County Regional Railroad Authority (HCRRA) for the fiscal year ended December 31, 2020.

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, Certified Public Accountants, has issued an unmodified (“clean”) opinion on HCRRA financial statements for the year ended December 31, 2020. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

The HCRRA was established in 1980 as a political subdivision and local government unit of Minnesota. It was established for the purpose of preservation, improvement, and implementation of local rail service in accordance with the powers and authorities granted in Laws of Minnesota Chapter 616.

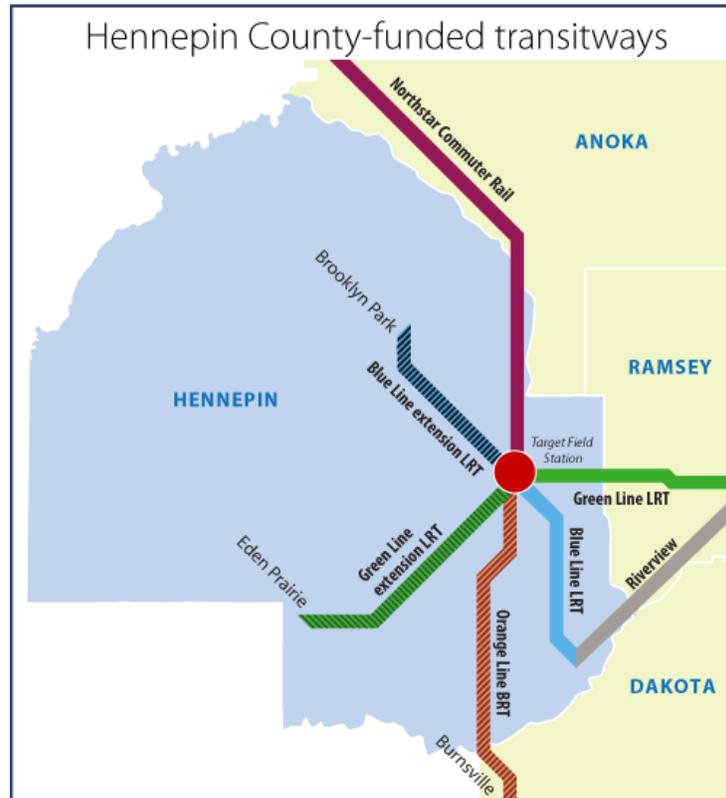
Although it is a legally separate entity, the HCRRA is in substance part of the operations of Hennepin County. Therefore, the HCRRA’s activity is combined with financial information of Hennepin County and reported as a special revenue fund within the County’s Comprehensive Annual Financial Report.

The HCRRA Board, which includes the seven members of the Hennepin County Board of Commissioners, is responsible, among other things, for adopting the annual budget. Budgets are adopted on a basis consistent with GAAP. Beginning in approximately May of each year a budget is prepared and includes information on the past year, current year estimates, and requested appropriations. The Board legally enacts the budget by passage of a resolution no later than December 31. A budget to actual comparison for the general fund is presented in the Required Supplementary Information section of this report.



Profile of the Government

The HCRRA's focus is on the transitways shown in the map below.



METRO Blue Line – Light Rail Transit

The METRO Blue Line opened in 2004. The current 19-station line provides 12 miles of light rail transit between the Mall of America in Bloomington and Target Field Station in downtown Minneapolis. The line is served by two park and ride lots that provide more than 2,600 parking spaces to commuters. Ridership in 2020 totaled 4.2 million, compared with 11.0 million in 2019, and the route had an average weekday ridership in 2020 of 12,170, compared with 32,978 in 2019. The decrease in 2020 was due to the greatly reduced demand during the COVID-19 pandemic. From March to June 2020, service was reduced to 20-minute frequencies from the usual 10-minute frequencies. From July to September, frequency was improved to 15-minutes, and 10-minute frequencies were restored in the middle of September. Metro Transit operates the light rail, commuter rail, and most of the buses in the Twin Cities. The METRO Blue Line accounted for about 11.7% of Metro Transit's total ridership in 2020. The METRO Blue Line operates with a fleet of 44 vehicles.

METRO Green Line – Light Rail Transit



The METRO Green Line is 9.8 miles of light rail transit between downtown St. Paul and downtown Minneapolis. This line opened in 2014 with 18 stations, as well as five stations shared with the METRO Blue Line. It links five major centers of activity in the Twin Cities region – downtown Minneapolis, the University of Minnesota, the Midway area, the State Capitol complex and downtown St. Paul. It connects to the METRO Blue Line at the US Bank Stadium Station. Like the METRO Blue Line, ridership and frequency of services was affected by the COVID-19 pandemic. In 2020, total ridership was 7.2 million, a decrease from the 14.3 million in 2019, with average weekday ridership of 18,271 in 2020, a decrease from the average weekday ridership of 44,004 in 2019. From March to June 2020, service was reduced to 20-minute frequencies from the usual 10-minute frequencies. From July to September, frequency was improved to 15-minutes, and 10-minute frequencies were restored in the middle of September. METRO Green Line ridership in 2020 was 20% of Metro Transit's annual total ridership. A total of 47 Light Rail Vehicles are assigned to the Green Line.

Northstar Commuter Rail Line

Northstar Commuter Rail service between Big Lake and downtown Minneapolis is on a 40-mile segment of BNSF Railway along Highways 10 and 47. This service began in 2009. The Northstar stations are located in Big Lake, Elk River, Ramsey, Anoka, Coon Rapids, Fridley, and in downtown Minneapolis where Target Field Station provides a direct connection to the METRO Blue Line and METRO Green Line.

Northstar rail service was greatly reduced due to the COVID-19 pandemic. Starting March 2020, and for the remainder of the year, only 2 weekday roundtrips and no weekend trips were operated, reducing weekly trips from 72 to 20. In 2020, the Northstar Line carried 152,456 passengers, compared with 767,767 passengers in 2019, with an average weekday ridership of 582 in 2020 compared with an average weekday ridership of 2,739 in 2019.

Additional Projects

The HCRRA also participates in the planning and design of other projects, including:

- **METRO Green Line Extension (Southwest Corridor) – Light Rail Transit**
The METRO Green Line Extension is a planned 14.5-mile light rail transit line between the existing Southwest Station in Eden Prairie and downtown Minneapolis. When built, the line will be combined with the METRO Green Line, to create a continuous service from Eden Prairie to downtown St. Paul. In October 2020, the Federal Transit Administration issued a Full Funding Grant Agreement (FFGA) for the project. Construction had commenced prior to the issuance of the FFGA under Letters of No Prejudice, and the project was approximately 50% complete by the end of 2020

- **METRO Blue Line Extension (Bottineau Corridor)– Light Rail Transit**
The METRO Blue Line Extension is a 13-mile, 11 station transitway corridor extending from the existing Target Field Station in downtown Minneapolis through North Minneapolis, Golden Valley, Robbinsdale, Crystal, and Brooklyn Park. The project had reached the 95% design level, but a 3rd-party agreement with a freight railroad was not secured, preventing a Full Funding Grant Agreement with the Federal Transit Administration. In October 2020, the Corridor Management Committee for the project voted to determine a new alignment for the project which would not utilize the freight rail corridor. It is anticipated that a new alignment will be determined by the end of 2021.

- **METRO Orange Line – Bus Rapid Transit**
The METRO Orange Line is a 17-mile planned highway Bus Rapid Transit (BRT) line that will connect Minneapolis, Richfield, Bloomington, and Burnsville along Interstate 35W. The Orange Line will provide frequent, all-day service in both directions, seven days a week. The \$150.7 million project is scheduled to open in December 2021. All funding for the project has been secured, including a Small Starts Funding Agreement from the Federal Transit Administration in June 2020. In 2020 the Minnesota Department of Transportation continued construction on the I-35W reconstruction/Orange Line northern improvements.

Interim Use of Properties Acquired for Future Projects

The HCRRA currently owns 46 miles of rail corridor; 7 sites suitable for future park and ride lots or stations; and 1 railroad depot. Although acquired for future transportation needs, recreational trails have been constructed on these corridors for interim use.

Economic and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the HCRRA operates.

Local economy. Hennepin County, the geographic area in which the HCRRA is established, is at the core of one of the largest economic centers in the upper Midwest. The County is home to over 20% of the state's population, approximately one-third of the state's employment base, and 12 of the 19 Fortune 500 headquarters located in the state. 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. Since the last recession, the County's property tax base has grown by nearly half, which reflects a strong housing market and significant new construction of residential and commercial buildings, much of which was centered in and around downtown Minneapolis.

Due to the COVID-19 pandemic, the County's 12-month average unemployment rate for 2020 increased significantly to 6.2% compared to the 2019 average unemployment rate of 2.8%. The County's 2020 unemployment rate was higher than the 5.8% State of Minnesota rate but lower than the 8.1% national 12-month average.

Long-term Financial Planning. The pandemic-induced economic downturn that began in February 2020 brought severe disruptions to Minnesota's economy. During 2020, the State experienced job and wage income losses, a reduced labor force, changes in consumer spending patterns, and business closures. In the Minnesota Management and Budget's February 2021 Budget and Economic Forecast, there is an improved outlook for U.S. economic growth in 2021 and 2022. The improved outlook is supported by federal pandemic relief spending drives, and an expectation that Minnesota's job and wage losses of 2020 will be followed by positive employment and wage growth through the state's forecast period ending June 30, 2023.

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

Respectfully submitted,



David J. Hough
Executive Director

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Officials 2020

Board of Commissioners:

Jan Callison, Chair

Mike Opat, Vice Chair

Debbie Goettel, Secretary

Marion Greene, Treasurer

Irene Fernando

Angela Conley

Jeff Johnson

Executive Director:

David J. Hough

Financial Section



Independent Auditor's Report

Hennepin County Regional Railroad Authority
Hennepin County, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Hennepin County Regional Railroad Authority (HCRRA), a component unit of Hennepin County, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise HCRRA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of HCRRA as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The 2020 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 supplementary information is fairly stated, in all material respects, in relation to the 2020 basic financial statements taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, HCRRA's 2019 basic financial statements (not presented herein) and have issued our report dated July 28, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities and the major funds. The accompanying supplementary information, as listed in the table of contents, as of and for the year ended December 31, 2019, 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 2019 basic financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements, or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated, in all material respects, in relation to the 2019 basic financial statements taken as a whole.

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

RSM US LLP

Minneapolis, Minnesota
August 30, 2021

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Management's Discussion and Analysis

This discussion and analysis is intended to provide financial statement readers with a financial overview and narrative analysis of the financial position and activities of the Hennepin County Regional Railroad Authority (HCRRA), a component unit of Hennepin County (the County) for the year ended December 31, 2020. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-Wide

- At December 31, 2020, the assets and deferred outflows of resources of the HCRRA were \$45,761,817 less than its liabilities and deferred inflows. The HCRRA's net investment in capital assets is \$26,840,079, and restricted for debt service is \$458,361. The remainder consisted of negative unrestricted net position of \$73,060,257. Negative unrestricted net position exists because the HCRRA has incurred debt related to the Southwest Corridor project where related capital assets and cash are contributed to the Metropolitan Council. Future HCRRA revenues are expected to be sufficient to offset long-term debt liabilities as they come due.
- HCRRA total net position, as reported in the Statement of Activities, decreased by \$51,411,251 during 2020. The decrease in net position is primarily due to activities related to the Southwest Corridor project. Capital assets and cash relating to these projects are contributed to the Metropolitan Council.

Fund Level

- At the end of the fiscal year, the HCRRA's governmental funds reported total ending fund balances of \$40,908,884, a decrease of \$59,527,513 from the prior year balance of \$100,436,397. The decrease in fund balance is primarily due to the increase in expenditures for the Southwest Corridor project.
- Total fund balance for the General Fund was \$40,063,306, or approximately 48% of total general fund expenditures for the year ended December 31, 2020, compared to \$100,424,769 and 225% for 2019. Again, the changes relate to the Southwest Corridor project.

Long-Term Debt

- The HCRRA's total long-term debt decreased \$4,956,356 in 2020, primarily due to scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the HCRRA basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements, and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS – CONTINUED

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of HCRRA finances, in a manner that is similar to a private-sector business. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information about the HCRRA 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 HCRRA 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. There are two government-wide statements.

- *The Statement of Net Position* presents the HCRRA's assets and deferred outflows of resources, which are equal to the reported liabilities and *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the HCRRA is improving or deteriorating.
- *The Statement of Activities* presents information showing how the HCRRA 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).

In both statements, HCRRA activities are reported as *governmental activities*, which are defined as functions that are principally supported by taxes and intergovernmental revenues.

Fund Financial Statements

The fund financial statements provide detailed information about the HCRRA major funds. 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. HCRRA activity is reported in two major governmental funds, the General Fund and the Debt Service Fund. 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. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. The fund statements provide a detailed short-term view of HCRRA finances that assists in determining whether there will be adequate financial resources available to meet current needs.

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 HCRRA's near-term financing decisions. Both the governmental funds balance sheets and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*. The reconciliations are presented in the adjustments column in each of the basic financial statements.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve as an indicator of a government's financial position. In the case of the HCRRA, assets and deferred outflows of resources were \$45,761,817 less than liabilities at December 31, 2020. The largest portion of HCRRA net position, \$26,840,079 reflects the HCRRA net position in capital assets. Also, \$458,361 reflects the HCRRA net position restricted for debt service. The remainder consists of negative unrestricted net position of \$73,060,257. Negative unrestricted net position exists because the HCRRA has incurred debt related to the Southwest Corridor project where the related capital assets are contributed to the Metropolitan Council.

Summary of Net Position

| | 2020 | 2019 |
|----------------------------------|-----------------|----------------|
| Current assets | \$ 46,109,160 | \$ 105,460,828 |
| Noncurrent assets: | | |
| Capital assets | 26,840,079 | 23,769,751 |
| Total assets | 72,949,239 | 129,230,579 |
| Deferred Outflows of Resources | 180,211 | 274,755 |
| Current liabilities | 9,552,253 | 9,115,530 |
| Noncurrent liabilities | 109,339,014 | 114,740,370 |
| Total liabilities | 118,891,267 | 123,855,900 |
| Net investment in capital assets | 26,840,079 | 23,769,751 |
| Restricted | 458,361 | 38,286,901 |
| Unrestricted | (73,060,257) | (56,407,218) |
| Total net position | \$ (45,761,817) | \$ 5,649,434 |

Changes in Net Position

As shown in the table below, HCRRA net position decreased by \$51,411,251 during 2020. The decrease in net position is primarily related to spending on the Southwest Corridor project, where capital assets and cash are contributed to the Metropolitan Council.

Changes in Net Position

| | Governmental Activities | |
|------------------------------------|-------------------------|--------------|
| | 2020 | 2019 |
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 487,522 | \$ 497,835 |
| Operating grants and contributions | - | 356,362 |
| Capital grants and contributions | 311,844 | - |
| General revenues: | | |
| Property taxes | 30,348,691 | 36,117,094 |
| Investment earnings | 807,544 | 2,087,849 |
| Total revenues | 31,955,601 | 39,059,140 |
| Expenses: | | |
| HCRRA | 79,733,397 | 44,636,119 |
| Interest on long-term debt | 3,633,455 | 4,068,529 |
| Total expenses | 83,366,852 | 48,704,648 |
| Change in net position | (51,411,251) | (9,645,508) |
| Net position - beginning | 5,649,434 | 15,294,942 |
| Net position - ending | \$ (45,761,817) | \$ 5,649,434 |

FUND FINANCIAL ANALYSIS

Changes in Fund Balance

The focus of the *governmental funds* is to provide information on near-term inflows, near-term outflows, and balances of net resources. At the end of the fiscal year, the HCRRA's governmental funds reported total ending fund balances of \$40,908,884, a decrease of \$59,527,513 from the prior year. The decrease in fund balance is primarily due to the increase in expenditures for the Southwest Corridor project. Of the ending fund balance, \$40,063,306 constitutes General Fund total fund balance, which may be used to meet the HCRRA's ongoing obligations in accordance with contractual agreements and fiscal policies. The remainder of fund balance is restricted for the payment of debt service.

Budgetary Highlights

At year-end, actual General Fund expenditures of \$82,803,725 were higher than the final 2020 budget of \$30,800,022 but within the scope of the project-length budgets. Contractual services expenditures were \$52,333,873 more than budgeted due to increased activity for the Southwest Corridor project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

HCRRA capital assets as of December 31, 2020 total \$26,840,079, net of accumulated depreciation. The investment in capital assets consists of land (including rail corridor) and buildings. The HCRRA's net investment in capital assets increased \$3,070,328 from the prior year's balance due to the purchase of property on Lakeland Avenue in Brooklyn Park. Additional information on HCRRA capital assets can be found in Note 4 on page 24 of this report.

Debt administration

At the end of the current fiscal year, the HCRRA had total long-term, levy-supported bonds outstanding of \$113,464,014 (including unamortized premium). Additional information on HCRRA long-term debt can be found in Note 5 on page 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2021 General Fund budget is \$8,212,050 less than the 2020 adjusted budget. In 2021, work will continue on several high priority projects. The General Fund is budgeting \$5,992,000 for the Orange Line Bus Rapid Transit, and \$2,500,000 for the Midtown Corridor.

The Debt Service Fund budget for 2021 was approved at \$8,771,600, a decrease of \$427,150 from the final 2020 budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview for those interested in the HCRRA'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 Regional Railroad Authority, 701 Fourth Avenue South, Suite 400, Minneapolis, MN 55415.



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Governmental Fund Balance Sheets and Statement of Net Position
December 31, 2020

| | Governmental Funds | | | Adjustments (Note 1) | Statement of Net Position |
|--|----------------------|----------------------|----------------------|-------------------------|------------------------------|
| | General Fund | Debt Service Fund | Total | | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Interest in Hennepin County investment pool | \$ 44,416,523 | \$ 845,578 | \$ 45,262,101 | \$ - | \$ 45,262,101 |
| Delinquent taxes receivable, net | 225,740 | - | 225,740 | - | 225,740 |
| Other receivables | 101,504 | - | 101,504 | - | 101,504 |
| Restricted cash and investments | 519,815 | - | 519,815 | - | 519,815 |
| Total current assets | <u>45,263,582</u> | <u>845,578</u> | <u>46,109,160</u> | <u>-</u> | <u>46,109,160</u> |
| Noncurrent assets: | | | | | |
| Capital assets: | | | | | |
| Land and rail corridor | - | - | - | 24,439,745 | 24,439,745 |
| Buildings | - | - | - | 3,290,383 | 3,290,383 |
| | - | - | - | 27,730,128 | 27,730,128 |
| Less accumulated depreciation | - | - | - | (890,049) | (890,049) |
| Net capital assets | - | - | - | 26,840,079 | 26,840,079 |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,840,079</u> | <u>26,840,079</u> |
| Total assets | <u>\$ 45,263,582</u> | <u>\$ 845,578</u> | <u>\$ 46,109,160</u> | <u>26,840,079</u> | <u>72,949,239</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on debt refunding | - | - | - | 180,211 | 180,211 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts and contracts payable | 5,040,036 | - | 5,040,036 | - | 5,040,036 |
| Accrued liabilities | - | - | - | 387,217 | 387,217 |
| Current portion of long-term debt | - | - | - | 4,125,000 | 4,125,000 |
| Total current liabilities | <u>5,040,036</u> | <u>-</u> | <u>5,040,036</u> | <u>4,512,217</u> | <u>9,552,253</u> |
| Noncurrent liabilities: | | | | | |
| Noncurrent portion of long-term debt | - | - | - | 109,339,014 | 109,339,014 |
| Total liabilities | <u>5,040,036</u> | <u>-</u> | <u>5,040,036</u> | <u>113,851,231</u> | <u>118,891,267</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 160,240 | - | 160,240 | (160,240) | - |
| FUND BALANCES/NET POSITION | | | | | |
| Fund balances: | | | | | |
| Restricted | - | 845,578 | 845,578 | (845,578) | - |
| Assigned | 40,063,306 | - | 40,063,306 | (40,063,306) | - |
| Total fund balances | <u>40,063,306</u> | <u>845,578</u> | <u>40,908,884</u> | <u>(40,908,884)</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 45,263,582</u> | <u>\$ 845,578</u> | <u>\$ 46,109,160</u> | | |
| Net position: | | | | | |
| Net investment in capital assets | | | | 26,840,079 | 26,840,079 |
| Restricted for debt service | | | | 458,361 | 458,361 |
| Unrestricted | | | | (73,060,257) | (73,060,257) |
| Total net position | | | | <u>\$ (45,761,817)</u> | <u>\$ (45,761,817)</u> |

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

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
**Statements of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances and Statement of Activities**
For the Year ended December 31, 2020

| | Governmental Funds | | | Adjustments (Note 1) | Statement of Activities |
|---|----------------------|----------------------|----------------------|-------------------------|----------------------------|
| | General Fund | Debt Service Fund | Total | | |
| PROGRAM REVENUES | | | | | |
| Intergovernmental | \$ 361,727 | \$ - | \$ 361,727 | \$ (361,727) | \$ - |
| Charges for services | 480,011 | - | 480,011 | 7,511 | 487,522 |
| Other | 7,511 | - | 7,511 | (7,511) | - |
| Capital grants and contributions | - | - | - | 311,844 | 311,844 |
| Total program revenues | <u>849,249</u> | <u>-</u> | <u>849,249</u> | <u>(49,883)</u> | <u>799,366</u> |
| GENERAL REVENUES | | | | | |
| Property taxes | 20,785,469 | 9,592,828 | 30,378,297 | (29,606) | 30,348,691 |
| Investment earnings | 807,544 | - | 807,544 | - | 807,544 |
| Total general revenues | <u>21,593,013</u> | <u>9,592,828</u> | <u>31,185,841</u> | <u>(29,606)</u> | <u>31,156,235</u> |
| EXPENDITURES/EXPENSES | | | | | |
| Regional Railroad: | | | | | |
| Current: | | | | | |
| Commodities | 95,911 | - | 95,911 | - | 95,911 |
| Contractual services | 77,975,813 | - | 77,975,813 | - | 77,975,813 |
| Capital outlay | 3,131,336 | - | 3,131,336 | (3,131,336) | - |
| Depreciation | - | - | - | 61,008 | 61,008 |
| Other | 1,600,665 | - | 1,600,665 | - | 1,600,665 |
| Debt service: | | | | | |
| Principal retirement | - | 3,680,000 | 3,680,000 | (3,680,000) | - |
| Interest and fiscal charges | - | 5,078,878 | 5,078,878 | (1,445,423) | 3,633,455 |
| Total expenditures/expenses | <u>82,803,725</u> | <u>8,758,878</u> | <u>91,562,603</u> | <u>(8,195,751)</u> | <u>83,366,852</u> |
| Excess (deficiency) of revenues over expenditures/expenses | <u>(60,361,463)</u> | <u>833,950</u> | <u>(59,527,513)</u> | <u>8,116,262</u> | <u>-</u> |
| Net change in fund balances | (60,361,463) | 833,950 | (59,527,513) | 59,527,513 | - |
| Change in net position | - | - | - | (51,411,251) | (51,411,251) |
| FUND BALANCES/NET POSITION | | | | | |
| Beginning | 100,424,769 | 11,628 | 100,436,397 | (94,786,963) | 5,649,434 |
| Ending | <u>\$ 40,063,306</u> | <u>\$ 845,578</u> | <u>\$ 40,908,884</u> | <u>\$ (86,670,701)</u> | <u>\$ (45,761,817)</u> |

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



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Hennepin County Regional Railroad Authority (HCRRA) was established in 1980 for the purpose of the preservation, improvement, and implementation of local rail service in accordance with the powers and authorities granted in Laws of Minnesota Chapter 616. In the course of light rail transit development, the HCRRA purchases rail corridors (land), park/ride sites, and maintenance facilities.

The HCRRA is a blended component unit of Hennepin County, Minnesota (the County). A blended component unit, although a legally separate entity, is in substance part of the County's operations and so data from this unit is combined with financial information of the primary government and reported as a special revenue fund in Hennepin County's Comprehensive Annual Financial Report, which can be obtained from the County. Hennepin County was established in 1852 as an organized county having powers, duties, and privileges granted counties by Minnesota Statutes. The County is governed by a seven-member board of commissioners elected from districts within the County. The County Commissioners comprise the entire HCRRA board and exercise financial accountability. Employees of Hennepin County staff the projects of the HCRRA. The HCRRA has no employees.

The financial statements of the HCRRA are prepared in accordance with accounting principles generally accepted in the United States of America as established for governmental entities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

As a special-purpose government engaged in a single governmental program, the government-wide statements and the fund financial statements have been combined in one statement. An adjustments column reflects the following differences between the two types of statements:

- Governmental funds report capital outlays as expenditures. In the government-wide financial statements, capital assets are reported in the Statement of Net Position at historical cost and in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.
- Certain assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the current period fund financial statements, but instead are reported either as unearned revenue or deferred inflow of resources. Revenues in the Statement of Activities that do not provide financial resources are not reported as revenues in the fund financial statements.
- Long-term liabilities are reported in the government-wide Statement of Net Position, and related transactions are reported in the Statement of Activities. Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund financial statements.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

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 government entity 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 HCRRA's 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 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. The structure of the two government-wide financial statements is described in the following two paragraphs.

Statement of Net Position – This statement is designed to display the financial position of the HCRRA. The HCRRA reports all capital assets and long-term liabilities, such as long-term debt. The net position of the HCRRA is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Restrictions reported are those imposed by parties outside the HCRRA, 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.

Statement of Activities – This statement demonstrates the degree to which expenses of a given function are offset by program revenues. 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 investment earnings (losses) not properly included among program revenues are reported as general revenues. Just as the Statement of Net Position includes all capital assets, the Statement of Activities includes depreciation expense.

Fund Financial Statements

The accounts of the HCRRA are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. 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. The minimum number of funds is maintained consistent with legal and managerial requirements. All individual funds are considered major and are reported as separate columns in the fund financial statements. Governmental Funds are used to account for the HCRRA's activities. Governmental fund types use 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. Property taxes are considered measurable when levied for and intergovernmental revenues are considered measurable when applicable eligibility requirements have been met. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The HCRRA considers revenues to be available if they are collected within 60 days after year-end. Changes in the fair value of investments are recognized in investment earnings (losses) at the end of each year. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt, which is recognized when due.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fund Financial Statements – continued

The HCRRA reports the following major governmental funds:

- The General Fund is the HCRRA'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 Debt Service Fund accounts for the servicing of general long-term debt.

Interest in Hennepin County Investment Pool and Restricted Cash and Investments

The HCRRA's cash is deposited in pooled accounts of the Hennepin County Investment Pool (the Pool), an internal investment pool. Cash surpluses in these accounts are invested by the County, and investment earnings (losses), including gains and losses on sales of securities, are allocated to the HCRRA on the basis of average monthly cash and investment balances. The HCRRA's portion of the pool is presented as Interest in Hennepin County Investment Pool.

Investments authorized by State law include 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.

Investments in the Pool are stated at fair value or at amortized 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.

HCRRA cash and investments held on behalf of others are reported as restricted cash and investments, and an offsetting liability is reported. Unspent bond proceeds restricted by bond covenants are also reported as restricted cash and investments.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Capital assets used in governmental activities are not financial resources and therefore net capital assets are not reported in the fund financial statements. Capital assets are depreciated or amortized in the Statement of Activities for governmental activities using the straight-line method. Buildings are depreciated over their 20-50 year estimated useful lives. 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 HCRRA's capitalization policy. The costs of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized and are reported as expenses in the governmental activities and as expenditures in the fund financial statements.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability. Bonds payable are reported net of the applicable bond premiums and discounts, which are deferred and amortized over the life of the bonds using the interest method. Bond issuance costs are expensed in the period issued. In the fund financial statements, the proceeds from the issuance of debt and debt premiums are reported as other financing sources, discounts on debt issuances are reported as other financing uses, and issuance costs and debt principal payments are reported as expenditures.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Only the HCRRA's governmental fund unavailable revenue items are in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance and Net Position

Fund balance. In the governmental fund financial statements, fund balance is displayed 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 prepaid items).
- 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 HCRRA Board as approved or rescinded in a Board Resolution.
- Assigned fund balance – amounts constrained by the HCRRA's intent to be used for specific purposes but are neither restricted nor committed. The HCRRA Board has 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 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.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance and Net Position – continued

Net position. In the government-wide financial statements, the net investment in capital assets (net capital assets less applicable debt) 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 of resources that are not included in the determination of the other two components of net position.

Use of Estimates

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/expenses during the reporting period. Actual results could differ from these estimates.

2. INTEREST IN HENNEPIN COUNTY INVESTMENT POOL

The County’s Office of Budget and Finance is responsible for the treasury function of all of the County’s deposits and investments held by its funds. Cash from all funds is pooled for deposit and investment purposes. At December 31, 2020, the HCRRA’s total interest in the pool, including restricted balances, comprised \$45,781,916 or 2.9% of the County’s total pooled cash and investments, excluding fiduciary investments. As of December 31, 2020, the County investment pool had 80.3% of investments invested in U.S. government and agency issues, 17.6% in repurchase agreements, 1.6% in commercial paper, and 0.5% invested in money market funds. Detailed information about the County’s deposits with financial institutions, repurchase agreements, interest rate risk, credit risk, concentration of credit risk, and custodial credit risk can be obtained directly from the County’s 2020 financial statements. Investment earnings (losses) are allocated based on average monthly cash balances. The realized and unrealized components of the 2020 HCRRA investment earnings (losses) are presented below.

| | 2020 |
|---|------------|
| Investment income and realized gains and losses | \$ 749,279 |
| Net increase in the fair value of investments | 58,265 |
| Total Investment Earnings | \$ 807,544 |

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. The \$519,815 of RRA restricted cash is held for a separate legal entity.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

3. RECEIVABLES

The HCRRA is a special taxing district with the authority to levy property taxes. 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 \$89,057 at December 31, 2020. Other receivables relate to building and land rentals.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

| | Balance January 1, 2020 | Additions | Deletions | Balance December 31, 2020 |
|--|----------------------------|--------------|-----------|------------------------------|
| <i>Capital assets not being depreciated:</i> | | | | |
| Land (including rail corridor) | \$ 23,636,512 | \$ 803,233 | \$ - | \$ 24,439,745 |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 962,280 | 2,328,103 | - | 3,290,383 |
| Less accumulated depreciation | 829,041 | 61,008 | - | 890,049 |
| Total capital assets being depreciated, net | 133,239 | 2,267,095 | - | 2,400,334 |
| Capital Assets, Net | \$ 23,769,751 | \$ 3,070,328 | \$ - | \$ 26,840,079 |

5. LONG-TERM OBLIGATIONS

In 2019, the HCRRA issued Series 2019A Limited Tax Bonds totaling \$80,000,000 to finance the HCRRA's portion of the Southwest Light Rail Transit project. Also, in 2019, the HCRRA issued \$22,345,000 of Series 2019D Limited Tax Refunding Bonds, to refund the \$28,135,000 callable amount of HCRRA Series 2010A. Current year information is shown in the following section.

Limited Tax Levy Debt

Changes in long-term obligations for the year ended December 31, 2020 are as follows:

| | |
|--------------------------------------|-----------------------|
| Beginning Balance | \$ 98,385,000 |
| Additions | - |
| Reductions | <u>(3,680,000)</u> |
| Ending Balance | 94,705,000 |
| Unamortized premium | 18,759,014 |
| Less amount due within one year | <u>(4,125,000)</u> |
| Noncurrent portion of long-term debt | <u>\$ 109,339,014</u> |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

5. LONG-TERM OBLIGATIONS – CONTINUED

Debt Service Requirements

Annual debt service requirements as of December 31 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|----------------------|----------------------|-----------------------|
| 2021 | \$ 4,125,000 | \$ 4,646,600 | \$ 8,771,600 |
| 2022 | 4,345,000 | 4,440,350 | 8,785,350 |
| 2023 | 4,570,000 | 4,223,100 | 8,793,100 |
| 2024 | 4,720,000 | 4,083,250 | 8,803,250 |
| 2025 | 4,965,000 | 3,847,250 | 8,812,250 |
| 2026-2030 | 28,990,000 | 15,243,250 | 44,233,250 |
| 2031-2035 | 25,930,000 | 8,019,250 | 33,949,250 |
| 2036-2038 | 17,060,000 | 1,733,750 | 18,793,750 |
| | <u>\$ 94,705,000</u> | <u>\$ 46,236,800</u> | <u>\$ 140,941,800</u> |

6. RISK MANAGEMENT

The HCRRA is exposed to various risks of loss related to general and professional liability torts; and theft of, damage to, and destruction of assets. The HCRRA has chosen to retain the risk of torts. Commercial property insurance is purchased by the County on behalf of the HCRRA to cover the HCRRA’s buildings, money, and securities, subject to deductible amounts. Settled claims from insured losses for the HCRRA have not exceeded commercial insurance coverage for the past three years. Because commercial liability insurance is not purchased to provide for funding any future claims, \$100,000 has been assigned for tort liability risk retention (see Note 8).

7. COMMITMENTS

Commitments for the capital costs of light rail and bus rapid transit projects will be paid from future property tax revenues received by the HCRRA, as well as debt with debt service paid from future HCRRA property tax revenues. As of December 31, 2020 the HCRRA has committed to expend:

- \$199,548,000 for the Southwest (METRO Green Line Extension) light rail transit project capital costs. As of December 31, the HCRRA has contributed \$192,877,571 to the project. The total remaining commitment is \$6,670,429; and
- \$149,600,000 for the Bottineau (METRO Blue Line Extension) light rail transit project capital costs. As of December 31, the HCRRA has contributed \$47,368,773 to the project. The total remaining commitment is \$102,231,227; and
- \$12,790,000 for the Orange Line bus rapid transit project capital costs. As of December 31, the HCRRA has contributed \$4,750,000 to the project. The total remaining commitment is \$8,040,000.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to the Basic Financial Statements
December 31, 2020

8. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Governmental fund balance classifications and the constraints imposed on the uses of those resources at December 31, 2020 consisted of \$845,578 restricted for debt service, \$100,000 assigned for tort liability risk retention, and \$39,963,306 assigned for specific regional rail projects. The classifications are described in greater detail in the Fund Balance and Net Position section of Note 1.

9. NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Adopted in the Current Year

GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* were implemented by the HCRRA on January 1, 2020. These Statements established criteria for identifying fiduciary activities of all state and local governments. The HCRRA had no fiduciary activities requiring recognition.

Accounting Standards Not Yet Adopted

GASB Statement No. 87, *Leases*, is effective for the HCRRA on January 1, 2022. This statement requires government lessees to recognize lease liabilities and intangible assets, and report amortization expense, interest expense, and note disclosures about the leases. Government lessors are required to recognize a lease receivable and deferred inflow of resources, in addition to reporting the leased assets. Lessors then report lease revenue, interest income, and note disclosures about the leases.

GASB Statement No. 92 *Omnibus 2020*, is effective for the HCRRA 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.

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

10. SUBSEQUENT EVENTS

The HCRRA has evaluated subsequent events through August 30, 2021, the date these financial statements were available to be issued. As a result of the continuation of the COVID-19 pandemic, economic uncertainties continue which may impact the financial position, results of operations, and cash flows of the HCRRA. Global actions taken in 2021 to help mitigate the spread of COVID-19 have included vaccination efforts, which have allowed some expansion of on-site services and usage of public spaces in 2021 but not to pre-pandemic levels. While management believes the financial disruptions caused by the pandemic could be temporary, it is unclear whether the ongoing pandemic will have future significant adverse impacts.



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Required Supplementary Information (Unaudited)
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund

For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

| | 2020 | | | | | 2019 Actual |
|--|-----------------------|-----------------------|----------------------|-------------------------------|--|-----------------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | | |
| | Original | Final | | | | |
| REVENUES | | | | | | |
| Property taxes | \$ 20,364,518 | \$ 20,364,518 | \$ 20,785,469 | \$ 420,951 | | \$ 36,140,220 |
| Intergovernmental | 986,525 | 986,525 | 361,727 | (624,798) | | 306,479 |
| Investment earnings (losses) | 100,000 | 100,000 | 807,544 | 707,544 | | 2,087,849 |
| Charges for services | 610,000 | 610,000 | 480,011 | (129,989) | | 493,443 |
| Other | - | - | 7,511 | 7,511 | | 4,392 |
| Total revenues | <u>22,061,043</u> | <u>22,061,043</u> | <u>22,442,262</u> | <u>381,219</u> | | <u>39,032,383</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Commodities | 6,500 | 6,500 | 95,911 | (89,411) | | 46,665 |
| Contractual services | 25,650,281 | 25,641,940 | 77,975,813 | (52,333,873) | | 43,653,852 |
| Capital outlay | 3,585,000 | 3,401,637 | 3,131,336 | 270,301 | | - |
| Other | 1,749,945 | 1,749,945 | 1,600,665 | 149,280 | | 913,395 |
| Total expenditures | <u>30,991,726</u> | <u>30,800,022</u> | <u>82,803,725</u> | <u>(52,003,703)</u> | | <u>44,613,912</u> |
| Excess (deficiency) of revenues over expenditures | <u>(8,930,683)</u> | <u>(8,738,979)</u> | <u>(60,361,463)</u> | <u>(51,622,484)</u> | | <u>(5,581,529)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | 8,930,683 | 8,930,683 | - | (8,930,683) | | 80,000,000 |
| Debt premiums | - | - | - | - | | 14,932,032 |
| Total other financing sources | <u>8,930,683</u> | <u>8,930,683</u> | <u>-</u> | <u>(8,930,683)</u> | | <u>94,932,032</u> |
| Net change in fund balances | - | 191,704 | (60,361,463) | \$ <u>(60,553,167)</u> | | 89,350,503 |
| Fund Balances - Beginning | <u>100,424,769</u> | <u>100,424,769</u> | <u>100,424,769</u> | | | <u>11,074,266</u> |
| Fund Balances - Ending | <u>\$ 100,424,769</u> | <u>\$ 100,616,473</u> | <u>\$ 40,063,306</u> | | | <u>\$ 100,424,769</u> |

See notes to required supplementary information

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Notes to Required Supplementary Information
December 31, 2020

Legal Compliance – Budgets

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

Project-length financial plans are adopted for certain projects. An annual project budget is adopted that reflects the annual appropriation for the project-length plan, which does not lapse until the project is completed. Total actual project expenditures may not exceed the total appropriated budget. The remaining total budget for these projects at year-end is shown below.

| Year | Appropriated Budget | Actual Expenditures | Remaining Budget |
|----------------|------------------------|------------------------|----------------------|
| 2017 and prior | \$ 167,089,000 | \$ 82,010,529 | \$ 85,078,471 |
| 2018 | 92,736,416 | 35,016,165 | 57,720,251 |
| 2019 | 31,589,037 | 39,340,464 | (7,751,427) |
| 2020 | 19,666,683 | 72,104,421 | (52,437,738) |
| | <u>\$ 311,081,136</u> | <u>\$ 228,471,579</u> | <u>\$ 82,609,557</u> |

The HCRRA 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 no later than December 31.

Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by a vote of the Board. Expenditures may not legally exceed budgeted appropriations.

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Balance Sheet
General Fund
December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|-----------------------|
| ASSETS | | |
| Interest in Hennepin County investment pool | \$ 44,416,523 | \$ 62,616,992 |
| Delinquent taxes receivable, net | 225,740 | 230,546 |
| Due from other governmental agencies | - | 49,883 |
| Accrued investment interest | - | 28,496 |
| Other receivables | 101,504 | 152,631 |
| Restricted cash and investments | <u>519,815</u> | <u>42,370,652</u> |
| Total assets | <u>\$ 45,263,582</u> | <u>\$ 105,449,200</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts and contracts payable | \$ <u>5,040,036</u> | \$ <u>4,784,702</u> |
| Total liabilities | <u>5,040,036</u> | <u>4,784,702</u> |
| Deferred inflows of resources: | | |
| Unavailable revenue - property taxes | 160,240 | 189,846 |
| Unavailable revenue - intergovernmental | <u>-</u> | <u>49,883</u> |
| Total deferred inflows of resources | <u>160,240</u> | <u>239,729</u> |
| Fund balances: | | |
| Restricted | - | 38,286,901 |
| Assigned | <u>40,063,306</u> | <u>62,137,868</u> |
| Total fund balances | <u>40,063,306</u> | <u>100,424,769</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 45,263,582</u> | <u>\$ 105,449,200</u> |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Balance Sheet
Debt Service Fund
December 31, 2020 and 2019

| | 2020 | 2019 |
|---|-------------------|------------------|
| ASSETS | | |
| Interest in Hennepin County investment pool | \$ <u>845,578</u> | \$ <u>11,628</u> |
| FUND BALANCES | | |
| Restricted | \$ <u>845,578</u> | \$ <u>11,628</u> |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Debt Service Fund**

For the Year Ended December 31, 2020
With Comparative Actual Amounts for the Year Ended December 31, 2019

| | 2020 | | | | 2019 |
|---|------------------|--------------|--------------|-------------------------------|--------------|
| | Budgeted Amounts | | Actual | Variance with Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Property taxes | \$ 9,198,750 | \$ 9,198,750 | \$ 9,592,828 | \$ 394,078 | \$ 2,832 |
| EXPENDITURES | | | | | |
| Debt service: | | | | | |
| Principal retirement | 4,360,000 | 4,360,000 | 3,680,000 | 680,000 | 5,690,000 |
| Interest and fiscal charges | 4,838,750 | 4,838,750 | 5,078,878 | (240,128) | 4,253,792 |
| Total expenditures | 9,198,750 | 9,198,750 | 8,758,878 | 439,872 | 9,943,792 |
| Excess (deficiency) of revenues over expenditures | - | - | 833,950 | 833,950 | (9,940,960) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Issuance of debt | - | - | - | - | 22,345,000 |
| Payment to refunded bond escrow agent | - | - | - | - | (28,135,000) |
| Debt premiums | - | - | - | - | 5,885,514 |
| Total Other Financing Sources (Uses) | - | - | - | - | 95,514 |
| Net change in fund balance | - | - | 833,950 | \$ 833,950 | (9,845,446) |
| Fund balance - beginning | 11,628 | 11,628 | 11,628 | | 9,857,074 |
| Fund balance - ending | \$ 11,628 | \$ 11,628 | \$ 845,578 | | \$ 11,628 |

Statistical Section



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota

Statistical Section Contents

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Table 1

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Government-wide Net Position
Last Ten Years

| | Governmental Activities Net Position | | | |
|------|--------------------------------------|------------|----------------|---------------|
| | Net Investment in Capital Assets | Restricted | Unrestricted | Total |
| 2011 | \$ 36,922,358 | \$ 255,532 | \$ (8,238,993) | \$ 28,938,897 |
| 2012 | 39,465,430 | 233,019 | (9,327,788) | 30,370,661 |
| 2013 | 39,761,958 | 225,024 | (12,384,900) | 27,602,082 |
| 2014 | 39,720,154 | 2,640,871 | (6,304,209) | 36,056,816 |
| 2015 | 37,825,785 | 193,863 | 788,632 | 38,808,280 |
| 2016 | 37,783,981 | 189,324 | 6,271,348 | 44,244,653 |
| 2017 | 37,284,173 | 4,488,729 | (19,210,593) | 22,562,309 |
| 2018 | 23,791,958 | 9,757,524 | (18,254,540) | 15,294,942 |
| 2019 | 23,769,751 | 38,286,901 | (56,407,218) | 5,649,434 |
| 2020 | 26,840,079 | 458,361 | (73,060,257) | (45,761,817) |

Unaudited



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Government-wide Change in Net Position
Last Ten Years

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| Governmental Activities: | | | | | |
| Expenses | | | | | |
| General Government | \$ 12,328,586 | \$ 17,873,512 | \$ 23,854,434 | \$ 29,098,244 | \$ 23,810,157 |
| Intergovernmental | - | - | 28,474,955 | 1,964,484 | 2,006,547 |
| Debt Service | 1,417,299 | 1,390,041 | 1,449,665 | 1,420,907 | 1,391,441 |
| | <u>13,745,885</u> | <u>19,263,553</u> | <u>53,779,054</u> | <u>32,483,635</u> | <u>27,208,145</u> |
| Program Revenues | | | | | |
| Intergovernmental | 487,693 | - | - | - | - |
| Charges for services | 575,690 | 794,155 | 737,357 | 788,761 | 685,494 |
| Other | 111,020 | - | - | - | - |
| Operating grants and contributions | - | - | 29,089,665 | 16,027,438 | 1,867,334 |
| Capital grants and contributions | - | 1,757,299 | 338,332 | - | - |
| | <u>1,174,403</u> | <u>2,551,454</u> | <u>30,165,354</u> | <u>16,816,199</u> | <u>2,552,828</u> |
| Net expense | <u>(12,571,482)</u> | <u>(16,712,099)</u> | <u>(23,613,700)</u> | <u>(15,667,436)</u> | <u>(24,655,317)</u> |
| General Revenues | | | | | |
| Property taxes | 17,306,595 | 17,988,328 | 20,959,619 | 23,754,226 | 27,125,736 |
| Investment earnings (losses) | 559,784 | 417,896 | (114,498) | 367,944 | 281,045 |
| | <u>17,866,379</u> | <u>18,406,224</u> | <u>20,845,121</u> | <u>24,122,170</u> | <u>27,406,781</u> |
| Other Financing Sources | | | | | |
| Gain (loss) on capital asset disposal | - | - | - | - | - |
| Change in net position | <u>\$ 5,294,897</u> | <u>\$ 1,694,125</u> | <u>\$ (2,768,579)</u> | <u>\$ 8,454,734</u> | <u>\$ 2,751,464</u> |

Unaudited

Table 2

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---------------------|------------------------|-----------------------|-----------------------|------------------------|
| \$ 24,579,915 | \$ 54,935,893 | \$ 39,978,226 | \$ 44,636,119 | \$ 79,733,397 |
| - | - | - | - | - |
| <u>1,359,882</u> | <u>1,313,232</u> | <u>1,264,782</u> | <u>4,068,529</u> | <u>3,633,455</u> |
| <u>25,939,797</u> | <u>56,249,125</u> | <u>41,243,008</u> | <u>48,704,648</u> | <u>83,366,852</u> |
| - | - | - | - | - |
| 768,950 | 713,873 | 488,816 | 497,835 | 487,522 |
| - | - | - | - | - |
| 521,706 | 4,928 | 4,932 | 356,362 | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>311,844</u> |
| <u>1,290,656</u> | <u>718,801</u> | <u>493,748</u> | <u>854,197</u> | <u>799,366</u> |
| <u>(24,649,141)</u> | <u>(55,530,324)</u> | <u>(40,749,260)</u> | <u>(47,850,451)</u> | <u>(82,567,486)</u> |
| 29,916,050 | 32,791,956 | 36,040,137 | 36,117,094 | 30,348,691 |
| <u>169,464</u> | <u>427,339</u> | <u>428,961</u> | <u>2,087,849</u> | <u>807,544</u> |
| <u>30,085,514</u> | <u>33,219,295</u> | <u>36,469,098</u> | <u>38,204,943</u> | <u>31,156,235</u> |
| <u>-</u> | <u>628,685</u> | <u>(2,987,205)</u> | <u>-</u> | <u>-</u> |
| <u>\$ 5,436,373</u> | <u>\$ (21,682,344)</u> | <u>\$ (7,267,367)</u> | <u>\$ (9,645,508)</u> | <u>\$ (51,411,251)</u> |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Fund Balances - Governmental Funds
Last Ten Years

| Year | General Fund | | | | All Other Governmental Funds | | |
|------|--------------|---------------|---------------|---------------|------------------------------|--------------|--------------|
| | Restricted | Assigned | Unassigned | Total | Restricted | Unassigned | Total |
| 2011 | \$ - | \$ 17,808,605 | \$ 13,538,029 | \$ 31,346,634 | \$ 376,840 | \$ - | \$ 376,840 |
| 2012 | - | 4,870,742 | 13,943,663 | 18,814,405 | 10,853,877 | - | 10,853,877 |
| 2013 | - | 3,177,259 | 21,146,258 | 24,323,517 | 341,615 | (27,950,047) | (27,608,432) |
| 2014 | - | 15,406,729 | 12,112,160 | 27,518,889 | 2,755,012 | - | 2,755,012 |
| 2015 | - | 35,090,471 | - | 35,090,471 | 305,488 | - | 305,488 |
| 2016 | - | 39,047,444 | - | 39,047,444 | 297,074 | - | 297,074 |
| 2017 | - | 11,892,653 | - | 11,892,653 | 4,592,454 | - | 4,592,454 |
| 2018 | - | 11,074,266 | - | 11,074,266 | 9,857,074 | - | 9,857,074 |
| 2019 | 38,286,901 | 62,137,868 | - | 100,424,769 | 11,628 | - | 11,628 |
| 2020 | - | 40,063,306 | - | 40,063,306 | 845,578 | - | 845,578 |

Unaudited



Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Change in Fund Balances - Governmental Funds
Last Ten Years

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---|---------------------|-----------------------|------------------------|----------------------|---------------------|
| Revenues | | | | | |
| Property taxes | \$ 17,306,595 | \$ 17,988,328 | \$ 20,959,619 | \$ 23,754,226 | \$ 27,125,736 |
| Intergovernmental | 487,693 | 603,211 | 953,042 | 42,537,909 | 3,831,818 |
| Investment earnings (losses) | 559,784 | 417,896 | (114,498) | 367,944 | 281,045 |
| Charges for services | 408,867 | 945,561 | 699,759 | 695,240 | 662,779 |
| Other | <u>111,020</u> | <u>15,417</u> | <u>37,598</u> | <u>93,521</u> | <u>22,715</u> |
| Total revenues | <u>18,873,959</u> | <u>19,970,413</u> | <u>22,535,520</u> | <u>67,448,840</u> | <u>31,924,093</u> |
| Expenditures | | | | | |
| General government | 12,056,194 | 17,614,103 | 13,114,157 | 29,056,440 | 23,768,353 |
| Capital outlay | - | 1,560,802 | 11,036,805 | - | - |
| Intergovernmental | - | - | 28,474,955 | 1,964,484 | 153,982 |
| Debt service: | | | | | |
| Principal | 1,360,000 | 1,395,000 | 1,435,000 | 1,470,000 | 1,510,000 |
| Interest | <u>1,482,900</u> | <u>1,455,700</u> | <u>1,427,800</u> | <u>1,399,100</u> | <u>1,369,700</u> |
| Total expenditures | <u>14,899,094</u> | <u>22,025,605</u> | <u>55,488,717</u> | <u>33,890,024</u> | <u>26,802,035</u> |
| Excess (deficiency) of revenues over expenditures | <u>3,974,865</u> | <u>(2,055,192)</u> | <u>(32,953,197)</u> | <u>33,558,816</u> | <u>5,122,058</u> |
| Other Financing Sources (Uses) | | | | | |
| Issuance of debt | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Transfers in | - | 10,800,000 | - | 9,900,000 | 2,436,320 |
| Transfers out | - | (10,800,000) | - | (9,900,000) | (2,436,320) |
| Sale of capital assets | - | - | - | - | - |
| Debt premiums | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>\$ 3,974,865</u> | <u>\$ (2,055,192)</u> | <u>\$ (32,953,197)</u> | <u>\$ 33,558,816</u> | <u>\$ 5,122,058</u> |
| Debt service as a percentage of noncapital expenditures | 19.1% | 13.9% | 6.4% | 8.5% | 10.7% |

Unaudited

Table 4

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----|-------------------|---------------------|--------------------|---------------------|---------------------|
| \$ | 29,916,050 | \$ 32,704,849 | \$ 35,911,440 | \$ 36,143,052 | \$ 30,378,297 |
| | 521,706 | 4,928 | 4,932 | 306,479 | 361,727 |
| | 169,464 | 427,339 | 428,961 | 2,087,849 | 807,544 |
| | 755,575 | 709,945 | 389,773 | 493,443 | 480,011 |
| | 13,375 | 3,928 | 99,043 | 4,392 | 7,511 |
| | <u>31,376,170</u> | <u>33,850,989</u> | <u>36,834,149</u> | <u>39,035,215</u> | <u>32,035,090</u> |
| | 24,538,111 | 54,902,255 | 39,956,020 | 44,613,912 | 79,672,389 |
| | - | - | - | - | 3,131,336 |
| | - | - | - | - | - |
| | 1,550,000 | 1,610,000 | 1,670,000 | 5,690,000 | 3,680,000 |
| | <u>1,339,500</u> | <u>1,293,000</u> | <u>1,244,700</u> | <u>4,253,792</u> | <u>5,078,878</u> |
| | <u>27,427,611</u> | <u>57,805,255</u> | <u>42,870,720</u> | <u>54,557,704</u> | <u>91,562,603</u> |
| | <u>3,948,559</u> | <u>(23,954,266)</u> | <u>(6,036,571)</u> | <u>(15,522,489)</u> | <u>(59,527,513)</u> |
| | - | - | - | 102,345,000 | - |
| | - | - | - | (28,135,000) | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | 1,094,855 | 10,482,804 | - | - |
| | - | - | - | 20,817,546 | - |
| | <u>-</u> | <u>1,094,855</u> | <u>10,482,804</u> | <u>95,027,546</u> | <u>-</u> |
| \$ | <u>3,948,559</u> | <u>(22,859,411)</u> | <u>4,446,233</u> | <u>79,505,057</u> | <u>(59,527,513)</u> |
| | 10.5% | 5.0% | 6.8% | 18.2% | 9.9% |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Estimated Market Value (000s omitted)¹
Last Ten Years

| | | Real Estate | | | | |
|------|----|-------------------------|----------------------|----------------------------|----------------|-------------------------------------|
| | | Residential Property | Multiple Dwelling | Commercial & Industrial | Agricultural | Public Utilities & Miscellaneous |
| 2011 | \$ | 92,367,575 61.9 % | 8,141,313 5.5 | 25,566,334 17.1 | 667,293 0.4 | 32,528 0.0 |
| 2012 | \$ | 87,386,034 60.4 % | 8,465,660 5.8 | 25,628,865 17.7 | 645,946 0.4 | 31,188 0.0 |
| 2013 | \$ | 87,277,599 59.8 % | 9,013,557 6.2 | 26,048,651 17.9 | 656,586 0.5 | 28,944 0.0 |
| 2014 | \$ | 95,014,228 61.0 % | 10,607,391 6.8 | 26,807,208 17.2 | 689,117 0.4 | 33,456 0.0 |
| 2015 | \$ | 100,213,026 60.5 % | 12,777,974 7.7 | 29,127,324 17.6 | 653,729 0.4 | 33,007 0.0 |
| 2016 | \$ | 105,538,203 60.2 % | 15,110,310 8.6 | 31,057,471 17.7 | 626,311 0.4 | 37,624 0.0 |
| 2017 | \$ | 112,595,483 60.5 % | 16,998,612 9.1 | 32,745,319 17.6 | 625,310 0.3 | 40,490 0.0 |
| 2018 | \$ | 121,055,934 58.6 % | 19,169,684 9.3 | 34,298,045 16.6 | 609,956 0.3 | 39,389 0.0 |
| 2019 | \$ | 128,325,438 58.9 % | 21,698,642 9.9 | 36,083,870 16.5 | 667,926 0.3 | 41,859 0.0 |
| 2020 | \$ | 133,004,321 58.2 % | 24,449,210 10.7 | 38,388,183 16.8 | 704,655 0.3 | 51,000 0.0 |

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 5

| <u>Exempt</u> | <u>Total Real Estate</u> | <u>Personal Property</u> | <u>Total Estimated Market Value Including Exempt Property</u> | <u>Total Estimated Market Value</u> | <u>Total Direct Tax Rate²</u> |
|--------------------|------------------------------|------------------------------|---|---|--|
| 21,249,594 14.2 | 148,024,637 99.1 | 1,333,422 0.9 | \$ 149,358,059 100.0 % | \$ 128,108,465 | 1.246 % |
| 21,249,594 14.7 | 143,407,287 99.0 | 1,449,118 1.0 | 144,856,405 100.0 % | \$ 123,606,811 | 1.294 % |
| 21,249,594 14.6 | 144,274,931 99.0 | 1,482,731 1.0 | 145,757,662 100.0 % | \$ 124,508,068 | 1.561 % |
| 21,249,594 13.6 | 154,400,994 99.0 | 1,540,312 1.0 | 155,941,306 100.0 % | \$ 134,691,712 | 1.777 % |
| 21,249,594 12.8 | 164,054,654 99.0 | 1,604,661 1.0 | 165,659,315 100.0 % | \$ 144,409,721 | 1.817 % |
| 21,249,594 12.1 | 173,619,513 99.0 | 1,750,967 1.0 | 175,370,480 100.0 % | \$ 154,120,886 | 1.879 % |
| 21,249,594 11.4 | 184,254,808 99.0 | 1,825,398 1.0 | 186,080,206 100.0 % | \$ 164,830,612 | 1.925 % |
| 29,293,485 14.2 | 204,466,493 99.0 | 1,993,722 1.0 | 206,460,215 100.0 % | \$ 177,166,730 | 1.962 % |
| 29,293,485 13.4 | 216,111,220 99.0 | 2,103,357 1.0 | 218,214,577 100.0 % | \$ 188,921,092 | 1.807 % |
| 29,807,594 13.0 | 226,404,963 99.0 | 2,187,136 1.0 | 228,592,099 100.0 % | \$ 198,784,505 | 1.388 % |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Tax Rates and Levies - Direct and Overlapping Governments¹
Last Ten Years

| Payable Year | HCRRA Direct Taxes | | Hennepin County Tax | |
|-----------------|--------------------|---------------|---------------------|------------------|
| | Tax Rates | Tax Levies | Tax Rates | Tax Levies |
| 2011 | 1.246 % | \$ 18,000,000 | 45.840 % | \$ 2,568,972,956 |
| 2012 | 1.294 | 18,000,000 | 47.670 | 2,560,977,362 |
| 2013 | 1.561 | 21,000,000 | 49.540 | 2,599,562,626 |
| 2014 | 1.777 | 24,000,000 | 46.245 | 2,668,058,025 |
| 2015 | 1.817 | 27,000,000 | 45.330 | 2,716,541,472 |
| 2016 | 1.879 | 30,000,000 | 45.730 | 2,839,712,621 |
| 2017 | 1.925 | 33,000,000 | 42.768 | 2,925,325,463 |
| 2018 | 1.962 | 36,000,000 | 41.806 | 3,073,776,988 |
| 2019 | 1.807 | 36,000,000 | 41.035 | 3,239,426,285 |
| 2020 | 1.388 | 30,000,000 | 38.189 | 3,373,480,198 |

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

Unaudited

Table 6

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

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Taxpayers¹
Current Year and Nine Years Ago

| Taxpayer | 2020 | | | 2011 | | |
|----------------------------|----------------------|------|----------------------------------|----------------------|------|----------------------------------|
| | Tax Capacity | Rank | Percentage of Total Tax Capacity | Tax Capacity | Rank | Percentage of Total Tax Capacity |
| MOA Mall Holdings LLC | \$ 16,799,250 | 1 | 0.74 % | \$ 10,856,810 | 1 | 0.78 % |
| Xcel Energy (NSP) | 7,314,042 | 2 | 0.32 | 4,971,022 | 6 | 0.36 |
| BRI 1855 IDS Center LLC | 6,083,350 | 3 | 0.27 | | | |
| WFM Office Owner LLC | 5,536,650 | 4 | 0.24 | 3,313,250 | 4 | 0.24 |
| SRI Eleven Mpls 225 LLC | 5,045,250 | 5 | 0.22 | 3,433,250 | 3 | 0.25 |
| City Center 33 So Prop LLC | 4,929,350 | 6 | 0.22 | | | |
| Wells REIT | 3,999,250 | 7 | 0.18 | 2,749,250 | 5 | 0.20 |
| US Bank Corp | 3,953,550 | 8 | 0.17 | 2,747,250 | 7 | 0.20 |
| South Sixth Office LLC | 3,410,650 | 9 | 0.15 | | | |
| BAM 701 LLC | 3,174,750 | 10 | 0.14 | | | |
| MB Minneapolis 8th St LLC | | | | 3,465,250 | 2 | 0.25 |
| Best Buy Co Inc | | | | 2,369,250 | 8 | 0.17 |
| Ridgedale Joint Venture | | | | 2,299,250 | 9 | 0.16 |
| Eden Prairie Mall LLC | | | | 2,239,250 | 10 | 0.16 |
| Total | \$ <u>60,246,092</u> | | <u>2.65 %</u> | \$ <u>38,443,832</u> | | <u>2.77 %</u> |

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

Source: Hennepin County Property Information System.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Property Tax Levies and Collections
Last Ten Years

| Year | Taxes Levied ¹ | Collected in the Year Levied | | Subsequent Year Collections Net of Refunds ² | Total Collections to Date | |
|------|---------------------------|-----------------------------------|-----------------------|---|--|------------------------------------|
| | | Tax Collections Net of Refunds | Percentage of Levy | | Tax Collections Net of Refunds ² | Percentage of Levy ² |
| 2011 | \$ 18,000,000 | \$ 17,728,170 | 98.49 % | \$ 87,701 | \$ 17,815,871 | 98.98 % |
| 2012 | 18,000,000 | 17,780,743 | 98.78 | 52,537 | 17,833,280 | 99.07 |
| 2013 | 21,000,000 | 20,763,750 | 98.88 | 126,326 | 20,890,076 | 99.48 |
| 2014 | 24,000,000 | 23,788,566 | 99.12 | (18,858) | 23,769,708 | 99.04 |
| 2015 | 27,000,000 | 26,814,866 | 99.31 | 33,139 | 26,848,005 | 99.44 |
| 2016 | 30,000,000 | 29,766,940 | 99.22 | 4,936 | 29,771,876 | 99.24 |
| 2017 | 33,000,000 | 32,718,321 | 99.15 | (21,116) | 32,697,205 | 99.08 |
| 2018 | 36,000,000 | 35,685,267 | 99.13 | (21,163) | 35,664,104 | 99.07 |
| 2019 | 36,000,000 | 35,687,812 | 99.13 | 142,713 | 35,830,525 | 99.53 |
| 2020 | 30,000,000 | 29,747,026 | 99.16 | 124,171 | 29,871,197 | 99.57 |

¹ Including current year adjustments (i.e., abatements, cancellations, and increases to the current year levy).

² Subsequent year collections are shown in the year they are collected, rather than for the levy year relating to the collection. As a result, collections during a year may exceed the total levy for that year.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Net Tax Capacity and Taxable Market Value of Property
Last Ten Years

| Assessment Year | Property Outside the City of Minneapolis | | Minneapolis | |
|--------------------|---|----------------------------|------------------------|----------------------------|
| | Net Tax Capacity | Taxable Market Value | Net Tax Capacity | Taxable Market Value |
| 2011 | \$ 1,025,993,612 | \$ 90,736,199,171 | \$ 371,615,754 | \$ 32,064,749,581 |
| 2012 | 996,253,340 | 87,086,742,774 | 373,715,553 | 31,019,695,820 |
| 2013 | 993,329,908 | 87,321,591,088 | 374,174,247 | 31,706,298,572 |
| 2014 | 1,079,365,752 | 94,514,474,174 | 410,514,191 | 35,136,247,648 |
| 2015 | 1,147,830,415 | 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 |

Unaudited

Table 9

| | Total | | Net Tax Capacity to Taxable Market Value | Percentage of Total HCRRA Net Tax Capacity | |
|----|------------------------|----------------------------|--|---|-------------|
| | Net Tax Capacity | Taxable Market Value | | Outside Minneapolis | Minneapolis |
| \$ | 1,397,609,366 | \$ 122,800,948,752 | 1.1 % | 73.4 % | 26.6 % |
| | 1,369,968,893 | 118,106,438,594 | 1.2 | 72.7 | 27.3 |
| | 1,367,504,155 | 119,027,889,660 | 1.1 | 72.6 | 27.4 |
| | 1,489,879,943 | 129,650,721,822 | 1.1 | 72.4 | 27.6 |
| | 1,602,471,674 | 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 |

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Years

| Year | Limited Tax General Obligation Debt ^{1,4} | | | Net Limited Tax General Obligation Debt as a Percentage of Property Estimated Market Value ² | Net Limited Tax General Obligation Debt as a Percentage of Personal Income ³ | Net Limited Tax General Obligation Debt Per Capita ³ |
|------|--|--|---------------|---|---|---|
| | Total | Less Amount Available for Debt Service | Net | | | |
| 2011 | \$ 40,505,000 | \$ 376,840 | \$ 40,128,160 | 0.03% | 0.06% | \$ 34.82 |
| 2012 | 39,110,000 | 352,002 | 38,757,998 | 0.03% | 0.06% | 33.17 |
| 2013 | 37,675,000 | 341,615 | 37,333,385 | 0.03% | 0.05% | 31.52 |
| 2014 | 36,205,000 | 318,692 | 35,886,308 | 0.03% | 0.05% | 29.94 |
| 2015 | 34,695,000 | 305,488 | 34,389,512 | 0.02% | 0.04% | 28.37 |
| 2016 | 33,145,000 | 297,074 | 32,847,926 | 0.02% | 0.04% | 26.86 |
| 2017 | 31,535,000 | 4,592,454 | 26,942,546 | 0.02% | 0.03% | 21.86 |
| 2018 | 29,865,000 | 9,857,074 | 20,007,926 | 0.01% | 0.02% | 15.98 |
| 2019 | 98,385,000 | 11,628 | 98,373,372 | 0.05% | 0.10% | 78.11 |
| 2020 | 94,705,000 | 845,578 | 93,859,422 | 0.05% | 0.10% | 74.15 |

¹ HCRRA debt has historically consisted solely of limited tax general obligation bonds, which are by definition secured in whole or part by the authority to levy taxes on real estate. Per M.S. 475.51, the net limited tax general obligation debt is determined by deducting from the total limited tax 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.

² See Table 5 for taxable estimated market value data.

³ See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Direct and Overlapping General Obligation Debt
December 31, 2020

| Governmental Unit | Debt ¹ | | Percent Applicable To HCRRRA ² | Amount Applicable to HCRRRA |
|-----------------------------------|-------------------|------------------|---|-----------------------------------|
| | Total | Net | | |
| Direct - | | | | |
| Hennepin County Regional Railroad | \$ 94,705,000 | \$ 93,859,422 | 100.00 % | \$ 93,859,422 |
| Total Direct Debt | 94,705,000 | 93,859,422 | | 93,859,422 |
| Overlapping: | | | | |
| Hennepin County | 1,008,905,000 | 992,041,852 | 100.00 | 992,041,852 |
| Metropolitan Council ³ | 1,688,625,662 | 103,225,628 | 47.30 | 48,825,722 |
| Metropolitan Airport Commission | 1,407,875,000 | - | - | - |
| Total Overlapping Debt | 4,105,405,662 | 1,095,267,480 | | 1,040,867,574 |
| Total | \$ 4,200,110,662 | \$ 1,189,126,902 | | \$ 1,134,726,996 |

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

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

³ Includes Metropolitan Council Transit Operations debt.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Legal Debt Margin Information
Last Ten Years

The HCRRA is subject to the legal debt limit of Hennepin County as a whole, which is described below:

| | <u>Debt Limit ¹</u> | <u>Total Net Debt Applicable to Limit</u> | <u>Legal Debt Margin</u> | <u>Net Debt Applicable to Limit as a Percentage of Debt Limit</u> |
|------|--------------------------------|---|--------------------------|---|
| 2011 | \$ 3,684,028,463 | \$ 763,313,156 | \$ 2,920,715,307 | 20.72 % |
| 2012 | 3,543,193,158 | 710,177,297 | 2,833,015,861 | 20.04 |
| 2013 | 3,570,836,690 | 786,395,706 | 2,784,440,984 | 22.02 |
| 2014 | 3,889,521,655 | 827,572,993 | 3,061,948,662 | 21.28 |
| 2015 | 4,332,291,618 | 759,580,774 | 3,572,710,844 | 17.53 |
| 2016 | 4,623,626,544 | 941,107,894 | 3,682,518,650 | 20.35 |
| 2017 | 4,944,918,369 | 1,048,753,405 | 3,896,164,964 | 21.21 |
| 2018 | 5,315,001,888 | 1,181,556,006 | 4,133,445,882 | 22.23 |
| 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 |

Computation of 2020 Legal Debt Margin

| | | |
|--|-------------------|---------------------------|
| 2020 market value of taxable property | | <u>\$ 198,784,505,000</u> |
| Debt limit, 3% of taxable market value | | \$ 5,963,535,150 |
| Amount of levy supported debt | \$ 1,369,427,796 | |
| Less amount available for debt service | <u>19,795,307</u> | <u>1,349,632,489</u> |
| Legal Debt Margin | | <u>\$ 4,613,902,661</u> |

¹ See MN Statute 475.53.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
**Ratio of Debt Service Expenditures for General Obligation
Debt to Total Governmental Fund Expenditures**
Last Ten Years

| Year | Debt Service Expenditures | | | Total Expenditures | Debt Service Expenditures to Total Expenditures |
|------|---------------------------|-----------------------------|--------------|--------------------|---|
| | Principal | Interest and Fiscal Charges | Total | | |
| 2011 | \$ 1,360,000 | \$ 1,482,900 | \$ 2,842,900 | \$ 14,899,094 | 19.08 % |
| 2012 | 1,395,000 | 1,455,700 | 2,850,700 | 22,025,605 | 12.94 |
| 2013 | 1,435,000 | 1,427,800 | 2,862,800 | 55,488,717 | 5.16 |
| 2014 | 1,470,000 | 1,399,100 | 2,869,100 | 33,890,024 | 8.47 |
| 2015 | 1,510,000 | 1,369,700 | 2,879,700 | 26,802,035 | 10.74 |
| 2016 | 1,550,000 | 1,339,500 | 2,889,500 | 27,427,611 | 10.54 |
| 2017 | 1,610,000 | 1,293,000 | 2,903,000 | 57,805,255 | 5.02 |
| 2018 | 1,670,000 | 1,244,700 | 2,914,700 | 42,870,720 | 6.80 |
| 2019 | 5,690,000 | 4,253,792 | 9,943,792 | 54,557,704 | 18.23 |
| 2020 | 3,680,000 | 5,078,878 | 8,758,878 | 91,562,603 | 9.57 |

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of 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 ³ | K - 12 School Enrollment ⁴ | Unemployment Rate ⁶ |
|------|-------------------------|--------------------------------|-------------------|-------------------------|---|---------------------------------------|--------------------------------|
| 2011 | 1,168,431 | \$ 57,476 | \$ 67,156,740,156 | 35.9 | 92.1 % | 158,431 | 6.1 % |
| 2012 | 1,184,576 | 58,898 | 69,769,157,248 | 35.9 | 92.1 | 161,409 | 5.3 |
| 2013 | 1,198,778 | 60,601 | 72,647,145,578 | 36.0 | 92.2 | 162,827 | 4.7 |
| 2014 | 1,212,064 | 65,033 | 78,824,158,112 | 36.1 | 92.3 | 164,151 | 3.7 |
| 2015 | 1,223,149 | 65,231 | 79,787,232,419 | 36.1 | 92.7 | 166,106 | 3.3 |
| 2016 | 1,232,483 | 67,427 | 83,102,631,241 | 36.2 | 92.6 | 168,629 | 3.4 |
| 2017 | 1,252,024 | 71,067 | 88,977,589,608 | 36.5 | 92.8 | 170,683 | 3.2 |
| 2018 | 1,259,428 | 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 | N/A ⁵ | N/A ⁵ | N/A ⁵ | N/A ⁵ | N/A ⁵ | 173,481 | 6.2 |

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 seasonably unadjusted figures)

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Labor Force Size and Unemployment Rate
Last Ten Years

| | Hennepin County | | Metropolitan Area ¹ | | State | | National | |
|-------------------|-----------------|-------------------|--------------------------------|-------------------|-------------|-------------------|-------------|-------------------|
| | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate | Labor Force | Unemployment Rate |
| 2011 | 660,986 | 6.1 % | 1,850,365 | 6.4 % | 2,977,919 | 6.4 % | 153,624,000 | 8.9 % |
| 2012 | 660,668 | 5.3 | 1,857,894 | 5.1 | 2,969,366 | 5.7 | 154,974,583 | 8.0 |
| 2013 | 667,999 | 4.7 | 1,876,212 | 4.9 | 2,974,397 | 5.1 | 155,389,167 | 7.4 |
| 2014 | 672,114 | 3.7 | 1,917,301 | 3.9 | 2,974,102 | 4.1 | 155,921,833 | 6.2 |
| 2015 | 679,549 | 3.3 | 1,938,858 | 3.4 | 3,010,367 | 3.7 | 157,129,917 | 5.3 |
| 2016 | 679,285 | 3.4 | 1,938,642 | 3.6 | 3,001,131 | 3.9 | 159,106,500 | 4.9 |
| 2017 | 694,060 | 3.2 | 1,979,780 | 3.3 | 3,046,697 | 3.6 | 160,319,750 | 4.4 |
| 2018 | 707,209 | 2.5 | 2,016,208 | 2.7 | 3,099,006 | 2.9 | 162,075,000 | 3.9 |
| 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 |

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

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

² Unemployment rates reflect adverse impacts of the COVID-19 pandemic.

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Employment Information by Industry
Last Ten Years

| Industry | Hennepin County Industry Ranking | | | | | | | | | |
|--|----------------------------------|------|------|------|------|------|------|------|------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 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 | 4 | 4 | 3 |
| Government and government enterprises | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Retail trade | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Manufacturing | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Accommodation and food services | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Administrative and waste services | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 |
| Management of companies and enterprises | 12 | 12 | 12 | 11 | 11 | 11 | 12 | 12 | 13 | 9 |
| Real estate | 11 | 10 | 11 | 12 | 12 | 12 | 11 | 11 | 10 | 10 |
| Other services, except public administration | 10 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 |
| Transportation and warehousing | 13 | 13 | 13 | 14 | 13 | 13 | 13 | 13 | 12 | 12 |
| Wholesale trade | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 13 |
| Construction | 14 | 14 | 14 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Arts, entertainment, and recreation | 15 | 16 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Educational services | 16 | 15 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 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: 2020 information was not available at the time of publication.

Source: Bureau of Economic Analysis

Unaudited

Hennepin County Regional Railroad Authority
A Component Unit of Hennepin County, Minnesota
Principal Employers
Current Year and Nine Years Ago

| <u>State of Minnesota Principal Employers</u> | 2020 ² | | | 2011 ¹ | | |
|---|--|------|--|--|------|---|
| | Employees (rounded to nearest 1,000) | Rank | Percentage of Total State Employment | Employees (rounded to nearest 1,000) | Rank | Percentage of Total County Employment |
| Mayo Foundation | 45,000 | 1 | 1.46% | | | |
| State of Minnesota | 40,000 | 2 | 1.30% | | | |
| United States Federal Government | 35,000 | 3 | 1.14% | | | |
| Fairview Health Services | 33,000 | 4 | 1.07% | 8,000 | 3 | 1.21% |
| Target Corporation | 31,000 | 5 | 1.01% | | | |
| Allina Health | 29,000 | 6 | 0.94% | | | |
| University of Minnesota | 27,000 | 7 | 0.88% | 17,000 | 1 | 2.56% |
| HealthPartners | 25,000 | 8 | 0.81% | | | |
| UnitedHealth Group, Inc. | 18,000 | 9 | 0.59% | | | |
| Wells Fargo Bank Minnesota | 18,000 | 10 | 0.59% | | | |
| Tyco Electronics | | | | | | |
| Hennepin County | | | | 8,000 | 4 | 1.21% |
| Ameriprise Financial | | | | 7,000 | 5 | 1.05% |
| Methodist Hospital | | | | 8,000 | 2 | 1.21% |
| Best Buy Co Inc | | | | 6,000 | 7 | 0.90% |
| Park Nicollet Health Systems | | | | 6,000 | 8 | 0.90% |
| Abbott Northwestern Hospital | | | | | | |
| Fairview University Medical Center | | | | | | |
| U of M Amplatz Children's Hospital | | | | 7,000 | 6 | 1.05% |
| General Mills | | | | 5,000 | 10 | 0.75% |
| Fairview Southdale Hospital | | | | 5,000 | 9 | 0.75% |
| | 301,000 | | 9.79% | 77,000 | | 11.59% |

¹ Source for 2011: ACINT.ORG and Hennepin County Office of Budget and Finance.

² 2020 data specific to Hennepin County is not available, so statewide information is shown. Statewide information is from the Minnesota Department of Employment and Economic Development.

Unaudited

